

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF THE**  
**PITT COUNTY BOARD OF EDUCATION,**  
**NORTH CAROLINA**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Ethan Lenker, Ed.D.**  
**Superintendent**

**Prepared by**  
**Debra Baggett**  
**Chief Financial Officer**



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**INTRODUCTORY SECTION**



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Pitt County  
Schools

1717 West Fifth Street  
Greenville, N.C. 27834  
<http://www.pitt.k12.nc.us>

February 8, 2019

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, 2018, 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, 2018. The goal of the audit was to provide reasonable assurance that the financial statements of Board for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Board's financial statements for the fiscal year ended June 30, 2018, 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, 2018 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 37 K-12 schools with varying configurations including 16 K-5 elementary schools, six K-8 schools, seven 6-8 middle schools, and eight high schools. The second month average daily membership for the 2017-2018 school year was 23,461 students. The total operating budget for all governmental activities for the 2017-18 school year was \$240,100,690 with a per-pupil expenditure of \$9,166 including Child Nutrition.

The Board operates a very diverse system with 1,842 National Origin Minority Students enrolled, representing 43 different native languages. Out of these students, 954 were identified as Limited English Proficient and served in the English as a Second Language Program. The ethnic distribution of students in 2017-18 is: African American – 46.4%; White – 35.6%; Hispanic – 11.7%; Multi racial – 4.1%; Asian – 1.6%; and other – 0.6%.

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 2018 was offered \$33,088,154 in scholarships which includes 378 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 North Carolina State Goodnight Scholarship, a University of South Carolina Scholars Award, a University of Alabama Provost Scholarship, a Virginia Tech University Provost Scholarship, a Clemson University Gateway Scholarship, several athletic scholarships, and scholarships for the United States Air Force Academy, United States Military Academy, United States Marine Corps., and the United States Naval Academy among many others. The scholarship total was the highest ever for the district.

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

The quantity and quality of the instructional programs of the school system are directly dependent on the funding provided and on effective management and efficient use of those funds. We recognize the important trust and responsibility we are given in the management of public resources and continue to be vigilant and trustworthy in fulfilling that responsibility. During the last several years the Board has pursued ways to reduce costs and improve efficiency by implementing a more aggressive risk management program and 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**, seventh 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 undergraduate and 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 PhD programs and the University has recently opened a Dental School. 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.

**Charter Schools and Projected Enrollment.** While students from Pitt County have attended charter schools for years, the first charter school opened in Pitt County in 2015-16, enrolling nearly 500 students. The following year the second charter school opened in the County with approximately 175 students. During 2017-18 the North Carolina General Assembly also legislated the opening of 2 Lab Schools within the State. Pitt County Schools partnered with East Carolina University to assist in the opening of the East Carolina University Lab School enrolling 75 students, who are housed on the South Greenville Elementary School campus.

Charter school enrollment in Pitt County has stabilized with over 1,300 students living in Pitt County attending charter schools. The County Appropriation dollars of \$1,590 per pupil follow these students to their respective schools, and is budgeted at \$2,133,716 for 2018-19.

The Board of Education is also monitoring growth patterns and projected student population over the upcoming years. An area of concern is a population shift within the District. While the total enrollment should remain nearly constant, a declined enrollment is predicted in the northern side of the County and a comparable increase is projected in the southern side of the County, where schools are already reaching capacity.

**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) The relocation and replacement of the existing transportation facility to include new offices, maintenance bays and parking storage capacity for the current fleet. 2) Restore and renovate restroom facilities ant Belvoir Elementary. 3) Other projects to add STEM labs, renovate restroom facilities, and repair gymnasium floors at various schools throughout the District. The safety of our students is one of the highest priorities of both the Board of Education and the County Commissioners. Recently the County provided funds for additional security measures such as secure corridors and entryways, and swiper card access to many of our buildings.

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, necessary electricals repairs, replacement of HVAC units, and repair of pavement issues in various schools throughout the District.

Current legislation in the State of North Carolina has mandated smaller class-size in grades Kindergarten through third grade. While the State has approved funding of additional teacher positions to be phased in over the next three years, the demand for classroom space and furniture has not been funded. Pitt County Schools will receive approximately 65 additional teacher positions, and will be in need of over 50 classrooms in the next three years. Both the Board and the County Commissioners are advocating with State leaders for a State Bond to fund building needs. An additional concern to the Board of Education is the age of existing school buildings within the District. Fourteen of our thirist six school buildings were constructed prior to 1970. Many sites need half-life renovations with updates to electrical systems, windows, flooring and restrooms.

Together both the Board of Education and the County Commissioners 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 84.7% four-year cohort graduation rate. 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 33 out of 37 schools receive a passing grade. Additionally, the Pitt County Early College earned a grade of A based upon the results of its first two years since opening.

In addition to State and Local funds, the District seeks Federal grants to assist with new initiatives. In 2016, the District received a multi-year grant in excess of \$16 million to implement new processes to recruit, retain and reward educators through multiple career pathways and performance based compensation. This grant will allow the District to offer many training opportunities to teachers and administrators and provide many benefits to students, staff and our community.

In 2016, the North Carolina State Board of Education (SBE) adopted a new policy for recurring low-performing schools. Restart schools are given charter-like flexibility; however, an application must be submitted to the Department of Public Instruction detailing how operating the school with the same exemptions from statutes and rules as a charter school provides each student with the opportunity for a sound basic education. With this flexibility the school continues to remain under the operation of the local education agency. North Carolina State Board of Education approved 3 applications for Restart schools in Pitt County. The District requested that all 3 schools be designated as a Restart Schools in order to have the flexibility necessary to meet these goals:

- (1) Significantly improve the academic achievement for all students
- (2) Close achievement gaps
- (3) Increase school performance growth scores
- (4) Build capacity among staff and leadership
- (5) Make substantive changes in instructional delivery

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.

Increased academic performance and expansion of programs intended to build 21<sup>st</sup> 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 21<sup>st</sup> century learning has been established with the creation and expansion of instructional programming intended to meet diverse needs.

## **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, 2017. 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, 2017. 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, 2017**

*Christopher P. Morill*

Executive Director/CEO



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**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

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**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, 2017.**

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



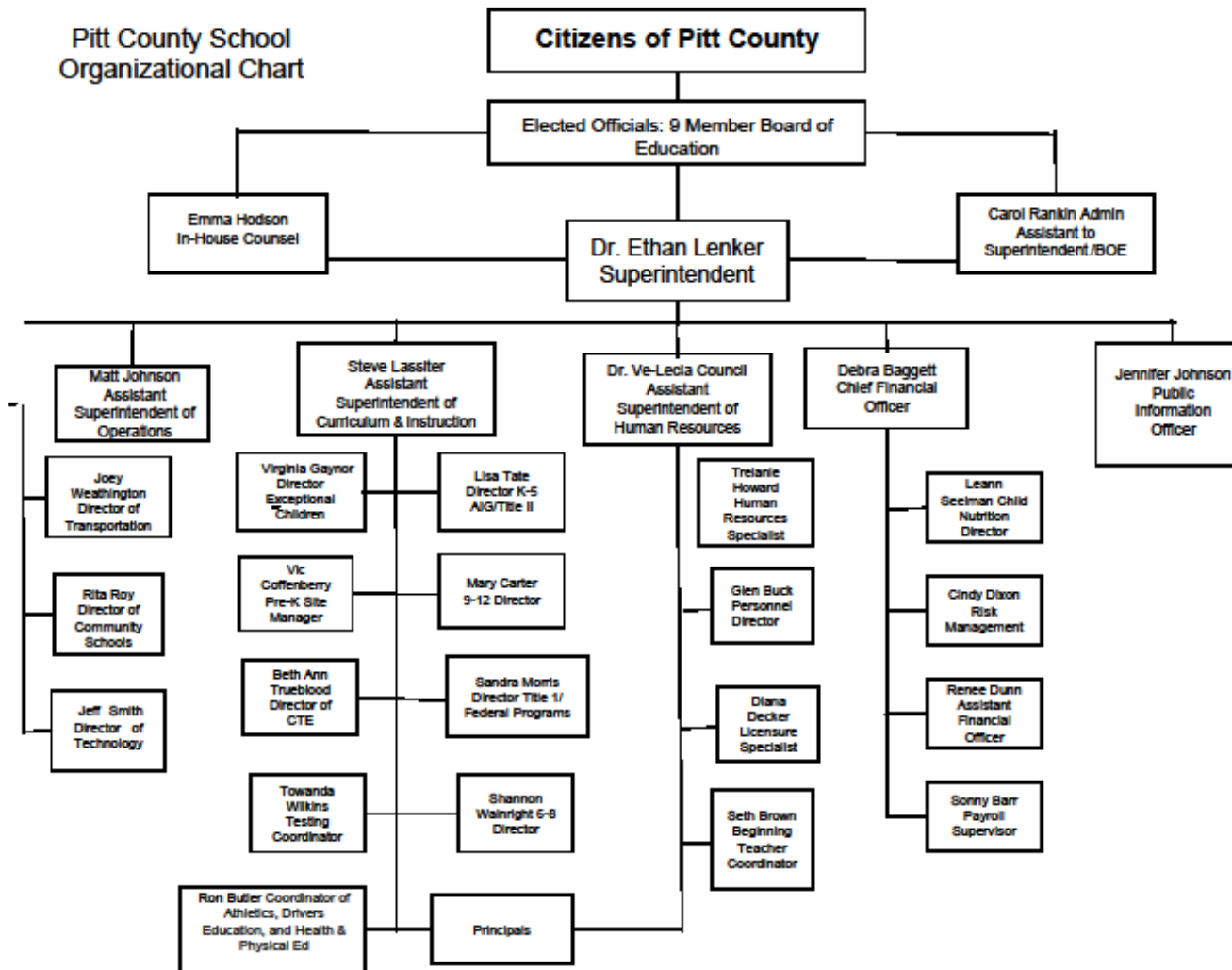
A handwritten signature in black ink that reads 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

**Charles E. Peterson, Jr., SFO, RSBA, MBA**  
President

A handwritten signature in black ink that reads 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

**John D. Musso, CAE**  
Executive Director

Pitt County School  
Organizational Chart



2017-2018 Pitt County Board of Education

Board Members



Mildred A. Council  
Chair



Anna Barrett Smith  
Vice-Chair



Caroline W. Doherty



Melinda Fagundus



Betsy Flanagan



Worth Forbes



Benjie Forrest



Robert Moore



Mary Blount Williams



**FINANCIAL SECTION**



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Carr, Riggs & Ingram, LLC  
2805 North Park Drive  
Goldsboro, North Carolina 27532

Mailing Address:  
P.O. Box 10588  
Goldsboro, North Carolina 27532-0588

(919) 751-8297  
(919) 778-0575 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## 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, 2018, 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, 2018, 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.

## ***Emphasis of Matter***

As described in Section V in the notes to the financial statements, the Board of Education adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which resulted in a cumulative effect of change in accounting principle of (\$334,569,485) and (\$8,790,003) to the June 30, 2017 net position for governmental activities and business-type activities, respectively. The Board also adopted a change in accounting method for recording inventory on the consumption method which resulted in a cumulative change to the governmental activities net position at June 30, 2017 of \$734,092.

## ***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 and OPEB Liabilities (Assets) and the Schedule of Board Contributions on pages 88 through 93, 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 February 8, 2019 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 solely 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  
February 8, 2019



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**Management's Discussion and Analysis**

## Pitt County Board of Education Management's Discussion and Analysis

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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, 2018. This information should be read in conjunction with the audited financial statements included in this report.

### Financial Highlights

- At the government-wide level, the liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources of the Board for the fiscal year ended June 30, 2018 by \$176,420,033 (net position). During the year ended June 30, 2018, the Board adopted GASB 75 which resulted in a restatement of net position of \$343,359,488. Net position consists of \$7,651,311 as restricted for use, \$202,079,893 is for net investment in capital assets and (\$386,151,237) is unrestricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,724,776 or 4.34% of total fund expenditures and .76% 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 information:
  - Information relating to the Board's participation in the Teachers' and State Employees Retirement System
  - Information relating to the Board's participation in the Retiree Health Benefit Fund
  - Information relating to the Board's participation in the Disability Income Plan of North Carolina

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

## Pitt County Board of Education Management's Discussion and Analysis

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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.

### **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

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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.

### **Required supplementary information (RSI)**

The RSI provides information that relates to the Board's participation in the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit Fund (RHBF), and the Disability Income Plan of North Carolina (DIPNC). The RSI can be found following the notes to the financial statements beginning on page 88 of this report.

### **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 96 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 can be an indicator of the fiscal health of the Board. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$176,420,033 as of June 30, 2018. The largest component of net position is net investment in capital assets of \$202,079,893 which comprises - (114.54)% of the total net position, whereas unrestricted net position was (\$386,151,237), primarily resulting from the implementation of GASB 75.

## 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	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 27,434,634	\$ 23,767,986	\$ 5,859,816	\$ 5,282,188	\$ 33,294,450	\$ 29,050,174
Capital assets	203,825,045	199,604,079	389,342	318,378	204,214,387	199,922,457
Total assets	231,259,679	223,372,065	6,249,158	5,600,566	237,508,837	228,972,631
Deferred outflows of resources	48,310,600	52,561,004	1,667,246	1,778,914	49,977,846	54,339,918
Current liabilities	7,845,513	7,177,542	76,022	73,298	7,921,535	7,250,840
Long-term liabilities	348,118,935	95,598,123	9,115,218	2,503,415	357,234,153	98,101,538
Total liabilities	355,964,448	102,775,665	9,191,240	2,576,713	365,155,688	105,352,378
Deferred inflows of resources	96,317,660	5,190,139	2,433,368	40,533	98,751,028	5,230,672
Net investment in capital assets	201,690,551	197,290,630	389,342	318,378	202,079,893	197,609,008
Restricted net position	7,638,711	5,504,675	12,600	-	7,651,311	5,504,675
Unrestricted net position (deficit)	(382,041,091)	(34,828,040)	(4,110,146)	4,443,856	(386,151,237)	(30,384,184)
Total net position (deficit)	\$ (172,711,829)	\$ 167,967,265	\$ (3,708,204)	\$ 4,762,234	\$ (176,420,033)	\$ 172,729,499

The Board's net position decreased during the current fiscal year by \$6,524,136, before restatements. In part, the decrease is the net result of:

- An increase of \$4,244,276 in current assets
- An increase of \$4,291,930 in capital assets
- A decrease of \$4,362,072 in deferred outflows of resources
- An increase of \$670,695 in current liabilities
- An increase of \$93,520,356 in deferred inflows of resources

The increase in net investment in capital assets of \$4,470,885. The following factors contributed to this increase:

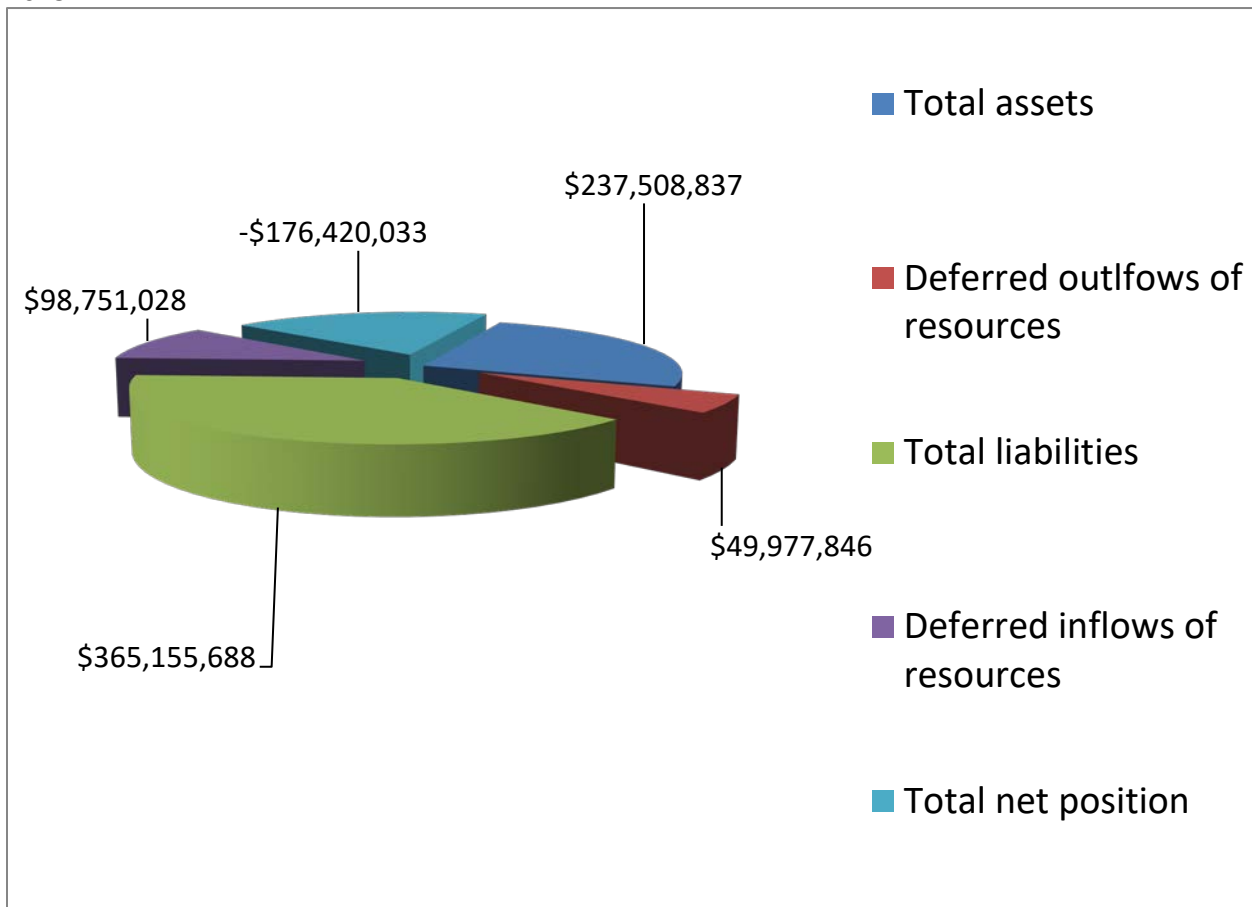
- The increase of \$10,959,171 in capital outlay and acquisition of other capital assets.
- An annual provision of depreciation expense of \$6,661,933.
- Year-to-date loss on disposition of capital assets of \$5,308.
- Debt issuance of \$1,039,107 in long-term debt related to the installment purchases of school buses.
- Debt service payments of \$1,218,062 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 \$2,146,636 in restricted net position:

- Net position restricted for individual school use increased \$208,152. Contributions and donations at the individual school level were \$6,064,739 for fiscal year ended June 30, 2018 while co-curricular expenditures at the school level totaled \$5,856,980.
- Net position restricted by grantor requirements in the Special Revenue fund decreased \$101,853.
- Net position restricted for future capital projects increased approximately \$1,350,092, primarily resulting from plans for the District to purchase and complete a professional development center and to replace fire alarm systems in several schools.
- Net position restricted by state statute to cover outstanding encumbrances and accounts receivable increased \$198,063 from June 30, 2017 to June 30, 2018. 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, 2018.





## 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	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ -	\$ -	\$ 1,299,271	\$ 1,481,042	\$ 1,299,271	\$ 1,481,042
Operating grants and contributions	167,080,945	156,981,476	9,856,435	9,529,955	176,937,380	166,511,431
Capital grants and contributions	3,134,996	2,558,123	-	-	3,134,996	2,558,123
<b>General revenues:</b>						
Other revenues	57,958,114	58,918,304	51,300	35,379	58,009,414	58,953,683
<b>Total revenues</b>	<b>228,174,055</b>	<b>218,457,903</b>	<b>11,207,006</b>	<b>11,046,376</b>	<b>239,381,061</b>	<b>229,504,279</b>
<b>Expenses:</b>						
<b>Governmental activities:</b>						
Instructional services	184,599,923	169,406,325	-	-	184,599,923	169,406,325
System-wide support services	41,691,204	35,943,020	-	-	41,691,204	35,943,020
Ancillary services and non-program	1,343,004	1,614,903	-	-	1,343,004	1,614,903
Repayment of County debt issuance	2,000,000	1,600,000	-	-	2,000,000	1,600,000
Interest Expense	1,006	2,001	-	-	1,006	2,001
Depreciation	5,310,191	5,527,730	-	-	5,310,191	5,527,730
<b>Business-type activities:</b>						
Food service	-	-	10,959,869	10,772,726	10,959,869	10,772,726
<b>Total expense</b>	<b>234,945,328</b>	<b>214,093,979</b>	<b>10,959,869</b>	<b>10,772,726</b>	<b>245,905,197</b>	<b>224,866,705</b>
Excess revenues over (under) expenses before transfers	(6,771,273)	4,363,924	247,137	273,650	(6,524,136)	4,637,574
Transfers in (out)	(72,428)	(65,491)	72,428	65,491	-	-
Increase (decrease) in net position	(6,843,701)	4,298,433	319,565	339,141	(6,524,136)	4,637,574
Net position, beginning previously reported	167,967,265	163,668,832	4,762,234	4,423,093	172,729,499	168,091,925
Cumulative effect of restatements	(333,835,393)	-	(8,790,003)	-	(342,625,396)	-
Net position (deficit), beginning	(165,868,128)	163,668,832	(4,027,769)	4,423,093	(169,895,897)	168,091,925
<b>Net position (deficit), ending</b>	<b>\$ (172,711,829)</b>	<b>\$ 167,967,265</b>	<b>\$ (3,708,204)</b>	<b>\$ 4,762,234</b>	<b>\$ (176,420,033)</b>	<b>\$ 172,729,499</b>

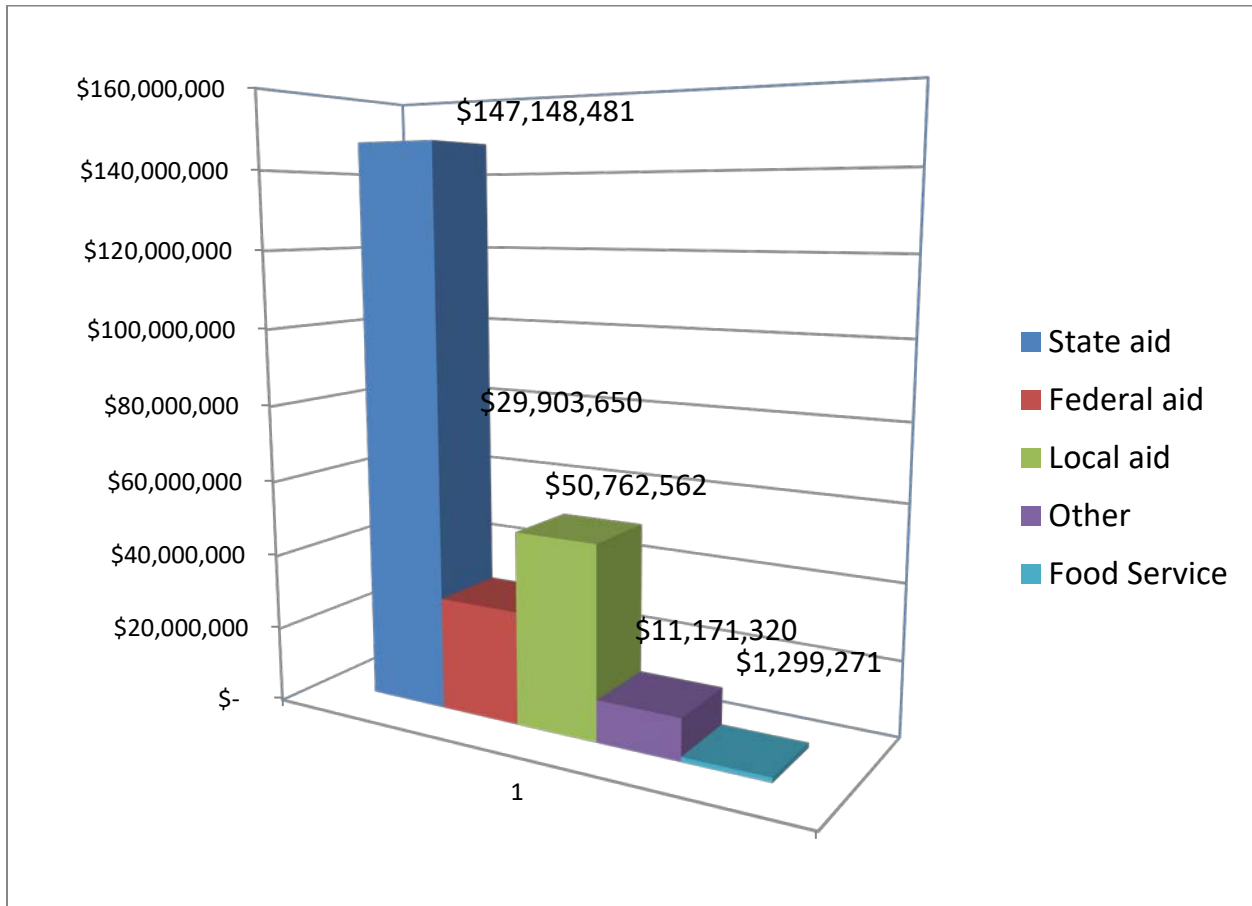
For fiscal years ended June 30, 2018 and 2017, total governmental activities earned revenues of \$228,174,055 and \$218,457,903, respectively, which is a net increase of \$9,716,152. The following factors contributed to the net increase in governmental activities earned revenues from fiscal year ended June 30, 2017 to fiscal year ended June 30, 2018:

- An increase of \$2,061,450 in state and federal assistance
- An increase of \$1,706,777 in contributions, fines and forfeitures, and indirect costs, of which \$890,277 was generated in fines from a new traffic light camera program
- Federal Teacher Incentive Fund grant increased by \$1,516,569. Medicaid revenue increased by \$267,157.

## Pitt County Board of Education Management's Discussion and Analysis

For fiscal years ended June 30, 2018 and 2017, business-type activities related to the Board's food service program earned revenue of \$11,207,006 and \$11,046,376, respectively which is an increase of \$160,630. Federal and state reimbursements for meals served to qualifying students increased \$321,862 while food sales decreased \$181,771.

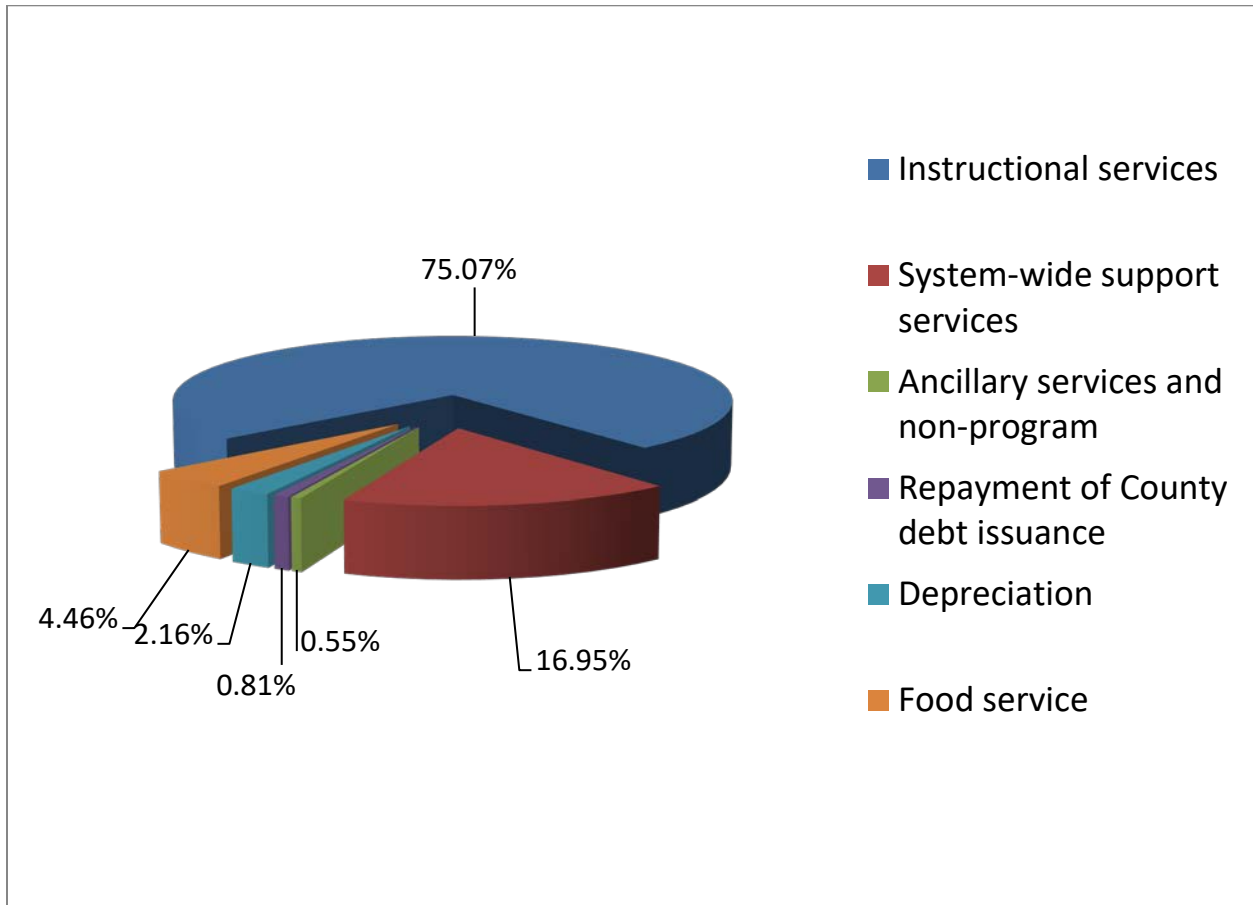
The following chart shows, by revenue source, the government-wide revenues presented on the accrual basis of accounting for fiscal years ended June 30, 2018:



Total governmental activities expenses for fiscal years ended June 30, 2018 and 2017 were \$234,945,328 and \$214,093,979, respectively, which is an increase of \$20,851,349.

## 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, 2018:



The following factors contributed to the increase in governmental activities expenses from fiscal year ended June 30, 2017 to fiscal year ended June 30, 2018:

- Instructional programs expenses increased \$15,193,598
- System-wide support services increased \$5,748,184

Instructional programs expense comprised 78.6% of total governmental-type expenses while supporting services made up 17.7% of those expenses for 2018.

## Pitt County Board of Education Management's Discussion and Analysis

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Business-type activities expense related to the Board's food service program ended June 30, 2018 and 2017 at \$10,959,869 and \$10,772,726, respectively, which is an increase of \$187,143.

The Board's business-type revenues related to the food service program were above expenses by \$247,137 and \$273,650, respectively, before transfers, for fiscal years ended June 30, 2018 and 2017.

For fiscal years ended June 30, 2018 and 2017, net position of the governmental activities decreased by \$6,843,701 and increased by \$4,298,433, before restatements, respectively. For fiscal years ended June 30, 2018 and 2017, net position of the business-type activities increased by \$319,565 and \$339,141, before restatements, respectively.

### **Financial Analysis of the Board's Funds**

For fiscal year ended June 30, 2018, the Board's governmental funds reported combined ending fund balances of \$19,059,316 which is an increase of \$2,468,872 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 \$5,637,718 which is an increase of \$1,419,906 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, 2018 the ending fund balance of the general fund is comprised of \$1,724,776 which represents unassigned fund balance available for spending at the government's discretion. The general fund's remaining fund balance of \$3,912,942 is comprised of the following:

- \$356,286 that is non-spendable inventories
- \$442,229 that is restricted based on North Carolina state statute.
- \$931,817 which is restricted by grantors to school capital outlay projects.
- \$1,562,313 that has been committed by the Board to fund future school capital projects.
- \$620,297 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

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At June 30, 2018 the special revenue fund ended the year with a fund balance of \$8,758,405 which is a decrease of \$99,265 from the fiscal year ended June 30, 2017. The ending fund balance is comprised of unassigned fund balance of \$1,404,422. The remaining fund balance of \$7,353,983 is comprised of the following:

- \$994,423 that is restricted based on the requirements of grantors
- \$6,232,093 that is assigned to fund subsequent year's expenditures
- \$127,467 that is restricted based on North Carolina state statute

### Individual Schools Fund

For fiscal year ended June 30, 2018 the individual schools fund balance was \$1,984,273 which was restricted for individual school use. The individual schools fund balance increased \$208,151 from fiscal year ended June 30, 2017 due primarily to management vigilance in spending related to contributions and donations at the school level intended to fund co-curricular activities of the Board's students. Individual schools contributions and donations were \$6,064,739 and \$5,752,427, respectively, for fiscal years ended June 30, 2018 and 2017 which is an increase of \$312,312. Individual schools co-curricular expenditures were \$5,856,980 and \$5,722,119, respectively, for fiscal years ended June 30, 2018 and 2017 which is an increase of \$134,861.

### Capital Fund

The capital fund ending fund balance was \$2,678,920 which was restricted to school capital outlay projects. The capital fund balance increased \$940,080 from fiscal year ended June 30, 2017 to fiscal year ended June 30, 2018 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, 2018 the Board's business-type net position stood at (\$3,708,204) which is a decrease of \$8,470,438 from the fiscal year ended June 30, 2017, which is primarily related to the implementation of GASB 75. 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.

### **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, 2018, actual general fund revenues came in \$121,140 above 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 \$121,208 more than anticipated.

General fund expenditures ended the fiscal year \$3,732,620 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 \$204,214,387 and \$200,031,404, respectively, as of June 30, 2018 and 2017. This investment in capital assets includes land, buildings, vehicles, and equipment.

The following table outlines the Board's capital assets as of June 30, 2018 and 2017:

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

June 30,	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,168,270	\$ 5,168,270	\$ -	\$ -	\$ 5,168,270	\$ 5,168,270
Construction in progress	14,392,382	10,659,943	-	-	14,392,382	10,659,943
Buildings and improvements	178,968,729	178,161,856	-	-	178,968,729	178,161,856
Equipment and furniture	1,270,521	1,640,204	376,956	414,939	1,647,477	2,055,143
Vehicles	4,025,143	3,973,806	12,386	12,386	4,037,529	3,986,192
<b>Total capital assets</b>	<b>\$ 203,825,045</b>	<b>\$ 199,604,079</b>	<b>\$ 389,342</b>	<b>\$ 427,325</b>	<b>\$ 204,214,387</b>	<b>\$ 200,031,404</b>

For fiscal year ended June 30, 2018 the Board had an overall increase 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, net OPEB liability and net pension liability, decreased \$178,955. The decrease is the net result of payments on long-term debt.

## Pitt County Board of Education Management's Discussion and Analysis

The following table outlines the Board's long-term debt as of June 30, 2018 and 2017:

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

June 30,	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Installment purchases	\$ 2,134,494	\$ 2,230,383	\$ -	\$ -	\$ 2,134,494	\$ 2,230,383
Capital lease	-	83,066	-	-	-	83,066
Compensated absences	12,446,725	11,397,444	229,572	229,276	12,676,297	11,626,720
Net OPEB liability	264,114,880	-	1,946,667	-	266,061,547	-
Net pension liability	69,422,836	81,887,230	6,938,979	2,274,139	76,361,815	84,161,369
<b>Total long-term debt</b>	<b>\$ 348,118,935</b>	<b>\$ 95,598,123</b>	<b>\$ 9,115,218</b>	<b>\$ 2,503,415</b>	<b>\$ 357,234,153</b>	<b>\$ 98,101,538</b>

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 83 of the financial statements.

### Economic Factors

The population of Pitt County at 2018 is 176,424 which is an increase of 539 from 2017. 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 2018-19 school year, the Board once again anticipates students transferring to the charter school 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 2018 was 4.1%. This is slightly higher than the State of North Carolina's June 2017 unemployment rate of 3.6%.
- 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

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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.

Current legislation in the State of North Carolina has mandated smaller class-size in grade Kindergarten through third grade. While the State has approved funding of additional teacher positions to be phased in over the next three years, the demand for classroom space and furniture has not been funded. Pitt County Schools will receive approximately 65 additional teacher positions, and will be in need of over 50 classrooms in the next three years. Both the Board and the County Commissioners are advocating with State leaders for a State Bond to fund building needs.

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 2018-19 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](http://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, 2018**  
**Exhibit 1**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 20,193,991	\$ 5,114,561	\$ 25,308,552
Receivables (net)	569,696	8,304	578,000
Due from other governments	5,835,079	338,036	6,173,115
Net OPEB asset	479,582	12,600	492,182
Inventories	356,286	386,315	742,601
Capital assets (See Note I)			
Land and construction in process	19,560,652	-	19,560,652
Other capital assets, net of depreciation	184,264,393	389,342	184,653,735
Total capital assets	203,825,045	389,342	204,214,387
Total assets	231,259,679	6,249,158	237,508,837
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</b>	34,556,283	1,305,884	35,862,167
<b>DEFERRED OUTFLOWS OF RESOURCES - OPEB</b>	13,754,317	361,362	14,115,679
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	7,845,513	21,464	7,866,977
Unearned revenues	-	54,558	54,558
Long-term liabilities:			
Net pension liability	69,422,836	1,946,667	71,369,503
Net OPEB liability	264,114,880	6,938,979	271,053,859
Due within one year	4,059,504	57,393	4,116,897
Due in more than one year	10,521,715	172,179	10,693,894
Total liabilities	355,964,448	9,191,240	365,155,688
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	4,474,936	21,743	4,496,679
<b>DEFERRED INFLOWS OF RESOURCES - OPEB</b>	91,792,501	2,411,625	94,204,126
<b>DEFERRED INFLOWS OF RESOURCES</b>	50,223	-	50,223
<b>NET POSITION</b>			
Net investment in capital assets	201,690,551	389,342	202,079,893
Restricted for:			
Individual schools	1,984,273	-	1,984,273
Requirements by grantors	994,423	-	994,423
School capital outlay	3,610,737	-	3,610,737
DIPNC OPEB plan	479,582	12,600	492,182
Stabilization by state statute	569,696	-	569,696
Unrestricted (deficit)	(382,041,091)	(4,110,146)	(386,151,237)
Total net position (deficit)	\$ (172,711,829)	\$ (3,708,204)	\$ (176,420,033)

*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, 2018**  
**Exhibit 2**

Functions	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
Instructional programs				
Regular	\$ 100,108,466	\$ -	\$ 80,676,328	\$ -
Special	29,800,563	-	25,466,968	-
Alternative programs	23,476,925	-	21,763,315	-
School leadership	13,553,085	-	6,701,992	-
Co-curricular	6,943,684	-	6,064,739	-
School based support	10,717,200	-	9,085,638	-
Supporting services				
Support and development	2,647,932	-	1,112,555	-
Special populations	607,401	-	419,629	-
Alternative programs	719,616	-	462,676	-
Technology support	1,485,535	-	410,608	-
Operational support	30,334,299	-	13,268,058	1,134,996
Financial and human resources	3,790,407	-	511,418	-
System wide pupil support	355,777	-	2,410	-
Leadership services	1,750,237	-	638,760	-
Ancillary services	1,113,119	-	127,211	-
Non-program charges	229,885	-	368,640	-
On-behalf payment to County for for repayment of debt	2,000,000	-	-	2,000,000
Interest on long-term debt	1,006	-	-	-
Unallocated depreciation expense (excludes amounts directly allocated)	5,310,191	-	-	-
<b>Total governmental activities</b>	<b>234,945,328</b>	<b>-</b>	<b>167,080,945</b>	<b>3,134,996</b>
<b>Business-type activities:</b>				
School food services	10,959,869	1,299,271	9,856,435	-
<b>Total business-type activities</b>	<b>10,959,869</b>	<b>1,299,271</b>	<b>9,856,435</b>	<b>-</b>
<b>Total board of education</b>	<b>\$ 245,905,197</b>	<b>\$ 1,299,271</b>	<b>\$ 176,937,380</b>	<b>\$ 3,134,996</b>

**Pitt County Board of Education, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**  
**Exhibit 2**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Functions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary Government:</b>			
<b>Governmental activities:</b>			
Instructional programs			
Regular	\$ (19,432,138)	\$ -	\$ (19,432,138)
Special	(4,333,595)	-	(4,333,595)
Alternative programs	(1,713,610)	-	(1,713,610)
School leadership	(6,851,093)	-	(6,851,093)
Co-curricular	(878,945)	-	(878,945)
School based support	(1,631,562)	-	(1,631,562)
Supporting services			
Support and development	(1,535,377)	-	(1,535,377)
Special populations	(187,772)	-	(187,772)
Alternative programs	(256,940)	-	(256,940)
Technology support	(1,074,927)	-	(1,074,927)
Operational support	(15,931,245)	-	(15,931,245)
Financial and human resources	(3,278,989)	-	(3,278,989)
System wide pupil support	(353,367)	-	(353,367)
Leadership services	(1,111,477)	-	(1,111,477)
Ancillary services	(985,908)	-	(985,908)
Non-program charges	138,755	-	138,755
On-behalf payment to County for for repayment of debt	-	-	-
Interest on long-term debt	(1,006)	-	(1,006)
Unallocated depreciation expense (excludes amounts directly allocated)	(5,310,191)	-	(5,310,191)
<b>Total governmental activities</b>	<b>(64,729,387)</b>	<b>-</b>	<b>(64,729,387)</b>
<b>Business-type activities:</b>			
School food services	-	195,837	195,837
<b>Total business-type activities</b>	<b>-</b>	<b>195,837</b>	<b>195,837</b>
<b>Total board of education</b>	<b>(64,729,387)</b>	<b>195,837</b>	<b>(64,533,550)</b>
<b>General revenues:</b>			
Unrestricted county appropriation - operating	38,970,807	-	38,970,807
Unrestricted county appropriation - capital	11,791,755	-	11,791,755
Unrestricted State appropriation - operating	140,632	-	140,632
Interest earnings, unrestricted	114,578	51,300	165,878
Unrestricted Federal grants	2,030,188	-	2,030,188
Miscellaneous, unrestricted	4,910,154	-	4,910,154
Transfers	(72,428)	72,428	-
<b>Total general revenues and transfers</b>	<b>57,885,686</b>	<b>123,728</b>	<b>58,009,414</b>
<b>Change in net position</b>	<b>(6,843,701)</b>	<b>319,565</b>	<b>(6,524,136)</b>
Net position, beginning	167,967,265	4,762,234	172,729,499
Cumulative effect of change in accounting principle	(334,569,485)	(8,790,003)	(343,359,488)
Cumulative effect of change in accounting method	734,092	-	734,092
<b>Net position (deficit) - beginning of year, as restated</b>	<b>(165,868,128)</b>	<b>(4,027,769)</b>	<b>(169,895,897)</b>
<b>Net position (deficit), ending</b>	<b>\$ (172,711,829)</b>	<b>\$ (3,708,204)</b>	<b>\$ (176,420,033)</b>



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**Pitt County Board of Education, North Carolina**  
**Balance Sheet –Governmental Funds**  
**June 30, 2018**  
**Exhibit 3**

	General	State Public School	Federal Grants	Special Revenue	Individual Schools	Capital Outlay	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 6,670,436	\$ 294,985	\$ -	\$ 8,572,335	\$ 1,984,273	\$ 2,672,767	\$ 20,194,796
Accounts receivable	442,229	-	-	127,467	-	-	569,696
Inventories	356,286	-	-	-	-	-	356,286
Due from other governments	-	5,139,455	508,099	179,688	-	7,837	5,835,079
<b>Total assets</b>	<b>\$ 7,468,951</b>	<b>\$ 5,434,440</b>	<b>\$ 508,099</b>	<b>\$ 8,879,490</b>	<b>\$ 1,984,273</b>	<b>\$ 2,680,604</b>	<b>\$ 26,955,857</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 807,569	\$ -	\$ -	\$ 33,855	\$ -	\$ 1,684	\$ 843,108
Temporary bank overdraft	-	-	805	-	-	-	805
Accrued salaries and wages payable	1,023,664	5,423,940	467,571	87,230	-	-	7,002,405
<b>Total liabilities</b>	<b>1,831,233</b>	<b>5,423,940</b>	<b>468,376</b>	<b>121,085</b>	<b>-</b>	<b>1,684</b>	<b>7,846,318</b>
Deferred inflows of resources	-	10,500	39,723	-	-	-	50,223
Fund balances:							
Nonspendable:							
Inventories	356,286	-	-	-	-	-	356,286
Restricted:							
Stabilization by State Statute	442,229	-	-	127,467	-	-	569,696
Requirements by Grantors	-	-	-	994,423	-	-	994,423
School capital outlay	931,817	-	-	-	-	2,678,920	3,610,737
Individual schools	-	-	-	-	1,984,273	-	1,984,273
Committed:							
Capital projects	1,562,313	-	-	-	-	-	1,562,313
Assigned:							
Subsequent years expenditures	620,297	-	-	6,232,093	-	-	6,852,390
Unassigned:	1,724,776	-	-	1,404,422	-	-	3,129,198
<b>Total fund balances</b>	<b>5,637,718</b>	<b>-</b>	<b>-</b>	<b>8,758,405</b>	<b>1,984,273</b>	<b>2,678,920</b>	<b>19,059,316</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,468,951</b>	<b>\$ 5,434,440</b>	<b>\$ 508,099</b>	<b>\$ 8,879,490</b>	<b>\$ 1,984,273</b>	<b>\$ 2,680,604</b>	<b>\$ 26,955,857</b>

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	\$ 19,059,316
Net OPEB asset	479,582
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	203,825,045
Deferred outflows related to pensions	34,556,283
Deferred outflows related to OPEB	13,754,317
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.	(14,581,219)
Net pension liability	(69,422,836)
Net OPEB liability	(264,114,880)
Deferred inflows of resources related to pensions	(4,474,936)
Deferred inflows of resources related to OPEB	(91,792,501)
<b>Net position of governmental activities</b>	<b>\$ (172,711,829)</b>

**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, 2018**  
**Exhibit 4**

	State Public		Special	Individual	Total		
	General	School	Federal Grants	Revenue	Schools	Capital Outlay	Governmental Funds
<b>REVENUES</b>							
State aid	\$ -	\$ 140,957,518	\$ -	\$ 3,045,941	\$ -	\$ 3,134,996	\$ 147,138,455
Federal aid	-	-	16,676,997	3,380,244	-	-	20,057,241
Local aid	38,970,807	-	-	-	-	11,791,755	50,762,562
Other local sources	-	-	-	612,936	-	-	612,936
Contributions and donations	-	-	-	-	6,064,739	-	6,064,739
Interest earnings	15,995	-	-	79,443	392	18,748	114,578
Fines and forfeitures	1,671,208	-	-	-	-	-	1,671,208
Indirect costs	-	-	-	1,117,819	-	-	1,117,819
Sales tax	-	-	30,549	179,688	-	7,837	218,074
Tuition and fees	6,750	-	-	816,449	-	-	823,199
Miscellaneous	177,187	-	-	320,280	-	-	497,467
<b>Total revenues</b>	<b>40,841,947</b>	<b>140,957,518</b>	<b>16,707,546</b>	<b>9,552,800</b>	<b>6,065,131</b>	<b>14,953,336</b>	<b>229,078,278</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
Instructional programs							
Regular	12,357,969	79,071,064	917,426	1,274,211	-	-	93,620,670
Special	913,594	20,566,577	4,900,391	1,469,246	-	-	27,849,808
Alternative programs	374,465	9,561,174	9,377,514	2,906,291	-	-	22,219,444
School leadership	5,262,690	6,628,516	73,476	602,512	-	-	12,567,194
Co-curricular	1,030,083	-	-	-	5,856,980	-	6,887,063
School based support	782,491	8,931,646	153,992	157,417	-	-	10,025,546
System wide support services							
Support and development	734,699	235,509	382,879	1,074,196	-	-	2,427,283
Special populations	6,659	235,037	184,592	123,551	-	-	549,839
Alternative programs	170,076	47,944	334,050	97,399	-	-	649,469
Technology support	961,601	410,608	-	-	-	-	1,372,209
Operational support	12,778,636	14,157,695	14,586	38,398	-	-	26,989,315
Financial and human resources	3,081,809	343,367	-	139,189	-	3,520	3,567,885
System wide pupil support	319,630	2,410	-	-	-	-	322,040
Leadership services	977,070	638,760	-	-	-	-	1,615,830
Ancillary services							
Community	26,855	49,035	-	956,059	-	-	1,031,949
Nutritional	-	5,748	-	-	-	-	5,748
Non-program charges	-	-	368,640	213,596	-	-	582,236
On-behalf payment to County for repayment of debt	-	-	-	-	-	2,000,000	2,000,000
<b>Debt Service:</b>							
Principal	-	-	-	-	-	1,218,062	1,218,062
Interest	-	-	-	-	-	1,006	1,006
<b>Capital outlay:</b>							
Real property and buildings	-	-	-	-	-	10,671,656	10,671,656
Furniture and equipment	-	-	-	-	-	719,012	719,012
Buses and motor vehicles	-	-	-	-	-	1,039,107	1,039,107
<b>Total expenditures</b>	<b>39,778,327</b>	<b>140,885,090</b>	<b>16,707,546</b>	<b>9,052,065</b>	<b>5,856,980</b>	<b>15,652,363</b>	<b>227,932,371</b>
Excess revenues over (under) expenditure	1,063,620	72,428	-	500,735	208,151	(699,027)	1,145,907
<b>OTHER FINANCING SOURCES (USES)</b>							
Installment purchase obligations issued							
	-	-	-	-	-	1,039,107	1,039,107
Transfers to other funds	-	(72,428)	-	(600,000)	-	600,000	(72,428)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(72,428)</b>	<b>-</b>	<b>(600,000)</b>	<b>-</b>	<b>1,639,107</b>	<b>966,679</b>
Net change in fund balances	1,063,620	-	-	(99,265)	208,151	940,080	2,112,586
Fund balances - beginning, previously reported	4,217,812	-	-	8,857,670	1,776,122	1,738,840	16,590,444
Cumulative effect in change of accounting method	734,092	-	-	-	-	-	734,092
Decrease in reserve for inventories	(377,806)	-	-	-	-	-	(377,806)
<b>Fund balances - ending</b>	<b>\$ 5,637,718</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,758,405</b>	<b>\$ 1,984,273</b>	<b>\$ 2,678,920</b>	<b>\$ 19,059,316</b>



**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, 2018**  
**Exhibit 4 (continued)**

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

Net changes in fund balances - total governmental funds	\$ 2,112,586
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	10,761,504
Depreciation expense	(6,535,230)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	12,976,934
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.	
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	(17,802,058)
OPEB expense	(14,555,502)
Debt service	1,218,062
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(377,806)
Loss on disposal of assets	(5,308)
Compensated absences	<u>(1,049,281)</u>
Total changes in net position of governmental activities	<u>\$ (6,843,701)</u>

**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, 2018**  
**Exhibit 5**

<b>General Fund</b>				
<b>Budgeted Amounts</b>				<b>Variance with Final</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Budget - Positive (Negative)</b>
<b>REVENUES</b>				
State aid	\$ -	\$ -	\$ -	\$ -
Federal aid	-	-	-	-
Local aid	38,970,807	38,970,807	38,970,807	-
Other local sources	-	-	-	-
Interest earnings	-	-	15,995	15,995
Fines and forfeitures	750,000	1,550,000	1,671,208	121,208
Indirect costs	-	-	-	-
Sales tax	-	-	-	-
Tuition and fees	-	-	6,750	6,750
Miscellaneous	200,000	200,000	177,187	(22,813)
<b>Total revenues</b>	<b>39,920,807</b>	<b>40,720,807</b>	<b>40,841,947</b>	<b>121,140</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional programs				
Regular	13,625,021	13,699,159	12,357,969	1,341,190
Special	875,336	898,686	913,594	(14,908)
Alternative programs	438,695	398,135	374,465	23,670
School leadership	5,606,572	5,458,504	5,262,690	195,814
Co-curricular	977,089	1,033,289	1,030,083	3,206
School based support	632,742	684,242	782,491	(98,249)
System wide support services				
Support and development	639,644	775,295	734,699	40,596
Special populations	5,252	7,252	6,659	593
Alternative program	169,419	171,652	170,076	1,576
Technology support	919,667	974,367	961,601	12,766
Operational support	14,834,000	14,801,857	12,778,636	2,023,221
Financial and human resources	2,824,074	3,289,983	3,081,809	208,174
Accountability services	-	-	-	-
System wide pupil support	250,639	326,139	319,630	6,509
Leadership services	883,239	954,829	977,070	(22,241)
Ancillary services				
Community	22,950	37,558	26,855	10,703
Nutritional	6,608	-	-	-
Non-program charges	-	-	-	-
<b>Total expenditures</b>	<b>42,710,947</b>	<b>43,510,947</b>	<b>39,778,327</b>	<b>3,732,620</b>
Revenues over expenditures	(2,790,140)	(2,790,140)	1,063,620	3,853,760
Other financing sources (uses)				
Transfers to other funds	-	-	-	-
Fund balance appropriated	2,790,140	2,790,140	-	(2,790,140)
<b>Total other financing sources (uses)</b>	<b>2,790,140</b>	<b>2,790,140</b>	<b>-</b>	<b>(2,790,140)</b>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	1,063,620	\$ 1,063,620
Fund balances - beginning, previously reported			4,217,812	
Prior period adjustment			734,092	
Decrease in reserve for inventories			(377,806)	
<b>Fund balances - ending</b>			<b>\$ 5,637,718</b>	

*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, 2018**  
**Exhibit 5**

State Public School Fund				
Budgeted Amounts				Variance with Final
	Original	Final	Actual Amounts	Budget - Positive (Negative)
<b>REVENUES</b>				
State aid	\$ 146,243,472	\$ 150,055,682	\$ 140,957,518	\$ (9,098,164)
Federal aid	-	-	-	-
Local aid	-	-	-	-
Other local sources	-	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Indirect costs	-	-	-	-
Sales tax	-	-	-	-
Tuition and fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	146,243,472	150,055,682	140,957,518	(9,098,164)
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional programs				
Regular	85,434,283	85,574,593	79,071,064	6,503,529
Special	21,089,812	21,138,549	20,566,577	571,972
Alternative programs	10,218,744	10,646,272	9,561,174	1,085,098
School leadership	6,335,682	6,783,181	6,628,516	154,665
Co-curricular	-	-	-	-
School based support	9,116,697	9,285,463	8,931,646	353,817
System wide support services				
Support and development	380,908	377,416	235,509	141,907
Special populations	249,160	254,430	235,037	19,393
Alternative program	71,204	71,204	47,944	23,260
Technology support	95,252	417,161	410,608	6,553
Operational support	12,103,088	14,362,068	14,157,695	204,373
Financial and human resources	322,740	370,563	343,367	27,196
Accountability services	100	100	-	100
System wide pupil support	38,637	3,110	2,410	700
Leadership services	640,894	627,825	638,760	(10,935)
Ancillary services				
Community	56,099	48,588	49,035	(447)
Nutritional	22,731	22,731	5,748	16,983
Non-program charges	-	-	-	-
Total expenditures	146,176,031	149,983,254	140,885,090	9,098,164
Revenues over expenditures	67,441	72,428	72,428	-
Other financing sources (uses)				
Transfers to other funds	(67,441)	(72,428)	(72,428)	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	(67,441)	(72,428)	(72,428)	-
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, 2018**  
**Exhibit 5**

<b>Federal Grants Fund</b>				
<b>Budgeted Amounts</b>				
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
State aid	\$ -	\$ -	\$ -	\$ -
Federal aid	20,742,946	22,014,348	16,676,997	(5,337,351)
Local aid	-	-	-	-
Other local sources	-	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Indirect costs	-	-	-	-
Sales tax	24,210	30,549	30,549	-
Tuition and fees	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	20,767,156	22,044,897	16,707,546	(5,337,351)
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional programs				
Regular	1,029,291	1,084,797	917,426	167,371
Special	6,613,590	6,680,644	4,900,391	1,780,253
Alternative programs	11,327,934	12,202,233	9,377,514	2,824,719
School leadership	74,689	152,820	73,476	79,344
Co-curricular	-	-	-	-
School based support	270,216	277,116	153,992	123,124
System wide support services				
Support and development	384,511	402,800	382,879	19,921
Special populations	193,729	190,057	184,592	5,465
Alternative program	306,284	417,752	334,050	83,702
Technology support	-	-	-	-
Operational support	74,209	77,615	14,586	63,029
Financial and human resources	-	-	-	-
Accountability services	-	-	-	-
System wide pupil support	-	-	-	-
Leadership services	-	-	-	-
Ancillary services				
Community	-	-	-	-
Nutritional	-	-	-	-
Non-program charges	492,703	559,063	368,640	190,423
Total expenditures	20,767,156	22,044,897	16,707,546	5,337,351
Revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Transfers to other funds	-	-	-	-
Fund balance appropriated	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	-	\$ -
Fund balances - beginning			-	
Fund balances - ending			\$ -	

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

**Pitt County Board of Education, North Carolina**  
**General Fund and Annually Budgeted Major Special Revenue Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and**  
**Actual**  
**For the Fiscal Year Ended June 30, 2018**  
**Exhibit 5**

Special Revenue Fund				
Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
State aid	\$ 3,038,405	\$ 3,045,786	\$ 3,045,941	\$ 155
Federal aid	4,073,667	4,223,667	3,380,244	(843,423)
Local aid	-	-	-	-
Other local sources	1,037,761	675,912	612,936	(62,976)
Interest earnings	-	-	79,443	79,443
Fines and forfeitures	-	-	-	-
Indirect costs	1,190,000	1,190,000	1,117,819	(72,181)
Sales tax	200,000	200,000	179,688	(20,312)
Tuition and fees	855,000	855,000	816,449	(38,551)
Miscellaneous	475,000	476,425	320,280	(156,145)
Total revenues	10,869,833	10,666,790	9,552,800	(1,113,990)
<b>EXPENDITURES</b>				
<b>Current:</b>				
Instructional programs				
Regular	6,434,741	6,677,995	1,274,211	5,403,784
Special	1,221,875	1,339,168	1,469,246	(130,078)
Alternative programs	3,657,665	3,657,665	2,906,291	751,374
School leadership	944,500	944,500	602,512	341,988
Co-curricular	-	-	-	-
School based support	459,042	459,442	157,417	302,025
System wide support services				
Support and development	1,105,817	1,102,918	1,074,196	28,722
Special populations	123,761	124,799	123,551	1,248
Alternative program	103,197	103,197	97,399	5,798
Technology support	-	-	-	-
Operational support	94,957	156,484	38,398	118,086
Financial and human resources	384,158	384,158	139,189	244,969
Accountability services	-	-	-	-
System wide pupil support	-	-	-	-
Leadership services	-	-	-	-
Ancillary services				
Community	1,032,988	1,032,988	956,059	76,929
Nutritional	-	-	-	-
Non-program charges	521,252	522,595	213,596	-
Total expenditures	16,083,953	16,505,909	9,052,065	7,144,845
Revenues over expenditures	(5,214,120)	(5,839,119)	500,735	6,339,854
Other financing sources (uses)				
Transfers to other funds	(1,000,000)	(1,000,000)	(600,000)	(400,000)
Fund balance appropriated	6,214,120	6,839,119	-	(6,839,119)
Total other financing sources (uses)	5,214,120	5,839,119	(600,000)	(7,239,119)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	(99,265)	\$ (99,265)
Fund balances - beginning			8,857,670	
Fund balances - ending			\$ 8,758,405	

*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, 2018**  
**Exhibit 6**

	<b>School Food Service</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 5,114,561
Accounts receivables	8,304
Due from other governments	338,036
OPEB asset	12,600
Inventories	386,315
Total current assets	5,859,816
Noncurrent assets:	
Capital assets (net of accumulated depreciation)	389,342
Total noncurrent assets	389,342
Total assets	6,249,158
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</b>	1,305,884
<b>DEFERRED OUTFLOWS OF RESOURCES - OPEB</b>	361,362
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	21,464
Compensated absences payable, current	57,393
Unavailable revenues	54,558
Total current liabilities	133,415
Noncurrent liabilities:	
Net pension liability	1,946,667
Net OPEB liability	6,938,979
Compensated absences payable, noncurrent	172,179
Total noncurrent liabilities	9,057,825
Total liabilities	9,191,240
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	21,743
<b>DEFERRED INFLOWS OF RESOURCES - OPEB</b>	2,411,625
<b>NET POSITION</b>	
Investment in capital assets	389,342
DIPNC OPEB plan	12,600
Unrestricted (deficit)	(4,110,146)
Total net position (deficit)	\$ (3,708,204)

*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, 2018**  
**Exhibit 7**

<b>School Food Service</b>	
<b>OPERATING REVENUES</b>	
Food sales	\$ 1,299,271
<b>Total operating revenues</b>	<b>1,299,271</b>
<b>OPERATING EXPENSES</b>	
Purchase of food	4,738,083
Salaries and benefits	5,402,610
Indirect costs	535,583
Purchased services	35,975
Repairs and maintenance	56,863
Materials and supplies	64,052
Depreciation	126,703
<b>Total operating expenses</b>	<b>10,959,869</b>
<b>Operating loss</b>	<b>(9,660,598)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Federal reimbursements	9,087,874
Federal commodities	758,535
State reimbursements	10,026
Investment earnings	51,300
<b>Total nonoperating revenues</b>	<b>9,907,735</b>
Income (loss) before transfers	247,137
Transfers in (out)	
State Public School Fund	72,428
<b>Total transfers</b>	<b>72,428</b>
Change in net position	319,565
Total net position - beginning	4,762,234
Cumulative effect of change in accounting principle	(8,790,003)
<b>Total net position (deficit) - beginning, restated</b>	<b>(4,027,769)</b>
<b>Total net position (deficit) - ending</b>	<b>\$ (3,708,204)</b>

*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, 2018**  
**Exhibit 8**

	<b>School Food Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers and users	\$ 1,303,765
Cash paid for goods and services	(4,713,379)
Cash paid to employees for services	(5,016,479)
<b>Net cash used in operating activities</b>	<b>(8,426,093)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal and state reimbursements	9,141,068
<b>Net cash provided by noncapital financing activities</b>	<b>9,141,068</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(197,667)
<b>Net cash used in capital and related financing activities</b>	<b>(197,667)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	51,300
<b>Net cash provided by investing activities</b>	<b>51,300</b>
Net increase in cash and cash equivalents	568,608
Cash and cash equivalents, July 1	4,545,953
<b>Cash and cash equivalents, June 30</b>	<b>\$ 5,114,561</b>

*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, 2018**  
**Exhibit 8**

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

Operating loss	\$	(9,660,598)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation		126,703
Donated commodities consumed		758,535
Salaries paid by special revenue fund		72,428
Change in assets, deferred outflows of resources and liabilities:		
(Increase) Decrease in due from other governments		4,494
(Increase) Decrease in net OPEB asset		556
(Increase) Decrease in inventory		(44,082)
Increase (Decrease) in accounts payable		4,426
Increase (Decrease) in net OPEB liability		(2,050,819)
Increase (Decrease) in compensated absences		296
Increase (Decrease) in unavailable revenues		(1,702)
Increase (Decrease) in net pension liability		(327,472)
(Increase) Decrease in deferred outflows - pensions		473,030
(Increase) Decrease in deferred outflows - OPEB		(361,362)
Increase (Decrease) in deferred inflows - pensions		(18,790)
Increase (Decrease) in deferred inflows - OPEB		2,598,264
<b>Net cash used in operating activities</b>	<b>\$</b>	<b>(8,426,093)</b>

**Noncash operating activities and noncapital financing activities:**

The General Fund paid salaries and benefits of \$72,428 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 \$758,535 during the fiscal year. The receipt of the commodities is recognized as a non-operating revenue. The Fund recorded the consumption of \$758,535 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

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### **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 present information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities on revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental 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

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The Board reports the following major governmental funds:

*General Fund.* The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund 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

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*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These 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

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

The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at amortized cost or at fair value determined by either quoted market prices or a matrix pricing model. Bank deposits and the NCCMT are measured at amortized cost, which is the NCCMT's share price. Ownership interest 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. All cash and investments with original maturities of three months or less 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. The General Fund inventories do not reflect current appropriable resources; thus, an equivalent portion of fund balance is reserved. 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

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

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such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Pitt County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board give the school system full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	Years
Buildings	50
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 outflow 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 several items that meet this criterion – pension and OPEB related deferrals and contributions made to the plans subsequent to the measurement date. The statement of financial position also reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and 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 and OPEB 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, 2018 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

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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 five classifications designed to disclose the hierarchy of constraints on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of the Board of Education’s governing body (highest level of decision-making authority) and in certain instances approval by the County’s governing body is required. Any

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

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changes or removal of specific purpose requires majority vote by quorum of the governing bodies that approved the original action.

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

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

Individual Schools – 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 – 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 – 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 \$(191,771,145) 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)).	\$ 315,322,424
Less accumulated depreciation	(111,497,379)
Net capital assets	203,825,045
Net OPEB asset	479,582
Pension related deferred outflows of resources	34,556,283
OPEB related deferred outflows of resources	13,754,317
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	(2,134,494)
Capital lease	-
Compensated absences	(12,446,725)
Net pension liability	(69,422,836)
Net OPEB liability	(264,114,880)
Pension related deferred inflows of resources	(4,474,936)
OPEB related deferred inflows of resources	(91,792,501)
<b>Total adjustments</b>	<b>\$ (191,771,145)</b>

**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 \$(8,956,287) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 10,761,504
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.	(6,535,230)
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	(1,039,107)
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	1,218,062
Contributions to the pension plan in the current fiscal year are not included on the statement of activities	12,976,934
Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities	7,451,505
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	(17,802,058)
OPEB expense	(14,555,502)
Adjustment due to the use of the consumption method of recording inventory in the government-wide statements	(377,806)
Loss on disposal of assets	(5,308)
Compensated absences are accrued in the government-wide statements but not the fund statements because they do not use current resources	(1,049,281)
<b>Total adjustments</b>	<b>\$ (8,956,287)</b>

10. Defined Benefit Pension Plan and OPEB Plans

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

11. Adoption of New Financial Accounting Standards

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

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

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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 standard is effective for the year ending June 30, 2018 and the Board has implemented GASB 75.

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 standard is effective for the year ending June 30, 2018 and the Board has implemented GASB 85.

### 12. Future Accounting Pronouncements

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 School is currently assessing the impact of GASB 84 on the financial statements for the year ending June 30, 2020.

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 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 School is currently assessing the impact of GASB 87 on the financial statements for the year ending June 30, 2021.

In April 2018, the GASB issued Statement No. 88 – Certain Disclosures Related to Debt. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payment to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant

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

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subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The standard is effective for the year ending June 30, 2019 and the Board is currently assessing their impact.

In June 2018, the GASB issued Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The standard is effective for the year ending June 30, 2021 and the Board is currently assessing their impact.

### **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 the adequacy of their pooled collateral covering uninsured deposits to the State Treasurer. 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, 2018, the Board had deposits with banks and savings and loans with a carrying amount of \$13,285,566 and with the State Treasurer of \$294,181. The bank balances with the financial institutions and the State Treasurer were \$13,864,089 and \$1,127,159, respectively. Of these balances, \$1,391,162 was covered by federal depository insurance and \$13,600,086 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, 2018, the Board of Education had \$11,728,805 invested with the State Treasurer in the Short Term Investment Fund (STIF). The STIF is unrated and had a weighted average maturity of 1.4 years at June 30, 2018. 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, 2018, were as follows:

	Due from other governments	Other	Total
<b>Governmental activities:</b>			
General	\$ -	\$ 442,230	\$ 442,230
Other governmental activities	5,835,079	127,466	5,962,545
<b>Total governmental activities</b>	<b>\$ 5,835,079</b>	<b>\$ 569,696</b>	<b>\$ 6,404,775</b>
<b>Business-type activities</b>			
Food Service Fund	\$ 338,036	\$ 8,304	\$ 346,340
<b>Total business-type activities</b>	<b>\$ 338,036</b>	<b>\$ 8,304</b>	<b>\$ 346,340</b>
Due from other governments consists of the following:			
State Public School	\$ 5,139,455	Operating fund from DPI	
Federal Grants	508,099	Operating fund from DPI	
Capital Outlay	7,837	Miscellaneous revenues from the state	
<b>Total</b>	<b>\$ 5,835,079</b>		

**4. Capital Assets**

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 5,168,270	\$ -	\$ -	\$ 5,168,270
Construction in progress	10,659,943	9,134,148	5,401,709	14,392,382
<b>Total capital assets not being depreciated</b>	<b>15,828,213</b>	<b>9,134,148</b>	<b>5,401,709</b>	<b>19,560,652</b>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	260,152,459	5,917,680	-	266,070,139
Equipment and furniture	8,485,014	66,278	-	8,551,292
Vehicles	21,226,171	1,045,107	1,130,937	21,140,341
<b>Total capital assets being depreciated</b>	<b>289,863,644</b>	<b>7,029,065</b>	<b>1,130,937</b>	<b>295,761,772</b>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	81,990,603	5,110,807	-	87,101,410
Equipment and furniture	6,844,810	435,961	-	7,280,771
Vehicles	17,252,365	988,462	1,125,629	17,115,198
<b>Total accumulated depreciation</b>	<b>106,087,778</b>	<b>6,535,230</b>	<b>1,125,629</b>	<b>111,497,379</b>
<b>Total capital assets being depreciated, net</b>	<b>183,775,866</b>			<b>184,264,393</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 199,604,079</b>			<b>\$ 203,825,045</b>

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

Depreciation expense was charged to governmental functions as follows:

Regular instructional	\$	70,708
Special instructional		21,034
Alternative programs		16,781
School leadership		9,491
Co-curricular		5,202
School based support services		7,572
Support and development services		67,906
Special populations		15,382
Alternative programs		18,170
Technology support		38,389
Operational support services		755,055
Financial and human resources services		99,815
System-wide pupil support		9,009
Leadership services		45,205
Community services		29,031
Non-programmed charges		16,289
Unallocated depreciation		5,310,191
<b>Total</b>	<b>\$</b>	<b>6,535,230</b>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being depreciated:				
Equipment	\$ 3,816,220	\$ 197,667	\$ -	\$ 4,013,887
Vehicles	62,391	-	-	62,391
Total capital assets being depreciated	3,878,611	197,667	-	4,076,278
Less accumulated depreciation for:				
Equipment	3,503,150	121,395	-	3,624,545
Vehicles	57,083	5,308	-	62,391
Total accumulated depreciation	3,560,233	126,703	-	3,686,936
<b>Business-type activities capital assets, net</b>	<b>\$ 318,378</b>			<b>\$ 389,342</b>

**5. Construction Commitments**

Pitt County has active construction projects as of June 30, 2018. The projects include construction of schools and a new transportation facility for the benefit of Pitt County Board of Education. At year-end, the County's commitments with contractors for school construction are as follows :

Project	Spent-to-date	Remaining Commitment
Chicod	\$ 12,610,555	\$ 100,293
Belvoir	58,373	225,000
Transportation	1,723,454	355,133
	<u>\$ 14,392,382</u>	<u>\$ 680,426</u>

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

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### B. Liabilities

#### 1. Pension Plan and Other Postemployment Obligations

##### a. Teachers' and State Employees' Retirement System

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

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

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

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

*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, 2018, was 10.78% 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 \$13,317,872 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Board reported a liability of \$71,369,503 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017 and at June 30, 2016, the Board’s proportion was 0.899% and 0.916%, respectively.

For the year ended June 30, 2018, the Board recognized pension expense of \$18,477,027. At June 30, 2018, 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	\$ 1,547,159	\$ 2,334,869
Change in assumptions	11,275,305	-
Net difference between projected and actual earnings on pension plan investments	9,658,715	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,116	2,161,810
Employer contributions subsequent to the measurement date	13,317,872	-
<b>Total</b>	<b>\$ 35,862,167</b>	<b>\$ 4,496,679</b>

\$13,317,872 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:



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

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Year Ending June 30,	
2019	\$ 3,107,276
2020	12,866,603
2021	5,939,260
2022	(3,865,523)
Total	\$ 18,047,616

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 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	7.20 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, 2016 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, 2017 are summarized in the following table:

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including TSERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially 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 liability 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 7.20 percent, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
Board's proportionate share of the net pension liability (asset)	\$ 146,907,981	\$ 71,369,503	\$ 8,077,888

*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.

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

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### 1. Healthcare Benefits

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

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

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

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

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

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

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

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

*Contributions.* By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Board contributed 6.08% of covered payroll which amounted to \$7,474,316.

At June 30, 2018, Board reported a liability of \$271,053,859 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB liability was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 0.827%.

\$7,474,316 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (17,596,480)
2020	(17,596,480)
2021	(17,596,480)
2022	(17,596,480)
2023	(17,581,295)
<b>Total</b>	<b>\$ (87,967,215)</b>

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

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

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

*Discount rate.* The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	<b>1% Decrease (2.58%)</b>	<b>Discount Rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
Net OPEB liability	\$ 323,351,685	\$ 271,053,859	\$ 229,574,261

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare trend rates.* The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	<b>Healthcare Trend Rates</b>		
	<b>1% decrease (Medical - 4.00 - 5.50%, Pharmacy - 4.00 - 6.25%, Medicare Advantage - 3.00 - 4.00%, Administrative - 2.00%</b>	<b>Discount Rate (Medical - 5.00 - 6.50%, Pharmacy - 5.00 - 7.25%, Medicare Advantage - 4.00 - 5.00%, Administrative - 3.00%</b>	<b>1% increase (Medical - 6.00 - 7.50%, Pharmacy - 6.00 - 8.25%, Medicare Advantage - 5.00 - 6.00%, Administrative - 4.00%</b>
Net OPEB liability	\$ 221,426,040	\$ 271,053,859	\$ 337,015,575

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

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

### 2. Disability Benefits

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

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

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

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

*Contributions.* Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The plan does not provide for automatic post-retirement benefit increases. Disability income benefits are funded by actuarially determined employer contributions that are established in the Appropriations Bill by the General Assembly and coincide with the State fiscal year. For the fiscal year ended June 30, 2018, employers made a statutory contribution of 0.14% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$172,959 for the year ended June 30, 2018.

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

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.

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

At June 30, 2018, Board reported an asset of \$492,181 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The total OPEB asset was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net OPEB asset was based on a projection of the Board's present value of future salary, actuarially determined. At June 30, 2017, the Board's proportion was 0.805%.

\$172,959 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a increase of the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2019	\$	64,855
2020		64,855
2021		64,831
2022		26,952
<b>Total</b>	<b>\$</b>	<b>221,493</b>

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

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, include 3.5% inflation and productivity factor
Investment rate of return	3.75%, net of OPEB plan expense, including inflation

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

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB asset	\$ 418,426	\$ 492,181	\$ 566,105

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

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*Common actuarial assumptions for both OPEB plans.* The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2017. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

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

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



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

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

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

	RHBF	DIPNC	Total
OPEB Expense	\$ 14,683,530	\$ 254,383	\$ 14,937,913
OPEB Liability (Asset)	271,053,859	(492,181)	270,561,678
Proportionate share of the net OPEB liability (asset)	0.827%	0.805%	
<b>Deferred of Outflows of Resources</b>			
Differences between expected and actual experience	-	134,947	134,947
Net difference between projected and actual earnings on plan investments	-	107,882	107,882
Changes in proportion and differences between Board contributions and proportionate share of contributions	6,225,575	-	6,225,575
Board contributions subsequent to the measurement date	7,474,316	172,959	7,647,275
<b>Total Deferred of Outflows of Resources - OPEB</b>	<b>\$ 13,699,891</b>	<b>\$ 415,788</b>	<b>\$ 14,115,679</b>
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	19,435,060	-	19,435,060
Changes of assumptions	74,646,995	-	74,646,995
Net difference between projected and actual earnings on plan investments	100,735	-	100,735
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	21,336	21,336
<b>Total Deferred of Inflows of Resources - OPEB</b>	<b>\$ 94,182,790</b>	<b>\$ 21,336</b>	<b>\$ 94,204,126</b>

**2. Accounts Payable**

Accounts payable as of June 30, 2018, were as follows:

	Vendors	Temporary Bank Overdraft	Salaries and Benefits	Total
<b>Governmental activities:</b>				
General	\$ 807,569	\$ -	\$ 1,023,664	\$ 1,831,233
Other governmental activities	35,539	805	5,978,741	6,015,085
<b>Total governmental activities</b>	<b>\$ 843,108</b>	<b>\$ 805</b>	<b>\$ 7,002,405</b>	<b>\$ 7,846,318</b>
<b>Business-type activities:</b>				
Food Service Fund	\$ 21,464	\$ -	\$ -	\$ 21,464
<b>Total business-type activities</b>	<b>\$ 21,464</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,464</b>

**3. Unearned Revenues**

The balance in unearned revenues as of June 30, 2018 for business-type activities is composed of the following:

	Unearned Revenue
<b>Business-type activities:</b>	
Prepaid meals	\$ 54,558
<b>Total</b>	<b>\$ 54,558</b>

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

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**4. Deferred Outflows and Inflows of Resources**

The balance in deferred outflows and inflows of resources as of June 30, 2018 is composed of the following elements:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Governmental activities		
Sales tax refunds receivable (State Public School Fund)	-	10,500
Sales tax refunds receivable (Federal Grants Fund)	-	39,723
<b>Total</b>	<b>\$ -</b>	<b>\$ 50,223</b>

**5. Risk Management**

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

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan, a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits. 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.

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

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, 2018, 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, 2018 was \$340,000.

**7. Operating Lease**

At June 30, 2018, 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.

Year Ending June 30,	Payment
2019	30,891
<b>Total</b>	<b>\$ 30,891</b>

**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 and Blue Bird Buses through a special third party financing arrangement by Banc of America Public Capital Corp at total payments less than the purchase price.

The future minimum payments of all installment purchases as of June 30, 2018 are as follows:

	Initial contract year			Totals
	FYE 2016	FYE 2017	FYE 2018	
Total buses purchased	1	31	12	44
Total purchase price	\$ 83,696	\$ 2,668,482	\$ 1,039,107	\$ 3,791,285
Total payments 2018-2019	20,924	667,120	259,777	947,821
Total payments 2019-2020	-	667,120	259,777	926,897
Total payments 2020-2021	-	-	259,776	259,776
Total remaining payments	\$ 20,924	\$ 1,334,240	\$ 779,330	\$ 2,134,494

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

**b. 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, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental activities:</b>					
Installment purchases	\$ 2,230,383	\$ 1,039,107	\$ 1,134,996	\$ 2,134,494	\$ 947,821
Capital lease	83,066	-	83,066	-	-
Net pension liability	81,887,230	-	12,464,394	69,422,836	-
Net OPEB liability	342,282,874	-	78,167,994	264,114,880	-
Compensated absences	11,397,444	9,752,372	8,703,091	12,446,725	3,111,681
<b>Total</b>	<b>\$ 437,880,997</b>	<b>\$ 10,791,479</b>	<b>\$ 100,553,541</b>	<b>\$ 348,118,935</b>	<b>\$ 4,059,502</b>
<b>Business-type activities:</b>					
Compensated absences	\$ 229,276	\$ 254,753	\$ 254,457	\$ 229,572	\$ 57,393
Net pension liability	2,274,139	-	327,472	1,946,667	-
Net OPEB liability	8,992,654	-	2,053,675	6,938,979	-
<b>Total</b>	<b>\$ 11,496,069</b>	<b>\$ 254,753</b>	<b>\$ 2,635,604</b>	<b>\$ 9,115,218</b>	<b>\$ 57,393</b>

Compensated absences, net pension liabilities, and net OPEB liabilities 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,	
2019	18,000
2020	18,000
2021	18,000
2022	18,000
2023	18,000
<b>Total</b>	<b>\$ 90,000</b>

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. Inter-fund Balances and Activity**

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

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

Fund	Transfer from	Transfer to	Net
State fund	\$ 72,428	\$ -	\$ 72,428
School food service fund	-	72,428	(72,428)
Special revenue fund	600,000		600,000
Capital projects fund	-	600,000	(600,000)
<b>Total</b>	<b>\$ 672,428</b>	<b>\$ 672,428</b>	<b>\$ -</b>

**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	\$ 5,637,718
Less:	
Inventories	356,286
Stabilization by state statute:	
Accounts receivable	442,229
Total stabilization by state statute	442,229
Restricted for school capital projects	931,817
Committed for capital projects	1,562,313
Assigned for:	
Subsequent years expenditures	620,297
Total assigned fund balance	620,297
<b>Remaining Fund Balance- Unassigned</b>	<b>\$ 1,724,776</b>

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

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**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**

Management has evaluated subsequent events through February 8, 2019, the date on which the financial statements were available to be issued.

**V. Change in Accounting Principle and Method – Prior Period Adjustments**

During the preparation of the financial statements for the year ended June 30, 2018, The Board of Education adopted GASB 75 related to post-employment benefits other than pension, as described in Note 11 as adoption of new financial accounting standards; as well as changing to the consumption method of recording inventory in the government-wide statements.

The adoption of GASB 75 and the changing to the consumption method of recording inventory had the following impact on the beginning net position at June 30, 2018:

	Governmental Activities	Business Type Activities	Total
Net Position - June 30, 2017	\$167,967,265	\$4,762,234	\$172,729,499
Prior Period Adjustments:			
Cumulative effect of changes in accounting principle:			
GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions	(334,569,485)	(8,790,003)	(343,359,488)
Cumulative effect of changes in accounting method:			
Inventory - Consumption method	734,092	-	734,092
Net Position - as restated	(\$165,868,128)	(\$4,027,769)	(\$169,895,897)



**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 Five Fiscal Years**

	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset)	0.899%	0.916%	0.921%	0.903%	0.837%
Board's proportionate share of the net pension liability (asset)	\$ 71,369,503	\$ 84,161,369	\$ 33,936,251	\$ 10,587,079	\$ 9,758,714
Board's covered payroll	\$ 120,580,267	\$ 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 payroll	59.19%	71.97%	28.72%	9.42%	8.61%
Plan fiduciary net position as a percentage of the total pension liability	89.51%	87.32%	94.64%	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 Five Fiscal Years**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 13,317,872	\$ 11,811,200	\$ 10,699,353	\$ 10,810,204	\$ 9,758,714
Contributions in relation to the contractually required contribution	<u>13,317,872</u>	<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>	<u>\$ -</u>
Board's covered payroll	\$ 122,969,623	\$ 120,580,267	\$ 116,932,875	\$ 118,144,306	\$ 112,418,528
Contributions as a percentage of covered payroll	10.83%	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.

**Pitt County Board of Education, North Carolina**  
**Schedule of Proportionate Share of Net OPEB Liability**  
**Retiree Health Benefit Fund**  
**Last Fiscal Year\***

	2018	2017
Board's proportion of the net OPEB liability	0.827%	0.807%
Board's proportionate share of the net OPEB liability	\$ 271,053,859	\$ 351,275,528
Board's covered payroll	\$ 120,580,267	\$ 116,932,875
Board's proportionate share of the net OPEB liability as a percentage of its covered payroll	224.79%	300.41%
Plan fiduciary net position as a percentage of the total OPEB liability	3.52%	2.41%

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 Board Contributions to**  
**Retiree Health Benefit Fund**  
**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 7,474,316	\$ 7,258,932	\$ 6,548,241	\$ 6,511,772	\$ 6,079,794	\$ 6,006,709	\$ 5,622,148	\$ 5,722,419	\$ 5,230,135	\$ 4,929,719
Contributions in relation to the contractually required contribution	<u>7,474,316</u>	<u>7,258,932</u>	<u>6,548,241</u>	<u>6,511,772</u>	<u>6,079,794</u>	<u>6,006,709</u>	<u>5,622,148</u>	<u>5,722,419</u>	<u>5,230,135</u>	<u>4,929,719</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 122,969,623	\$ 120,580,267	\$ 116,932,875	\$ 118,144,306	\$ 112,418,528	\$ 113,334,091	\$ 112,442,885	\$ 116,784,038	\$ 116,225,192	\$ 120,237,115
Contributions as a percentage of covered payroll	6.08%	6.02%	5.60%	5.51%	5.41%	5.30%	5.00%	4.90%	4.50%	4.10%

**Pitt County Board of Education, North Carolina  
 Schedule of Proportionate Share of Net OPEB Asset  
 Disability Income Plan of North Carolina  
 Last Fiscal Year\***

	2018	2017
Board's proportion of the net OPEB asset	0.805%	0.828%
Board's proportionate share of the net OPEB asset	\$ 492,181	\$ 513,915
Board's covered payroll	\$ 120,580,267	\$ 116,932,875
Board's proportionate share of the net OPEB asset as a percentage of its covered payroll	0.41%	0.44%
Plan fiduciary net position as a percentage of the total OPEB asset	116.23%	116.06%

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  
Disability Income Plan of North Carolina  
Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 172,959	\$ 651,133	\$ 479,425	\$ 486,307	\$ 495,391	\$ 498,670	\$ 584,703	\$ 607,277	\$ 604,371	\$ 625,233
Contributions in relation to the contractually required contribution	172,959	651,133	479,425	486,307	495,391	498,670	584,703	607,277	604,371	625,233
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 122,969,623	\$ 120,580,267	\$ 116,932,875	\$ 118,144,306	\$ 112,418,528	\$ 113,334,091	\$ 112,442,885	\$ 116,784,038	\$ 116,225,192	\$ 120,237,115
Contributions as a percentage of covered payroll	0.14%	0.54%	0.41%	0.41%	0.44%	0.44%	0.52%	0.52%	0.52%	0.52%



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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, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**

**Schedule 1**

**Page 1 of 3**

	2018 Budget	2018 Actual	Variance	2017 Actual
<b>Revenues</b>				
Pitt County:				
Appropriation from general revenues	\$ 38,970,807	\$ 38,970,807	\$ -	\$ 38,213,340
<b>Total</b>	<b>38,970,807</b>	<b>38,970,807</b>	<b>-</b>	<b>38,213,340</b>
Other				
Fines and forfeitures	1,550,000	1,671,208	121,208	568,429
Interest	-	15,995	15,995	10,520
Miscellaneous	200,000	183,937	(16,063)	186,433
<b>Total</b>	<b>1,750,000</b>	<b>1,871,140</b>	<b>121,140</b>	<b>765,382</b>
<b>Total revenues</b>	<b>40,720,807</b>	<b>40,841,947</b>	<b>121,140</b>	<b>38,978,722</b>
<b>Expenditures</b>				
Instructional programs				
Regular				
Salaries and employee benefits		8,040,583		8,172,688
Purchased services		2,362,818		2,144,451
Supplies and materials		1,925,968		1,848,315
Capital outlay		28,600		17,225
<b>Total</b>	<b>13,699,159</b>	<b>12,357,969</b>	<b>1,341,190</b>	<b>12,182,679</b>
Special				
Salaries and employee benefits		913,594		902,742
<b>Total</b>	<b>898,686</b>	<b>913,594</b>	<b>(14,908)</b>	<b>902,742</b>
Alternative programs				
Salaries and employee benefits		374,288		386,491
Supplies and materials		177		-
<b>Total</b>	<b>398,135</b>	<b>374,465</b>	<b>23,670</b>	<b>386,491</b>
School leadership				
Salaries and employee benefits		5,075,084		5,078,657
Purchased services		125,031		130,500
Supplies and materials		62,575		53,393
<b>Total</b>	<b>5,458,504</b>	<b>5,262,690</b>	<b>195,814</b>	<b>5,262,550</b>
Co-curricular				
Salaries and employee benefits		672,002		658,666
Purchased services		358,081		316,565
<b>Total</b>	<b>1,033,289</b>	<b>1,030,083</b>	<b>3,206</b>	<b>975,231</b>



**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, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**

**Schedule 1**  
**Page 2 of 3**

	2018 Budget	2018 Actual	Variance	2017 Actual
School based support				
Salaries and employee benefits		632,209		804,899
Purchased services		128,121		104,480
Supplies and materials		22,161		3,982
Total	684,242	782,491	(98,249)	913,361
<b>Total instructional programs</b>	<b>22,172,015</b>	<b>20,721,292</b>	<b>1,450,723</b>	<b>20,623,054</b>
System wide support services				
Support and development				
Salaries and employee benefits		669,406		538,880
Purchased services		65,144		59,755
Supplies and materials		149		639
Total	775,295	734,699	40,596	599,274
Special populations				
Salaries and employee benefits		6,659		4,257
Total	7,252	6,659	593	4,257
Alternative programs				
Salaries and employee benefits		170,076		161,239
Total	171,652	170,076	1,576	161,239
Technology support				
Salaries and employee benefits		831,119		851,095
Purchased services		130,432		51,435
Supplies and materials		50		2,297
Total	974,367	961,601	12,766	904,827
Operational support				
Salaries and employee benefits		3,235,060		3,422,049
Purchased services		6,065,114		5,259,905
Supplies and materials		3,478,462		3,466,020
Total	14,801,857	12,778,636	2,023,221	12,147,974
Financial and human resources				
Salaries and employee benefits		1,335,202		1,187,095
Purchased services		1,656,393		1,429,735
Supplies and materials		90,214		63,695
Total	3,289,983	3,081,809	208,174	2,680,525
System wide pupil support				
Salaries and employee benefits		319,630		238,198
Total	326,139	319,630	6,509	238,198

**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, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**

**Schedule 1**

**Page 3 of 3**

	<b>2018 Budget</b>	<b>2018 Actual</b>	<b>Variance</b>	<b>2017 Actual</b>
Leadership services				
Salaries and employee benefits		494,038		550,610
Purchased services		340,960		121,671
Supplies and materials		142,072		151,950
Total	954,829	977,070	(22,241)	824,231
<b>Total system wide support services</b>	<b>21,301,374</b>	<b>19,030,180</b>	<b>2,271,194</b>	<b>17,560,525</b>
Ancillary services				
Community services				
Salaries and employee benefits		26,855		17,438
<b>Total ancillary services</b>	<b>37,558</b>	<b>26,855</b>	<b>10,703</b>	<b>17,438</b>
<b>Total expenditures</b>	<b>43,510,947</b>	<b>39,778,327</b>	<b>3,732,620</b>	<b>38,201,017</b>
Revenues over (under) expenditures	(2,790,140)	1,063,620	3,853,760	777,705
Other financing sources				
Fund balance appropriated	2,790,140	-	(2,790,140)	-
Total other financing sources (uses)	2,790,140	-	(2,790,140)	-
Net change in fund balance	<u>\$ -</u>	1,063,620	<u>\$ 1,063,620</u>	777,705
Fund balances - beginning, previously reported		4,217,812		3,440,107
Cumulative effect in change of accounting method		734,092		-
Decrease in reserve for inventories		(377,806)		-
Fund balances - ending		<u>\$ 5,637,718</u>		<u>\$ 4,217,812</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, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**

**Schedule 2**  
**Page 1 of 2**

	2018 Budget	2018 Actual	Variance	2017 Actual
<b>Revenues</b>				
US Government				
ROTC	\$ 350,000	\$ 320,770	\$ (29,230)	\$ 341,191
GEAR Up	-	77,391	77,391	64,926
TIF Grant	2,898,667	1,952,797	(945,870)	393,731
Medicaid Administration Outreach Program	975,000	1,029,286	54,286	762,129
<b>Total</b>	<b>4,223,667</b>	<b>3,380,244</b>	<b>(843,423)</b>	<b>1,561,977</b>
State of North Carolina:				
NC Pre-K Program	2,900,000	2,905,309	5,309	2,737,244
Reimbursements	145,786	140,632	(5,154)	65,514
<b>Total</b>	<b>3,045,786</b>	<b>3,045,941</b>	<b>155</b>	<b>2,802,758</b>
Other				
Sales tax	200,000	179,688	(20,312)	180,359
Tuition and fees	855,000	816,449	(38,551)	822,328
Interest	-	79,443	79,443	60,470
Indirect costs	1,190,000	1,117,819	(72,181)	826,133
Other local sources	675,912	612,936	(62,976)	778,068
Miscellaneous	476,425	320,280	(156,145)	396,030
<b>Total</b>	<b>3,397,337</b>	<b>3,126,615</b>	<b>(270,722)</b>	<b>3,063,388</b>
<b>Total revenues</b>	<b>10,666,790</b>	<b>9,552,800</b>	<b>(1,113,990)</b>	<b>7,428,123</b>
<b>Expenditures</b>				
Instructional programs				
Regular				
Salaries and employee benefits		1,134,646		338,763
Purchased services		21,196		130,445
Supplies and materials		118,369		114,708
<b>Total</b>	<b>6,677,995</b>	<b>1,274,211</b>	<b>5,403,784</b>	<b>583,916</b>
Special				
Salaries and employee benefits		304,066		140,025
Purchased services		906,452		635,866
Supplies and materials		258,728		359,236
<b>Total</b>	<b>1,339,168</b>	<b>1,469,246</b>	<b>(130,078)</b>	<b>1,135,127</b>
Alternative programs				
Salaries and employee benefits		1,894,491		1,888,631
Purchased services		914,856		792,560
Supplies and materials		96,944		105,710
<b>Total</b>	<b>3,657,665</b>	<b>2,906,291</b>	<b>751,374</b>	<b>2,786,901</b>
School leadership				
Salaries and employee benefits		602,512		453,821
<b>Total</b>	<b>944,500</b>	<b>602,512</b>	<b>341,988</b>	<b>453,821</b>
School based support				
Salaries and employee benefits		132,550		125,768
Purchased services		24,867		61,563
Supplies and materials		-		1,067
<b>Total</b>	<b>459,442</b>	<b>157,417</b>	<b>302,025</b>	<b>188,398</b>

**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, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**

**Schedule 2**  
**Page 2 of 2**

	2018 Budget	2018 Actual	Variance	2017 Actual
<b>Total instructional programs</b>	13,078,770	6,409,677	6,669,093	5,148,163
System wide support services				
Support and development				
Salaries and employee benefits		626,938		189,489
Purchased services		445,253		104,016
Supplies and materials	-	2,005		-
Total	1,102,918	1,074,196	28,722	293,505
Special populations				
Salaries and employee benefits		104,485		47,561
Purchased services		19,066		10,558
Total	124,799	123,551	1,248	58,119
Alternative Programs				
Salaries and employee benefits		97,399		100,131
Total	103,197	97,399	5,798	100,131
Operational support				
Salaries and employee benefits		2,347		4,471
Purchased services		36,051		60,660
Total	156,484	38,398	118,086	65,131
Financial and human resources				
Salaries and employee benefits		139,189		183,589
Total	384,158	139,189	244,969	183,589
<b>Total system wide support services</b>	1,871,556	1,472,733	398,823	700,475
Ancillary services				
Community services				
Salaries and employee benefits		680,530		663,572
Purchased services		201,904		175,046
Supplies and materials		73,625		65,214
Total	1,032,988	956,059	76,929	903,832
Non-Programmed charges				
Indirect costs		213,596		-
Total	522,595	213,596	308,999	-
<b>Total ancillary services</b>	1,555,583	1,169,655	385,928	903,832
<b>Total expenditures</b>	16,505,909	9,052,065	7,453,844	6,752,470
Revenues over (under) expenditures	(5,839,119)	500,735	6,339,854	675,653
Other financing sources (uses)				
Transfers to other funds	(1,000,000)	(600,000)	400,000	-
Fund balance appropriated	6,839,119	-	(6,839,119)	-
Total other financing sources (uses)	5,839,119	(600,000)	(6,439,119)	-
Net change in fund balance	<u>\$ -</u>	<u>(99,265)</u>	<u>\$ (99,265)</u>	675,653
Fund balances - beginning		<u>8,857,670</u>		<u>8,182,017</u>
Fund balances - ending		<u>\$ 8,758,405</u>		<u>\$ 8,857,670</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, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**  
**Schedule 3**

	2018 Budget	2018 Actual	Variance	2017 Actual
<b>REVENUES</b>				
State of North Carolina				
Public School Building Capital Fund- lottery	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 1,600,000
State appropriations - buses	1,140,000	1,134,996	(5,004)	958,123
Pitt County, North Carolina				
Appropriation from County	11,231,942	10,538,917	(693,025)	11,804,853
Restricted portion of sales tax	2,230,572	1,252,838	(977,734)	458,172
Other revenues				
Unrestricted portion of sales tax	-	7,837	7,837	5,633
Other local revenue	-	-	-	232,558
Investment earnings	10,000	18,748	8,748	9,976
Total revenues	16,612,514	14,953,336	(1,659,178)	15,069,315
<b>EXPENDITURES</b>				
Capital outlay				
System-Wide Support Services				
Financial & Human Resources	5,000	3,520	1,480	8,025
Improvements to existing sites		10,671,656		11,263,024
Furniture and equipment		719,012		484,397
Buses and motor vehicles		1,039,107		2,710,037
On-behalf payment to County for repayment of debt		2,000,000		1,600,000
Total	19,981,353	14,429,775	5,551,578	16,057,458
Debt service				
Principal		1,218,062		1,040,194
Interest		1,006		2,001
Total debt service	1,365,000	1,219,068	145,932	1,042,195
Total expenditures	21,351,353	15,652,363	5,698,990	17,107,678
Excess of revenues over expenditures	(4,738,839)	(699,027)	4,039,812	(2,038,363)
Other financing sources				
Installment purchase obligations issued	2,000,000	1,039,107	(960,893)	2,668,488
Transfers from other funds	1,000,000	600,000	(400,000)	-
Appropriated fund balance	1,738,839	-	(1,738,839)	-
Total other financing sources	4,738,839	1,639,107	(3,099,732)	2,668,488
Net change in fund balance	\$ -	940,080	\$ 940,080	630,125
Fund balances - beginning		1,738,840		1,108,715
Fund balances - ending		\$ 2,678,920		\$ 1,738,840

**Pitt County Board of Education, North Carolina**  
**Schedule of Revenues, Expenditures – Budget and Actual – Food Service Fund**  
**For the Fiscal Year Ended June 30, 2018**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017)**  
**Schedule 4**

	2018 Budget	2018 Actual	Variance	2017 Actual
Operating revenues, food sales	\$ 3,389,351	\$ 1,299,271	\$ (2,090,080)	\$ 1,481,042
Operating expenses				
Nutritional services				
Purchase of food	5,968,788	4,782,165	1,186,623	4,963,884
Salaries and benefits	6,103,483	7,325,809	(1,222,326)	4,926,612
Indirect cost	886,531	535,583	350,948	549,269
Purchased services	158,305	35,975	122,330	66,857
Repairs and maintenance	90,796	56,863	33,933	46,605
Materials and supplies	115,398	44,040	71,358	74,081
Equipment purchases	476,699	217,679	259,020	29,062
Total operating expenses	13,800,000	12,998,114	801,886	10,656,370
Operating loss	(10,410,649)	(11,698,843)	(1,288,194)	(9,175,328)
Nonoperating revenues				
Federal reimbursements	9,465,825	9,087,874	377,951	8,765,225
Federal commodities	759,937	758,535	1,402	754,017
State reimbursements	14,471	10,026	4,445	10,713
Investment earnings	28,250	51,300	(23,050)	35,379
Total nonoperating revenues	10,268,483	9,907,735	(360,748)	9,565,334
Excess of revenues over (under) expenses before other financing sources	(142,166)	(1,791,108)	(1,648,942)	390,006
Other financing sources:				
Transfers in	142,166	72,428	(69,738)	65,491
Excess of revenues and other sources over (under) expenditures	<u>\$ -</u>	(1,718,680)	<u>\$ (1,718,680)</u>	455,497
Reconciliation of modified accrual to full accrual basis:				
Reconciling items:				
Depreciation		(126,703)		(135,816)
Increase (decrease) in net OPEB asset		(556)		-
(Increase) decrease in net pension liability		327,472		(1,314,235)
(Increase) decrease in net OPEB liability		2,050,819		-
Increase (decrease) in deferred outflows - pension		(473,030)		1,129,234
(Increase) decrease in deferred inflows - pension		18,790		82,516
Capital outlay		197,667		29,062
Increase (decrease) in inventory		44,082		75,718
(Increase) decrease in compensated absences payable		(296)		17,165
Change in net position (full accrual)		<u>\$ 319,565</u>		<u>\$ 339,141</u>



**STATISTICAL SECTION**



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## Pitt County Board of Education, North Carolina Statistical Section

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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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Government Activities</b>										
Net investment in capital assets	\$ 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	\$ 201,690,551
Restricted	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	7,638,711
Unrestricted	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)	(382,041,091)
<b>Total governmental activities net position</b>	<b>\$ 190,363,473</b>	<b>\$ 204,753,390</b>	<b>\$ 216,398,193</b>	<b>\$ 216,310,179</b>	<b>\$ 210,006,664</b>	<b>\$ 203,722,597</b>	<b>\$ 168,116,663</b>	<b>\$ 163,668,832</b>	<b>\$ 167,967,265</b>	<b>\$ (172,711,829)</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 373,392	\$ 237,031	\$ 163,925	\$ 263,965	\$ 347,130	\$ 389,330	\$ 352,833	\$ 427,325	\$ 318,378	\$ 389,342
Restricted	-	-	-	-	-	-	-	-	-	12,600
Unrestricted	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	(4,110,146)
<b>Total business-type activities net position</b>	<b>\$ 1,981,225</b>	<b>\$ 3,178,700</b>	<b>\$ 4,173,082</b>	<b>\$ 4,943,938</b>	<b>\$ 5,245,253</b>	<b>\$ 5,217,136</b>	<b>\$ 3,985,528</b>	<b>\$ 4,423,093</b>	<b>\$ 4,762,234</b>	<b>\$ (3,708,204)</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 202,079,893
Restricted	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	7,651,311
Unrestricted	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)	(386,151,237)
<b>Total primary government net position</b>	<b>\$ 192,344,698</b>	<b>\$ 207,932,090</b>	<b>\$ 220,571,275</b>	<b>\$ 221,254,117</b>	<b>\$ 215,251,917</b>	<b>\$ 208,939,733</b>	<b>\$ 172,102,191</b>	<b>\$ 168,091,925</b>	<b>\$ 172,729,499</b>	<b>\$ (176,420,033)</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Government Activities</b>										
Net investment in capital assets	\$ 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	\$ 95,084,397
Restricted	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	16,908,623
Unrestricted	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)	(109,730,455)
<b>Total governmental activities net position</b>	<b>\$ 40,524,444</b>	<b>\$ 34,648,163</b>	<b>\$ 6,453,930</b>	<b>\$ 2,588,674</b>	<b>\$ 25,060,616</b>	<b>\$ 32,614,075</b>	<b>\$ 36,630,204</b>	<b>\$ 48,464,095</b>	<b>\$ 38,888,365</b>	<b>\$ 2,262,565</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 5,851,954
Unrestricted	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	(1,132,958)
<b>Total business-type activities net position</b>	<b>\$ 2,481,936</b>	<b>\$ 3,699,760</b>	<b>\$ 4,510,123</b>	<b>\$ 5,345,363</b>	<b>\$ 6,459,328</b>	<b>\$ 6,270,502</b>	<b>\$ 6,095,548</b>	<b>\$ 6,443,013</b>	<b>\$ 5,968,193</b>	<b>\$ 4,718,996</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 100,936,351
Restricted	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	16,908,623
Unrestricted	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)	(110,863,413)
<b>Total primary government net position</b>	<b>\$ 43,006,380</b>	<b>\$ 38,347,923</b>	<b>\$ 10,964,053</b>	<b>\$ 7,934,037</b>	<b>\$ 31,519,944</b>	<b>\$ 38,884,577</b>	<b>\$ 42,725,752</b>	<b>\$ 54,907,108</b>	<b>\$ 44,856,558</b>	<b>\$ 6,981,561</b>

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

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

**Unaudited**  
**Table 3**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
Instructional programs	\$ 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	\$ 184,599,923
Supporting services	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	41,691,204
Community services	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	1,113,119
Repayment of debt issuance	-	-	-	1,183,917	1,520,868	1,520,868	2,174,016	1,600,000	1,600,000	2,000,000
Non-programmed charges	-	-	-	-	-	-	-	379,965	283,694	229,885
Interest expense	-	-	-	-	-	-	-	1,134	2,001	1,006
Unallocated depreciation expense	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	5,310,191
Total governmental activities expenses	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	234,945,328
Business-type activities:										
School food service	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	10,959,869
Total business-type activities	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	10,959,869
Total primary government expenses	\$ 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	\$ 245,905,197
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instructional programs	\$ 1,447,987	\$ 1,554,438	\$ 1,726,004	\$ 1,733,459	\$ 1,822,983	\$ 1,862,420	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	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	167,080,945
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	3,134,996
Total governmental activities program revenues	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	170,215,941
Business-type activities:										
Charges for services	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	1,299,271
Operating grants and contributions	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	9,856,435
Total business-type activities program revenues	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	11,155,706
Total primary government program revenues	\$ 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	\$ 181,371,647
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (50,030,975)	\$ (41,862,097)	\$ (51,968,014)	\$ (43,252,578)	\$ (45,272,708)	\$ (45,238,024)	\$ (32,660,026)	\$ (40,756,601)	\$ (49,026,650)	\$ (64,729,387)
Business-type activities	159,928	1,144,023	875,887	648,842	167,557	(163,219)	(120,988)	(80,151)	238,271	195,837
Total primary government net expense	\$ (49,871,047)	\$ (40,718,074)	\$ (51,092,127)	\$ (42,603,736)	\$ (45,105,151)	\$ (45,401,243)	\$ (32,781,014)	\$ (40,836,752)	\$ (48,788,379)	\$ (64,533,550)

**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	\$ 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	\$ 140,632
Pitt County	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	50,762,562
Federal grants	-	-	-	-	-	-	-	-	1,497,052	2,030,188
Investment earnings	268,124	144,066	94,431	65,264	39,668	38,815	40,836	60,026	81,233	114,578
Other	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	4,910,154
Transfers	(17,716)	(48,467)	(111,253)	(115,322)	(118,036)	(118,569)	(120,547)	(69,078)	(65,491)	(72,428)
<b>Total governmental activities</b>	<b>53,736,578</b>	<b>56,252,014</b>	<b>63,612,817</b>	<b>43,164,564</b>	<b>38,969,193</b>	<b>38,953,957</b>	<b>40,962,888</b>	<b>43,895,463</b>	<b>58,852,813</b>	<b>57,885,686</b>
Business-type activities:										
General Revenues:										
Investment earnings	3,739	4,985	7,242	6,692	15,722	16,532	19,757	25,181	35,379	51,300
Transfers	17,716	48,467	111,253	115,322	118,036	118,569	120,547	69,078	65,491	72,428
<b>Total business-type activities:</b>	<b>21,455</b>	<b>53,452</b>	<b>118,495</b>	<b>122,014</b>	<b>133,758</b>	<b>135,101</b>	<b>140,304</b>	<b>94,259</b>	<b>100,870</b>	<b>123,728</b>
<b>Total primary government revenues</b>	<b>\$ 53,758,033</b>	<b>\$ 56,305,466</b>	<b>\$ 63,731,312</b>	<b>\$ 43,286,578</b>	<b>\$ 39,102,951</b>	<b>\$ 39,089,058</b>	<b>\$ 41,103,192</b>	<b>\$ 43,989,722</b>	<b>\$ 58,953,683</b>	<b>\$ 58,009,414</b>

**Change in Net Position**

Governmental activities	\$ 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	\$ (6,843,701)
Business-type activities	181,383	1,197,475	994,382	770,856	301,315	(28,118)	19,316	14,108	339,141	319,565
<b>Total primary government</b>	<b>\$ 3,886,986</b>	<b>\$ 15,587,392</b>	<b>\$ 12,639,185</b>	<b>\$ 682,842</b>	<b>\$ (6,002,200)</b>	<b>\$ (6,312,185)</b>	<b>\$ 8,322,178</b>	<b>\$ 3,152,970</b>	<b>\$ 4,637,574</b>	<b>\$ (6,524,136)</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 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	\$ 21,297,548
Public safety	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	44,749,789
Social services										
Economic and physical development	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	18,516,340
Environmental protection	259,750	267,785	245,159	230,549	200,253	216,114	186,589	285,467	282,750	247,086
Human Services	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	39,694,998
Cultural and recreation	608,328	718,401	698,384	618,966	590,667	606,785	679,571	664,949	822,133	745,971
Education	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	45,124,628
Interest on long term debt	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	6,584,012
<b>Total governmental activities</b>	<b>152,323,844</b>	<b>164,062,966</b>	<b>159,568,912</b>	<b>161,248,079</b>	<b>149,706,173</b>	<b>157,081,039</b>	<b>155,098,910</b>	<b>158,943,925</b>	<b>185,973,041</b>	<b>176,960,372</b>
Business-type activities:										
Solid Waste	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	9,567,945
<b>Total business-type activities</b>	<b>6,737,540</b>	<b>6,809,686</b>	<b>7,348,253</b>	<b>8,361,494</b>	<b>7,763,554</b>	<b>8,357,565</b>	<b>8,462,330</b>	<b>8,239,791</b>	<b>9,626,750</b>	<b>9,567,945</b>
<b>Total primary government expenses</b>	<b>\$ 159,061,384</b>	<b>\$ 170,872,652</b>	<b>\$ 166,917,165</b>	<b>\$ 169,609,573</b>	<b>\$ 157,469,727</b>	<b>\$ 165,438,604</b>	<b>\$ 163,561,240</b>	<b>\$ 167,183,716</b>	<b>\$ 195,599,791</b>	<b>\$ 186,528,317</b>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 5,241,296
Public safety	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	7,841,621
Economic and physical development	115,237	165,475	584,174	183,709	168,709	59,294	569,379	47,827	64,955	76,913
Environmental protection	115,497	101,973	73,019	50,504	38,004	65,453	-	97,089	92,189	73,988
Human Services	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	5,682,654
Operating grants and contributions:										
General government	2,426	7,348	20,334	3,269	8,501	1,410	149,781	(5)	21,836	315,232
Public safety	120,165	100,592	56,387	263,750	228,750	2,230,832	674,984	2,156,752	2,207,523	2,677,977
Economic and physical development	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	3,827,227
Environmental protection	-	-	-	-	-	-	-	-	-	-
Human Services	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	17,486,874
Education	7,033,741	1,183,917	5,083,917	725,706	600,706	-	-	-	-	245,412
Capital grants and contributions:										
General government	235,915	268,300	207,368	-	-	-	-	-	75,160	-
Public safety	1,293,371	157,578	2,177	37,758	16,758	190,314	-	-	-	-
Economic and physical development	1,969,407	107,686	307,686	51,725	40,680	303,311	1,318,696	1,215,545	2,668,269	4,040,588
Environmental protection	-	769,744	126,903	96,977	65,977	-	-	-	-	-
Education	117,996	64,383	358,751	1,548,346	1,418,346	1,533,622	-	1,623,271	2,625,917	2,783,252
Social services	-	-	-	-	-	19,049	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>54,195,124</b>	<b>52,504,815</b>	<b>53,309,153</b>	<b>49,719,017</b>	<b>47,398,212</b>	<b>45,153,960</b>	<b>49,611,386</b>	<b>50,509,631</b>	<b>55,158,780</b>	<b>50,293,034</b>
Business-type activities:										

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

Capital grants and contributions - Solid Waste	5,783	-	12,248	755,856	700,247	79,728	13,411	16,811	34,620	1,685,501
Total business-type activities program revenues	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	10,831,379
Total primary government program revenues	\$ 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	\$ 61,124,413
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (126,667,338)
Business-type activities	932,466	1,213,621	809,478	855,906	1,203,081	116,476	94,929	541,974	(521,908)	1,263,434
Total primary government net expense	\$ (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)	\$ (125,403,904)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 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	\$ 93,081,325
Local option sales tax	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	31,316,187
Payment in lieu of taxes and other taxes	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	3,103,121
Interest earned on investments	1,126,732	362,113	138,986	140,704	89,550	2,036,371	1,648,230	2,013,878	985,633	1,233,001
Loss on disposal of capital assets	-	-	(27,417,055)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	102,980	132,691	335,478
Gain on Bond Defeasance	-	-	-	-	-	7,423,910	-	-	-	-
Total governmental activities	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	129,069,112
Business-type activities:										
Investment earnings	3,191	4,203	885	89	18,889	20,980	14,295	44,598	43,652	42,552
Transfers	-	-	-	-	-	-	-	(102,980)	(132,691)	(335,479)
Total business-type activities:	3,191	4,203	885	89	18,889	20,980	14,295	(58,382)	(89,039)	(292,927)
Total primary government revenues	\$ 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	\$ 128,776,185
<b>Change in Net Position</b>										
Governmental activities	\$ 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)	\$ 2,401,774
Business-type activities	935,657	1,217,824	810,363	855,995	1,221,970	137,456	109,224	483,592	(610,947)	970,507
Total primary government	\$ 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)	\$ 3,372,281

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Restricted	\$ 1,699,374	\$ 2,872,643	\$ 2,273,981	\$ 1,142,341	\$ 1,196,971	\$ 645,616	\$ 102,880	\$ 529,270	\$ 544,865	\$ 1,374,046
Nonspendable	-	-	-	-	-	-	-	-	-	356,286
Committed	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	1,562,313
Assigned	515,762	813,845	1,376,636	652,851	740,355	1,681,577	726,513	575,016	645,336	620,297
Unassigned	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	1,724,776
<b>Total general funds</b>	<b>\$ 9,891,978</b>	<b>\$ 10,861,481</b>	<b>\$ 9,639,109</b>	<b>\$ 6,125,222</b>	<b>\$ 5,601,637</b>	<b>\$ 4,447,815</b>	<b>\$ 3,835,286</b>	<b>\$ 3,440,107</b>	<b>\$ 4,217,812</b>	<b>\$ 5,637,718</b>
<b>All Other Governmental Funds</b>										
Restricted										
State statute	\$ 10,654	\$ 10,413	\$ 10,271	\$ 577,196	\$ 591,688	\$ 870,998	\$ 217,586	\$ 300,842	\$ 348,573	\$ 127,467
Grantor requirements	-	-	-	1,550,425	1,203,244	763,881	1,145,034	1,093,983	1,096,276	994,423
Individual schools	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	1,984,273
Capital outlay	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	2,678,920
Assigned										
Subsequent years expenditure	-	-	-	3,032,749	5,572,273	6,846,425	7,496,578	6,787,191	5,752,070	6,232,093
Unassigned	-	-	-	-	-	-	-	-	1,660,751	1,404,422
<b>Total all other governmental funds</b>	<b>\$ 2,422,066</b>	<b>\$ 2,821,512</b>	<b>\$ 2,914,006</b>	<b>\$ 8,264,107</b>	<b>\$ 9,947,105</b>	<b>\$ 11,095,522</b>	<b>\$ 11,541,183</b>	<b>\$ 11,036,277</b>	<b>\$ 12,372,631</b>	<b>\$ 13,421,598</b>
<b>Total governmental funds</b>	<b>\$ 12,314,044</b>	<b>\$ 13,682,993</b>	<b>\$ 12,553,115</b>	<b>\$ 14,389,329</b>	<b>\$ 15,548,742</b>	<b>\$ 15,543,337</b>	<b>\$ 15,376,469</b>	<b>\$ 14,476,384</b>	<b>\$ 16,590,443</b>	<b>\$ 19,059,316</b>



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Reserved	\$ 6,240,357	\$ 5,948,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	23,347,347	24,967,310	-	-	-	-	-	-	-	-
Nonspendable- prepaid items	-	-	127,233	96,021	150,981	194,008	171,896	289,553	253,963	119,578
Restricted	-	-	6,310,217	6,990,076	7,872,485	9,064,048	9,826,214	11,351,974	5,960,868	10,328,244
Assigned	-	-	4,215,000	2,288,000	2,288,000	2,786,466	2,871,466	2,871,466	5,855,639	4,234,581
Unassigned	-	-	11,254,925	14,846,239	16,997,017	23,805,248	26,585,766	26,604,345	25,143,213	26,232,157
<b>Total general fund</b>	<b>\$ 29,587,704</b>	<b>\$ 30,916,108</b>	<b>\$ 21,907,375</b>	<b>\$ 24,220,336</b>	<b>\$ 27,308,483</b>	<b>\$ 35,849,770</b>	<b>\$ 39,455,342</b>	<b>\$ 41,117,338</b>	<b>\$ 37,213,683</b>	<b>\$ 40,914,560</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 2,519,607	\$ 1,937,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Undesignated/(deficit)										
Special revenue funds	1,904,621	2,041,415	-	-	-	-	-	-	-	-
Debt service funds	64,415	41,635	-	-	-	-	-	-	-	-
Capital projects fund	1,847,095	(159,711)	-	-	-	-	-	-	-	-
Designated for capital projects	9,331,452	-	-	-	-	-	-	-	-	-
Nonspendable- prepaid items	-	-	93,315	114,571	139,920	84,668	153,579	183,018	147,785	160,295
Restricted	-	-	30,735,482	11,867,990	14,297,247	9,921,816	8,004,372	8,667,226	24,447,486	11,376,139
Committed	-	-	11,623,127	12,407,122	7,427,612	9,822,537	7,460,390	24,130,049	15,447,427	14,886,566
Assigned	-	-	1,434,962	1,789,875	1,505,723	1,647,750	1,411,986	1,364,137	1,604,679	1,031,037
Unassigned	-	-	(1,130,273)	(975,612)	(265,605)	(2,191,980)	(246,910)	(1,089,227)	(62,063)	(1,303,665)
<b>Total all other governmental funds</b>	<b>15,667,190</b>	<b>3,860,986</b>	<b>42,756,613</b>	<b>25,203,946</b>	<b>23,104,897</b>	<b>19,284,791</b>	<b>16,783,417</b>	<b>33,255,203</b>	<b>41,585,314</b>	<b>26,150,372</b>
<b>Total governmental funds</b>	<b>\$ 45,254,894</b>	<b>\$ 34,777,094</b>	<b>\$ 64,663,988</b>	<b>\$ 49,424,282</b>	<b>\$ 50,413,380</b>	<b>\$ 55,134,561</b>	<b>\$ 56,238,759</b>	<b>\$ 74,372,541</b>	<b>\$ 78,798,997</b>	<b>\$ 67,064,932</b>

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

Note: The County of Pitt Fiscal Year 2011 reflects implementation of GASB Statement No. 54, prior years have not been restated.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Federal sources:										
Federal grants, sales tax, and other	\$ 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	\$ 20,057,241
Total federal sources	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	20,057,241
State sources:										
State Public School Fund, and sales tax	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	140,957,518
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	1,600,000	2,000,000
Public School Building Capital Fund	1,050,000	-	-	-	-	-	-	-	-	-
State Grants and other	5,929,843	4,188,352	4,553,294	3,085,209	3,692,428	2,915,735	3,161,672	3,061,767	3,760,881	4,180,937
Total state sources	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	147,138,455
Local sources:										
Pitt County	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	50,762,562
Pitt County Certificates of Participation	3,554,965	15,821,062	18,269,372	5,382,277	17,582	-	-	-	-	-
Interest earnings	268,124	144,066	94,431	65,264	39,668	38,815	40,841	60,026	81,233	114,578
Contributions and donations	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	6,064,739
Fines and forfeitures	597,328	885,658	682,249	635,368	839,714	517,098	594,746	567,290	568,429	1,671,208
Sales tax	166,413	228,337	296,602	271,920	279,750	248,690	171,853	223,666	234,529	218,074
Indirect cost revenues	256,828	381,698	642,187	592,243	793,803	977,807	1,066,979	1,137,206	826,133	1,117,819
Tuition and fees	1,191,159	1,172,740	1,083,817	1,141,216	1,029,180	884,613	833,911	868,013	822,328	823,199
Other	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	1,110,403
Total local sources	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	61,882,582
Total revenues	\$ 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	\$ 229,078,278

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes:										
Property	\$ 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	\$ 93,148,258
Sales	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	19,034,077
Other	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	15,385,231
Total taxes	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	127,567,566
Intergovernmental	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	35,520,979
Sales & Services / Permits & Fees	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	11,810,949
Interest	1,116,097	359,591	262,393	140,633	83,754	451,726	110,704	304,345	458,660	877,645
Miscellaneous	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	2,336,373
Total revenues	\$ 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	\$ 178,113,512

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

**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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instructional programs:	\$ 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	\$ 173,169,725
Support services:	34,619,467	34,176,694	34,899,106	33,036,357	32,221,018	33,394,240	33,044,895	33,509,105	34,281,112	37,493,870
Ancillary services:	1,779,762	1,618,540	1,368,803	1,436,753	1,278,433	1,213,309	1,117,409	1,103,977	994,584	1,037,697
Non-programmed charges	256,828	381,698	362,735	144,066	248,936	381,863	422,898	396,507	276,859	582,236
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	2,000,000
Debt service:										
Principal	2,762,583	1,010,240	1,358,220	387,747	893,424	275,081	563,319	478,272	1,040,194	1,218,062
Interest	-	-	-	-	-	-	-	1,134	2,001	1,006
Capital outlay:										
Real property and buildings	14,305,600	17,968,855	24,725,467	5,948,237	623,948	409,807	856,709	986,536	11,263,024	10,671,656
Furniture and equipment	354,928	232,603	340,678	694,944	323,693	577,331	696,043	634,950	484,397	719,012
Buses and motor vehicles	3,199,798	528,734	1,022,477	1,011,361	121,186	194,856	906,163	501,032	2,710,037	1,039,107
<b>Total expenditures</b>	<b>209,959,944</b>	<b>208,546,723</b>	<b>220,870,881</b>	<b>197,904,318</b>	<b>195,471,532</b>	<b>192,640,697</b>	<b>201,447,260</b>	<b>205,325,422</b>	<b>218,946,842</b>	<b>227,932,371</b>
Excess of revenue over (under) expenditures	352,854	888,906	(2,041,102)	940,175	1,277,449	24,211	(952,484)	(1,332,036)	(488,939)	1,145,907
Other Financing Sources (Uses)										
Installment purchase obligations issued	3,030,720	528,510	1,022,477	1,011,361	-	88,953	906,163	501,032	2,668,488	1,039,107
Other transfers in (out)	(17,716)	(48,467)	(111,253)	(115,322)	(118,036)	(118,569)	(120,547)	(69,078)	(65,491)	(72,428)
<b>Net change in fund balances</b>	<b>\$ 3,365,858</b>	<b>\$ 1,368,949</b>	<b>\$ (1,129,878)</b>	<b>\$ 1,836,214</b>	<b>\$ 1,159,413</b>	<b>\$ (5,405)</b>	<b>\$ (166,868)</b>	<b>\$ (900,082)</b>	<b>\$ 2,114,058</b>	<b>\$ 2,112,586</b>
Debt service as a percentage of noncapital expenditures	1.44%	0.53%	0.70%	0.20%	0.46%	0.14%	0.28%	0.24%	0.51%	0.57%

**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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	\$ 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	\$ 15,541,812
Public Safety	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	47,285,798
Environmental Protection	242,986	252,499	229,879	217,076	200,253	216,114	248,599	260,578	256,163	271,431
Economic Development	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	18,963,496
Human Services	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	38,962,154
Culture and Recreation	608,328	718,401	698,384	618,966	590,667	606,785	679,571	664,949	822,133	745,971
Education	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	50,937,215
Capital Outlay	13,964,836	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	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	15,069,231
Interest	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	5,390,349
<b>Total expenditures</b>	<b>163,543,582</b>	<b>174,318,159</b>	<b>181,060,736</b>	<b>178,092,806</b>	<b>158,302,364</b>	<b>159,782,987</b>	<b>162,257,033</b>	<b>168,565,276</b>	<b>201,553,170</b>	<b>193,167,457</b>
Excess of revenue over (under) expenditures	(14,353,077)	(12,618,040)	(26,366,885)	(21,764,506)	(2,323,144)	(5,566,965)	(6,080,948)	(5,538,540)	(34,174,181)	(15,053,945)
Other Financing Sources (Uses)										
Transfers in	(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)	(27,951,538)
Transfers out	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	27,391,418
Insurance Proceeds	-	-	-	-	-	20,489	139,235	-	15,363	-
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 from escrow agent	-	-	-	-	-	61,796,620	-	-	-	-
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	3,880,000
Installment Debt Issued	-	-	-	-	-	-	893,828	877,242	10,177,000	-
Premium received from issuance of debt	-	47,563	-	2,383,047	-	-	4,723,699	979,187	10,253,283	-
<b>Total other financing sources (uses)</b>	<b>348,000</b>	<b>35,580,548</b>	<b>28,185,290</b>	<b>6,873,879</b>	<b>5,075,440</b>	<b>8,328,083</b>	<b>334,495</b>	<b>19,028,829</b>	<b>27,637,726</b>	<b>3,319,880</b>
<b>Net change in fund balances</b>	<b>\$ (14,005,077)</b>	<b>\$ 22,962,508</b>	<b>\$ 1,818,405</b>	<b>\$ (14,890,627)</b>	<b>\$ 2,752,296</b>	<b>\$ 2,761,118</b>	<b>\$ (5,746,453)</b>	<b>\$ 13,490,289</b>	<b>\$ (6,536,455)</b>	<b>\$ (11,734,065)</b>
Debt service as a percentage of noncapital expenditures	9.69%	8.84%	9.08%	11.08%	11.22%	11.48%	11.48%	10.87%	8.78%	10.59%

**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						
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	9,449,775,738	-	-	-	2,454,881,901	170,452,100	12,075,109,739	0.68600	12,195,860,836	99.0%
2017	9,727,381,342	-	-	-	2,437,716,258	152,480,080	12,317,577,680	0.69600	12,440,753,457	99.0%
2018	9,761,433,643	-	-	-	2,550,757,485	180,058,529	12,492,249,657	0.69600	12,617,172,154	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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pitt County	\$ 0.6650	\$ 0.6650	\$ 0.6650	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6800	\$ 0.6860	\$ 0.6960	\$ 0.6960
<b><u>Municipality Rates:</u></b>										
Town of Ayden	0.5000	0.5000	0.5000	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400	0.5400
Town of Bethel	0.5900	0.5900	0.5900	0.6600	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	0.4600
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	0.5875	0.5875	0.5875
City of Greenville	0.5200	0.5200	0.5200	0.5200	0.5200	0.5200	0.5300	0.5200	0.5200	0.5200
Town of Grifton	0.5500	0.6000	0.6000	0.6000	0.6000	0.6000	0.6300	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	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750	0.4750
<b><u>Fire Districts:</u></b>										
Ayden Fire District	0.0375	0.0300	0.0425	0.0475	0.0475	0.0475	0.0599	0.0599	0.0724	0.0799
Bell Arthur Fire District	0.0500	0.0500	0.0500	0.0500	0.0885	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	0.0225
Bethel Fire District	-	-	-	0.0675	0.0675	0.0675	0.0675	0.0675	0.0675	0.0675
Black Jack Fire District	0.0540	0.0540	0.0540	0.0640	0.0740	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	0.0800	0.0800	0.0800	0.0800
Farmville Fire District	0.0360	0.0360	0.0365	0.0389	0.0389	0.0389	0.0400	0.0500	0.0500	0.0600
Fountain Fire District	0.0500	0.0500	0.0500	0.0500	0.0500	0.0675	0.0675	0.0875	0.0875	0.0875
Garndersville Fire District	0.0750	0.0750	0.0800	0.0800	0.0940	0.0940	0.0940	0.0940	0.0940	0.0940
Grifton Fire District	0.0499	0.0499	0.0499	0.0599	0.0599	0.0599	0.0599	0.0599	0.0599	0.0649
Grimesland Fire District	0.0650	0.0650	0.0700	0.0700	0.0700	0.0700	0.0700	0.0750	0.0750	0.0750
Pactolus Fire District	0.0425	0.0425	0.0425	0.0425	0.0425	0.0625	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	0.0650	0.0650	0.0650	0.0650	0.0650	0.0650	0.0650
Staton House Fire District	0.0190	0.0200	0.0215	0.0250	0.0275	0.0275	0.0275	0.0290	0.0290	0.0290
Stokes Fire District	0.0500	0.0500	0.0500	0.0500	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700
Winterville Fire District	0.0250	0.0250	0.0250	0.0440	0.0440	0.0440	0.0440	0.0440	0.0440	0.0440
EMS District	0.0440	0.0440	0.0440	0.0460	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 2018			Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015			Fiscal Year 2014		
		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	\$ 281,066,878	1	2.25%	\$ 262,435,545	1	2.13%	\$ 249,654,598	1	2.12%	\$ 222,254,063	1	1.88%	\$ 216,120,211	1	1.88%
DSM Dyneema, LLC	Manufacturer	168,966,357	2	1.35%	175,263,183	2	1.42%	181,014,354	2	1.53%	187,370,888	2	1.59%	195,205,363	2	1.70%
DSM Biomedical, Inc.	Manufacturer												28,213,772	10	0.25%	
Carolina Telephone	Communications							36,161,505	10	0.31%	41,254,220	6	0.35%	46,460,620	6	0.40%
Asmo	Manufacturer	78,797,637	3	0.63%	81,378,706	4	0.66%	80,326,401	4	0.68%	77,101,007	4	0.65%	73,499,068	4	0.64%
Weyerhaeuser Company	Manufacturer	52,938,672	6	0.42%	51,898,139	5	0.42%	49,090,486	7	0.42%	49,828,654	5	0.42%	75,769,394	3	0.66%
RPI Greenville Mall, LP	Mall	44,614,187	8	0.36%	44,614,187	7	0.36%	44,614,187	8	0.38%	40,428,933	7	0.34%	40,428,933	7	0.35%
Copper Beach Townhome Comm	Apartments	38,203,386	9	0.31%	37,505,180	8	0.30%	37,505,180	9	0.32%	34,605,790	8	0.29%	34,605,790	8	0.30%
PL Greenville LP (Bellamy)	Apartments										29,073,633	10	0.25%	29,073,633	9	0.25%
Attends Healthcare	Manufacturer	77,671,652	4	0.62%	85,746,840	3	0.70%	89,078,952	3	0.75%	90,970,829	3	0.77%	72,835,039	5	0.63%
USCOC of Greater NC LLC	Communications															
Wal Mart Real Estate Business Trust	Retail	46,565,229	7	0.37%	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	34,059,395	10	0.27%	34,038,022	9	0.28%									
Mayne Pharma	Manufacturer	74,228,030	5	0.59%	31,901,462	10	0.26%									
<b>Totals</b>		<b>\$ 897,111,423</b>		<b>7.68%</b>	<b>\$ 909,337,207</b>		<b>7.68%</b>	<b>\$ 875,760,334</b>		<b>7.42%</b>	<b>\$ 802,160,650</b>		<b>6.80%</b>	<b>\$ 812,211,823</b>		<b>7.06%</b>

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			
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	76,907,885	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	80,668,314	99.26%
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%	983,837	85,289,212	100.67%
2018	86,936,284	977,361	87,913,645	86,442,625	99.43%	98.33%	607,959	87,050,584	100.13%

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			
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	2.29%
2018	17,220,000	15,240,000	102,455,000	3,501,471	15,253,063	-	-	750,000	154,419,534	875	N/A

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

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			
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	0.26%	0.1476%	104
2018	17,220,000	-	17,220,000	N/A	0.0000%	98

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

Note: N/A = not available

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 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	\$ 12,492,250
Debt Limit, 8% of Assessed Value (Statutory Limitation)	943,726	954,124	944,246	939,986	918,719	956,103	943,919	966,009	985,406	999,380
Amount of Debt Applicable to Limit										
Gross debt	129,991	155,481	175,071	170,604	164,434	156,181	144,267	152,325	163,798	154,420
Less: Amount available for repayment of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Debt outstanding serviced by Enterprise Fund (solid waste)	400	200	-	-	-	-	-	-	-	750
Revenue bonds	123,645	151,335	105,330	98,860	92,715	86,225	43,210	37,875	17,590	15,240
Total net debt applicable to limit	5,946	3,946	69,741	71,744	71,719	69,956	101,057	114,450	146,208	138,430
Legal Debt Margin	\$ 937,780	\$ 950,178	\$ 874,505	\$ 868,242	\$ 847,000	\$ 886,147	\$ 842,862	\$ 851,559	\$ 839,198	\$ 860,950
Total net debt applicable to the limit as a percentage of debt limit	0.63%	0.41%	7.39%	7.63%	7.81%	7.32%	10.71%	11.85%	14.84%	13.85%

Source: County of Pitt Comprehensive Annual Financial Report for the year ended June 30, 2018

**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, 2018 are as follows:

	Initial contract year			Totals
	FYE 2016	FYE 2017	FYE 2018	
Total buses purchased	1	31	12	44
Total purchase price	\$ 83,696	\$ 2,668,482	\$ 1,039,107	\$ 3,791,285
Total payments 2015-2016	20,924	-	-	20,924
Total payments 2016-2017	20,924	667,121	-	688,045
Total payments 2017-2018	20,924	667,121	259,777	947,822
Total payments 2018-2019	20,924	667,120	259,777	947,821
Total payments 2019-2020	-	667,120	259,777	926,897
Total payments 2020-2021	-	-	259,776	259,776
<b>Total payments</b>	<b>\$ 83,696</b>	<b>\$ 2,668,482</b>	<b>\$ 1,039,107</b>	<b>\$ 3,791,285</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Installment purchases:										
Beginning 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
Increase	3,030,720	528,510	1,022,477	1,011,361	-	88,953	574,016	501,033	2,668,482	1,039,107
Decrease	(2,762,583)	(1,010,240)	(1,358,220)	(387,747)	(893,424)	(275,081)	(479,247)	(395,334)	(958,123)	(1,134,996)
Ending Balance	\$ 1,592,967	\$ 1,111,237	\$ 775,494	\$ 1,399,108	\$ 505,684	\$ 319,556	\$ 414,325	\$ 520,024	\$ 2,230,383	\$ 2,134,494
Debt outstanding as % of personal income	1.005%	0.656%	0.455%	0.811%	N/A	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**

	2017-2018 (1)			2008-2009 (2)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Vidant Medical Center	6,760	1	7.49%	6,297	1	4.40%
East Carolina University	5,672	2	6.56%	4,936	2	3.45%
Pitt County Public Schools	3,699	3	4.17%	2,940	3	2.05%
Patheon, Inc.	1,261	4	1.34%	1,200	5	0.84%
Hyster-Yale	1,226	9	1.29%	1,200	4	0.84%
City of Greenville	1,132	5	1.26%	704	9	0.49%
Pitt Community College	1,100	7	1.19%	783	8	0.55%
County of Pitt	1,000	6	1.13%	922	6	0.64%
Alliance One International	850	8	0.97%	850	7	0.59%
ASMO	722	10	0.91%			
Physicians East				500	10	0.35%

Source: (1) Pitt County Industrial Development Commission  
(2) 2009 Pitt County CAFR Financial Services Department

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

**Unaudited**  
**Table 21**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Percent Change 2009-2018
<b>Supervisory</b>											
Senior Administrators	19	19	13	15	17	16	16	15	16	16	-15.79%
Principals	33	33	33	33	34	33	32	35	36	36	9.09%
Assistant Principals	44	41	41	39	42	46	48	44	44	45	2.27%
<b>Total Supervisory</b>	<b>96</b>	<b>93</b>	<b>87</b>	<b>87</b>	<b>93</b>	<b>95</b>	<b>96</b>	<b>94</b>	<b>96</b>	<b>97</b>	<b>1.04%</b>
<b>Instruction</b>											
Elementary Teachers	746	704	715	736	733	748	745	732	726	730	-2.14%
Secondary Teachers	383	372	370	369	361	353	357	362	365	351	-8.36%
Other Teachers	471	477	472	443	455	445	460	467	451	420	-10.83%
Teacher Assistants	506	459	465	399	425	414	409	392	366	352	-30.43%
<b>Total Instructional</b>	<b>2,106</b>	<b>2,012</b>	<b>2,022</b>	<b>1,947</b>	<b>1,974</b>	<b>1,960</b>	<b>1,971</b>	<b>1,953</b>	<b>1,908</b>	<b>1,853</b>	<b>-12.01%</b>
<b>Student Services</b>											
Guidance	70	67	64	64	65	69	68	68	69	65	-7.14%
Psychological	24	24	15	13	14	10	7	8	10	10	-58.33%
Librarians	37	36	35	34	35	33	34	35	35	35	-5.41%
Other Professionals	79	78	82	81	82	83	76	74	82	67	-15.19%
<b>Total Student Services</b>	<b>210</b>	<b>205</b>	<b>196</b>	<b>192</b>	<b>196</b>	<b>195</b>	<b>185</b>	<b>185</b>	<b>196</b>	<b>177</b>	<b>-15.71%</b>
<b>Support and Administration</b>											
Technicians	13	13	10	10	14	14	14	14	14	13	0.00%
Clerical, Secretarial	161	153	160	157	162	158	162	158	161	160	-0.62%
Service Workers	458	429	316	299	310	301	329	325	313	289	-36.90%
Skilled Crafts	42	42	42	42	45	43	42	43	39	38	-9.52%
Laborers, Unskilled	25	23	22	20	20	23	21	19	17	15	-40.00%
<b>Total Support and Admin</b>	<b>699</b>	<b>660</b>	<b>550</b>	<b>528</b>	<b>551</b>	<b>539</b>	<b>568</b>	<b>559</b>	<b>544</b>	<b>515</b>	<b>-26.32%</b>
<b>Total</b>	<b>3,111</b>	<b>2,970</b>	<b>2,855</b>	<b>2,754</b>	<b>2,814</b>	<b>2,789</b>	<b>2,820</b>	<b>2,791</b>	<b>2,744</b>	<b>2,642</b>	<b>-15.08%</b>

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	144.00	143.50	138.00	128.60	123.00	123.00	122.00	121.50	121.50	121.00
Public safety	372.00	399.75	426.50	383.50	382.50	389.00	393.25	406.38	409.37	413.75
Social services	232.00	234.00	229.00	233.30	226.30	258.00	259.00	271.50	276.50	283.50
Economic and physical development	19.10	21.35	20.35	39.35	30.60	30.60	24.35	23.98	22.98	24.85
Environmental protection	21.50	21.75	21.75	22.25	25.25	26.25	26.25	27.00	27.00	27.00
Health	131.90	137.90	138.90	130.55	120.65	119.65	121.65	125.40	128.65	127.40
Mental health	-	-	-	-	-	-	-	-	-	-
Veteran's Services	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
<b>Total</b>	<b>922.50</b>	<b>960.25</b>	<b>976.50</b>	<b>939.55</b>	<b>910.30</b>	<b>948.50</b>	<b>949.50</b>	<b>978.76</b>	<b>989.00</b>	<b>1,000.50</b>

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
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
2018	25	24	49	12	11	23	178	183	361	1,406	1,306	2,712	5,541	5,403	10,944	4,452	3,969	8,421	518	442	960	12,132	11,338	23,470

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**

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Fiscal Year	Minimum	Maximum	Average
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
2018	35,000	65,006	49,594

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)
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	7,143,838	39,900	23,224	4.1%
2018	176,424	N/A	N/A	23,461	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**

<u>Fiscal Year</u>	<u>Final ADM(a)</u>	<u>Percentage Change in Final ADM</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>State Average(b)</u>	<u>Teaching Staff(b)</u>	<u>Pupil-Teacher Ratio</u>	<u>Students Receiving Free or Reduced Meals</u>	<u>Transportation of Pupils- Public School Buses Number of Student Riders(b)</u>	<u>Transportation of Pupils- Public School Buses Number of Miles Transported(b)</u>
2009	22,859	1.18%	195,031,169	8,532	8,663	1,600	14.29	11,868	12,406	2,521,883
2010	22,342	-2.26%	192,231,749	8,604	8,451	1,553	14.39	11,692	12,508	2,417,624
2011	22,750	1.83%	198,192,029	8,712	8,414	1,557	14.61	13,612	12,656	2,613,766
2012	22,825	0.33%	192,671,875	8,441	8,436	1,548	14.74	13,908	12,712	2,706,317
2013	22,981	0.68%	197,491,879	8,594	8,514	1,549	14.84	13,828	12,739	2,687,564
2014	23,369	1.69%	194,852,475	8,338	8,605	1,546	15.12	14,020	12,803	2,714,440
2015	23,613	1.04%	208,668,969	8,837	8,776	1,562	15.12	13,945	12,848	2,701,919
2016	23,239	-1.58%	213,035,552	9,167	8,776	1,548	15.01	14,848	12,794	2,964,147
2017	23,224	-0.06%	204,910,197	8,823	9,172	1,542	15.06	15,039	12,688	2,859,759
2018	23,259	0.15%	213,189,099	9,166	9,478	1,501	15.50	12,507	12,992	2,902,807

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
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
2018	167,312,745	37,493,870	1,037,697	582,236	12,429,775	10,959,869	1,219,068	231,035,260

Note: Excludes individual schools and on behalf payments to the County

**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		
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
2018	1,299,271	9,087,874	758,535	10,026	51,300	11,207,006	478

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										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
<b>Student Meals</b>											
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	-	-	-	-	
Lunch Paid	2.00	2.00	2.00	2.25	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	
<b>Catered Meals</b>											
Entree excluding prime rib	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	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	0.75	0.75	0.75	0.75	0.75	0.75	0.75	
Dessert (choice of one)	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	
Beverage	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	.50 - 1.25	
<b>Catered Reception and Snack Menu</b>											
Heavy Hors D'oervres	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	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	.50 - 1.25	
<b>Catered Breakfast</b>											
Entrée	3.50 - 4.50	3.50 - 4.50	3.50 - 4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	
Accompaniments (choice of two)	0.50	0.50	0.50	0.75	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	.50 - 1.25	.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**

<b>School</b>	<b>Square Feet(a)</b>	<b>Modular Classrooms</b>	<b>Capacity</b>	<b>Enrollment(b)</b>	<b>% of Capacity</b>
<b>Elementary</b>					
Ayden	104,226	-	654	702	107.34%
Belvoir	59,035	1	611	406	66.45
Bethel	79,663	-	456	276	60.53
Chicod	148,069	1	1,208	927	76.74
Creekside	82,723	6	689	624	90.57
Eastern	86,814	2	694	780	112.39
Elmhurst	45,633	-	430	388	90.23
Falkland	46,613	4	484	329	67.98
G.R. Whitfield	81,439	1	560	458	81.79
Grifton	83,716	3	686	472	68.80
H.B. Sugg	98,448	-	434	386	88.94
Northwest	85,222	-	534	345	64.61
Pactolus	76,195	2	690	536	77.68
Ridgewood	93,371	2	683	748	109.52
Lakeforest	88,235	6	951	764	80.34
Sadie Saulter	68,918	-	-	-	0.00
Sam Bundy	38,282	-	429	408	95.10
South Greenville	52,118	2	403	393	97.52
Stokes	54,000	-	394	236	59.90
Wahl-Coates	55,921	4	570	370	64.91
W.H. Robinson	85,653	-	687	569	82.82
Wintergreen Intermediate	92,175	1	876	841	96.00
Wintergreen Primary	94,905	3	802	739	92.14
<b>Middle</b>					
A.G. Cox	95,308	6	920	808	87.83
Ayden	65,907	-	384	351	91.41
C.M. Eppes	147,929	1	668	523	78.29
E.B. Aycock	113,993	-	782	745	95.27
Farmville	83,881	-	715	644	90.07
Hope	109,199	-	774	789	101.94
Wellcome	75,970	-	466	383	82.19
<b>High School</b>					
Ayden Grifton	140,432	4	883	685	77.58
D.H. Conley	234,838	1	1,594	1,667	104.58
Early College	7,300	-	192	212	110.42
Farmville Central	167,334	-	985	741	75.23
J.H. Rose	282,800	-	1,799	1,497	83.21
North Pitt	179,500	1	1,353	892	65.93
South Central	255,912	-	1,720	1,621	94.24
	3,761,677	51	27,160	23,255	85.62

Source:

- (a) Hite Associates architecture
- (b) 2017-18 School Year Day 20 Enrollment Numbers



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**COMPLIANCE SECTION**



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Carr, Riggs & Ingram, LLC  
2805 North Park Drive  
Goldsboro, North Carolina 27532

Mailing Address:  
P.O. Box 10588  
Goldsboro, North Carolina 27532-0588

(919) 751-8297  
(919) 778-0575 (fax)  
[www.cricpa.com](http://www.cricpa.com)

**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, 2018, 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 February 8, 2019.

**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.

*Carri Riggs & Ingram, L.L.C.*

Goldsboro, North Carolina

February 8, 2019



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL 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, 2018. 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, 2018.

## 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.

*Carri Riggs & Ingram, L.L.C.*

Goldsboro, North Carolina  
February 8, 2019





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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, 2018. 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, 2018.

## 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  
February 8, 2019

**Pitt County Board of Education, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018**

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**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
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Identification of major federal programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.565	Food Distribution Cluster - Commodities
84.027	Special Education Cluster - Grants to States
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality)
84.374	Teacher and School Leader Incentive Grant (formerly Teacher Incentive Fund)
93.778	Medicaid Administrative Claiming - Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$897,110

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____ Yes	_____ _____ No
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**Pitt County Board of Education, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2018**

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**Section II Financial Statement Findings**

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None Reported

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**Section III Federal Awards Findings and Questioned Costs**

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None Reported

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**Section IV State Awards Findings and Questioned Costs**

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None Reported

**Pitt County Board of Education, North Carolina**  
**Corrective Action Plan**  
**For the Fiscal Year Ended June 30, 2018**

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**Section II Financial Statement Findings**

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None Reported

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**Section III Federal Awards Findings and Questioned Costs**

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None Reported

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**Section IV State Awards Findings and Questioned Costs**

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None Reported

**Pitt County Board of Education, North Carolina**  
**Summary Schedule of Prior Audit Findings**  
**For the Fiscal Year Ended June 30, 2018**

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**Section II Financial Statement Findings**

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None Reported

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**Section III Federal Awards Findings and Questioned Costs**

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None Reported

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**Section IV State Awards Findings and Questioned Costs**

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None Reported

**Pitt County Board of Education, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2018**  
**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>
<b><u>FEDERAL AWARDS:</u></b>			
<b><u>United States Department of Agriculture</u></b>			
<b><u>Food Distribution Cluster</u></b>			
Non-cash assistance:			
National School Lunch Program	10.565	N.C. Department of Agriculture, PRC 035	\$ 758,535
Total Food Distribution Cluster			<u>758,535</u>
Child Nutrition Cluster:			
National School Lunch Program	10.555	N.C. Department of Public Instruction, PRC 035	8,812,926
Summer Food Service Program for Children	10.559	N.C. Department of Public Instruction, PRC 050	231,036
<b><u>Total Child Nutrition Cluster</u></b>			<u>9,043,962</u>
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	N.C. Department of Public Instruction, PRC 035	43,912
<b><u>Total United States Department of Agriculture</u></b>			<u>9,846,409</u>
<b><u>United States Department of Defense</u></b>			
Reserve Officer Training Corps	12.U01		320,770
<b><u>Total United States Department of Defense</u></b>			<u>320,770</u>
<b><u>United States Department of Education</u></b>			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	N.C. Department of Public Instruction, PRC 105	961,037
Title I Grants to Local Educational Agencies	84.010	N.C. Department of Public Instruction, PRC 050	9,097,120
Total Title I Grants to Local Educational Agencies			<u>10,058,157</u>
<b><u>Special Education Cluster</u></b>			
Special Education_Grants to States			
Special Education_Grants to States	84.173	N.C. Department of Public Instruction, PRC 049	144,041
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 119	2,414
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 118	14,347
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 060	4,696,907
Special Education_Grants to States	84.027	N.C. Department of Public Instruction, PRC 114	207,671
Total Special Education_Grants to States			<u>5,065,380</u>
<b><u>Total Special Education Cluster</u></b>			<u>5,065,380</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	426,156
Special Education - State Personnel Development			
Special Education - State Personnel Development	84.323	N.C. Department of Public Instruction, PRC 082	25,768



**Pitt County Board of Education, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2018**  
**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>
<b>FEDERAL AWARDS:</b>			
Gaining Early Awareness and Readiness for Undergraduate Programs			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		77,391
English Language Acquisition State Grants			
English Language Acquisition State Grants	84.365	N.C. Department of Public Instruction, PRC 111	19,309
English Language Acquisition State Grants	84.365	N.C. Department of Public Instruction, PRC 104	116,254
Total English Language Acquisition State Grants			135,563
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	N.C. Department of Public Instruction, PRC 103	898,121
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)			
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374		1,952,797
Student Support and Academics Enrichment Program	84.424	N.C. Department of Public Instruction, PRC 108	67,852
<b><u>Total United States Department of Education</u></b>			18,707,185
 <b><u>United States Department of Health and Human Services</u></b>			
Medicaid Cluster			
Medical Assistance Program			
Medical Assistance Program - Medicaid Cluster	93.778	N.C. Department of Health and Human Services, PRC 305	1,029,286
<b><u>Total United States Department of Health and Human Services</u></b>			1,029,286
<b>Total Expenditures of Federal Awards</b>			29,903,650
 <b>STATE AWARDS:</b>			
Cash assistance:			
<b><u>North Carolina Department of Public Instruction</u></b>			
State Public School Fund		XXXX	132,709,382
Driver Training - SPSF		PRC 012	444,380
School Technology Fund - SPSF		PRC 015	659,066
Vocational Education			
- State Months of Employment		PRC 013	6,834,133
- Program Support Funds		PRC 014	310,557
Total State Public School Fund			140,957,518
 Passed-through Pitt County:			
Public School Building Capital Fund		PRC 074	2,000,000
Reimbursement for kindergarten breakfast		XXXX	10,026

**Pitt County Board of Education, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2018**  
**Page 3 of 3**

**STATE AWARDS:**

**North Carolina Department of Health and Human Services**

NC Pre-Kindergarten Program	XXXX	2,905,309
Autism Grant	XXXX	138,132

**North Carolina Department of Agriculture**

Education Grant	XXXX	2,500
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Non-cash assistance:

**North Carolina Department of Public Instruction**

School Buses Appropriation	PRC 120	1,134,996
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<b>Total Expenditures of State Awards</b>		<b>147,148,481</b>
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<b>Total Expenditures of Federal and State Awards</b>		<b>\$ 177,052,131</b>
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For this fiscal year ended June 30, 2018, the Board did not provide any federal or state funding to a sub-recipient.

**Pitt County Board of Education, North Carolina**  
**Notes to the Schedule of Expenditures of Federal and State Awards**  
**For the Fiscal Year Ended June 30, 2018**

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**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, 2018. 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.

**Summary of Significant Accounting Policies**

**Basis of Accounting:** 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.

**Indirect Cost Rate:** Pitt County Board of Education has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Loans:** Pitt County Board of Education did not expend federal or State awards related to loans or loan guarantees during the fiscal year ended June 30, 2018.

**Noncash Assistance:** Pitt County Board of Education did receive commodities for the fiscal year ended June 30, 2018 from the US Department of Agriculture CFDA# 10.565 in the amount of \$758,535. The value of noncash assistance is the fair value of the noncash items as established by the grantor.

**Federally Funded Insurance:** Pitt County Board of Education has no federally funded insurance.

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

- School Nutrition Cluster