



**NORTHEAST REGIONAL SCHOOL OF
BIOTECHNOLOGY AND AGRISCIENCE**

FINANCIAL REPORT

June 30, 2022

**REPORT**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northeast Regional School of Biotechnology and Agriscience
Jamesville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northeast Regional School of Biotechnology and Agriscience, as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the Northeast Regional School of Biotechnology and Agriscience's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northeast Regional School of Biotechnology and Agriscience, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the General Fund, State Public School Fund and Federal Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast Regional School of Biotechnology and Agriscience and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Regional School of Biotechnology and Agriscience's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Northeast Regional School of Biotechnology and Agriscience's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Regional School of Biotechnology and Agriscience's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 12 and the Schedules of the Proportionate Share of the Net Pension and OPEB Liabilities (Assets) and the Schedules of Contributions on pages 48 – 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northeast Regional School of Biotechnology and Agriscience's basic financial statements. The individual fund financial schedules and budgetary schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 financial schedules, budgetary schedules and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of Northeast Regional School of Biotechnology and Agriscience's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northeast Regional School of Biotechnology and Agriscience's 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 Northeast Regional School of Biotechnology and Agriscience's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, P.L.L.C.

Goldsboro, North Carolina
November 28, 2022

Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

This section of the Northeast Regional School of Biotechnology and Agriscience's (*the "Board"*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2022. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- As a result of the withdrawal by Beaufort County, the Board has experienced an overall loss of students over the past year. In addition, as a result of Covid-19, some students have elected to enroll at their local early college to minimize transportation issues and to limit social contact. Some students have sought to complete their secondary education in a four-year or four and one half year model versus the traditional five-year model. All of these factors have caused a decrease in overall enrollment.
- The Board completed the tenth year of operations with an enrollment for 2022 and 2021 of 145 and 180 students, respectively, which is a decrease of 35 students from the previous year of operation.
- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources of the Board at the close of the fiscal year by \$28,459 (net position).
- The government's total net position increased by \$920,049 due to a combination of factors; such as increased operating grants and contributions, reduction in operating expenses and decrease in pension and OPEB related amounts.
- As of the close of the current fiscal year, the Board's governmental fund (General Fund) reported an ending fund balance of \$1,182,775, an increase of \$464,201 due to controlling expenses in response to lower revenues. Approximately 52.31% percent of this total fund balance, or \$618,680, is available for spending at the government's discretion (unassigned fund balance). For additional information regarding classification of the Board's fund balance, please see Note II, C.

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 Supplementary Information (RSI) relating to Pensions and Other Post-Employment Benefits (OPEB)

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *government-wide statements*. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets, deferred outflows of resources, 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 Board's revenues and expenses

Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental funds. 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 fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the Board as an economic unit while the fund financial statements provide information on the financial resources of each of the Board's major funds.

Government-wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Board's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the Board's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Board's overall health, one should consider additional non-financial factors such as changes in enrollment and the Board's access to buildings and other physical assets.

The Board's activities are presented in the government-wide statements:

- Governmental activities: Most of the Board's basic services are included here, such as regular and special education, transportation, and administration. County funding and State and federal aid finance most of these activities.

The government-wide statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the Board's funds, focusing on its most significant or "major" funds. Funds are accounting devices the Board uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The Board has established other funds, such as the Federal Grants fund, to control and manage money for a particular purpose or to show that it is properly using certain revenues.

Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

The Board has one type of fund:

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

The governmental fund statements are shown as Exhibits 3, 4, and 5 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 following the financial statements beginning on page 21 of this report.

Required supplementary information (RSI) and supplementary information (SI)

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 48 of this report. The SI provides detailed revenue, expenditures and budget comparison information relating to the Board's General fund. The SI can be found following the RSI beginning on page 54 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 participating counties. 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.

Financial Analysis of the Board as a Whole

Net position can be an indicator of the fiscal health of the Board. The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,459 as of June 30, 2022. The component of net position relates to net investment in capital assets which totals \$1,188,619. Restricted net position totals \$551,842. The remaining net position is an unrestricted deficit which totals (\$1,712,002).

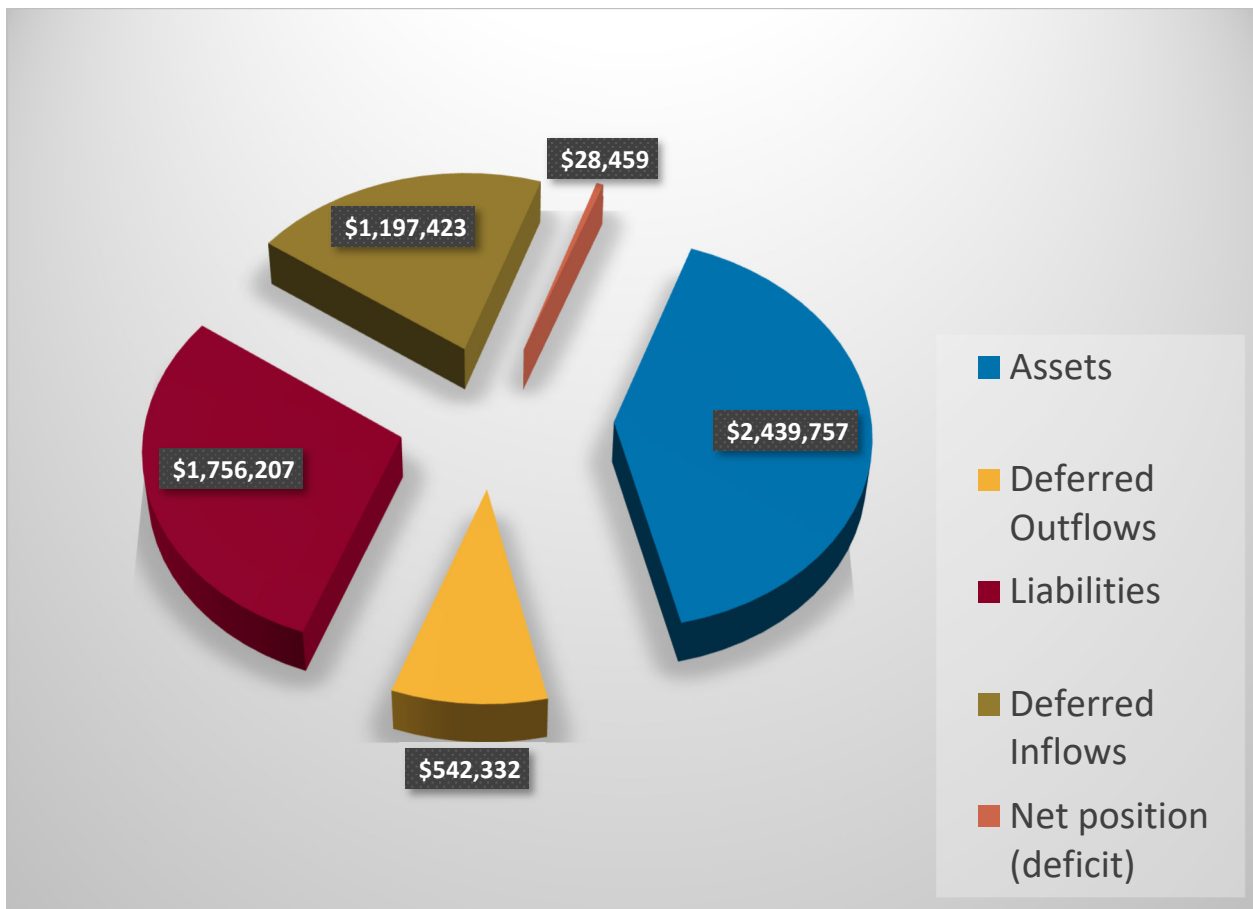
The Board's net position increased during the current fiscal year by \$920,049, compared to a \$329,595 increase in 2021. The significant difference primarily relates recognition increased grant funding and lower pension and OPEB related costs. The administration realizes the need to increase available fund balance to maintain reserves for future years. These funds are sometimes needed as start-up funds in

Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

years which the State budget is not passed by June 30th and State funds are not immediately available to pay expenditures.

More information on the Board's capital assets can be found in footnote II, Detail Notes on All Funds, of the financial statements.

Components of Net Position



Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

Following is a summary of the Statement of Net Assets:

Table 1
CONDENSED STATEMENTS OF NET ASSETS
As of June 30,

| | 2022 | 2021 |
|---------------------------------------|--------------|--------------|
| ASSETS | | |
| Current assets | \$ 1,251,138 | \$ 796,627 |
| Capital assets | 1,188,619 | 1,116,209 |
| Total assets | 2,439,757 | 1,912,836 |
| DEFERRED OUTFLOWS OF RESOURCES | 542,332 | 478,332 |
| LIABILITIES | | |
| Current liabilities | 29,953 | 45,393 |
| Long-term liabilities | 1,726,254 | 2,030,592 |
| Total liabilities | 1,756,207 | 2,075,985 |
| DEFERRED INFLOWS OF RESOURCES | 1,197,423 | 1,206,773 |
| Net investment in capital assets | 1,188,619 | 1,116,209 |
| Restricted net position | 551,842 | 66,952 |
| Unrestricted net position (deficit) | (1,712,002) | (2,074,751) |
| Total net position (deficit) | \$ 28,459 | \$ (891,590) |

The following table shows the revenues and expenses for the Board:

Table 2
Condensed Statement of Revenues, Expenses, and changes in Net Position
Fiscal Year Ended June 30,

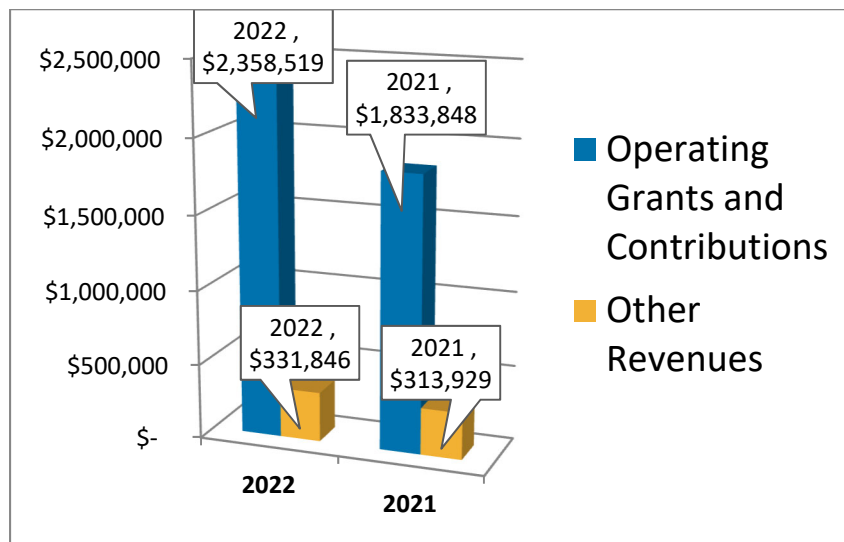
| | 2022 | 2021 |
|------------------------------------|--------------|--------------|
| REVENUES | | |
| Program revenues: | | |
| Operating grants and contributions | \$ 2,358,519 | \$ 1,833,848 |
| General revenues: | | |
| Other revenues | 331,846 | 313,929 |
| Total revenues | 2,690,365 | 2,147,777 |
| EXPENDITURES | | |
| Governmental activities: | | |
| Instructional services | 1,241,257 | 1,303,165 |
| System-wide support services | 529,059 | 515,017 |
| Total expenditures | 1,770,316 | 1,818,182 |
| Increase in net position | 920,049 | 329,595 |
| Net position (deficit), beginning | (891,590) | (1,221,185) |
| Net position (deficit), ending | \$ 28,459 | \$ (891,590) |

Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

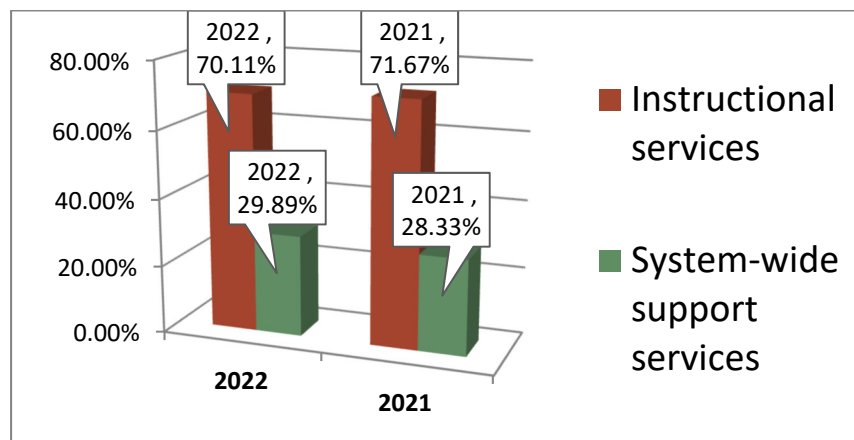
For fiscal years ended June 30, 2022 and 2021, total governmental activities earned revenues of \$2,690,365 and \$2,147,777, respectively, which is a net increase of \$542,588. The net increase between 2022 and 2021 includes an increase of \$524,671 in operating grants and contributions and an increase of \$17,917 in other revenues. This increase primarily relates to recognition of funding provided by the NC General Assembly for capital projects and improvements.

Total governmental activities expenses for fiscal year ended June 30, 2022 and 2021 were \$1,770,316 and \$1,818,182, respectively, which is a decrease of \$47,866. The net decrease between 2022 and 2021 includes a decrease in instructional services of \$61,908 and an increase of \$14,042 in system-wide support services.

The following chart shows the government-wide revenues by type for fiscal year ended June 30, 2022 and 2021.



The following chart shows the government-wide expenses by category for fiscal years ended June 30, 2022 and 2021:



Northeast Regional School of Biotechnology and Agriscience Management's Discussion and Analysis

Financial Analysis of the Board's Funds

Governmental Funds: The focus of Board's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

For fiscal year ended June 30, 2022, the Board's governmental funds reported combined ending fund balances of \$1,239,745 which is an increase of \$469,160 from the prior year. The general fund comprised the largest component of the Board's governmental funds combined fund balances ending the year with a fund balance of \$1,182,775 which is an increase of \$464,201 from the prior year, which was due primarily to increased operating and capital improvement grants and contributions and controlling of operating expenses. The Board is seeking to make a concerted effort to streamline the use of the general fund operating expense budget, while seeking to grow student population and thereby increase county appropriations so as to stabilize the Board's financial position within the general fund which will be required to sustain future growth.

For fiscal year ended June 30, 2022 the individual schools fund balance was \$56,970 which was restricted for individual school use. The individual schools fund balance increased \$4,959 from fiscal year ended June 30, 2021, as both revenues and expenses increased from the previous year. Individual schools contributions and donations were \$57,348 and \$33,324, respectively, for fiscal years ended June 30, 2022 and 2021 which is an increase of \$24,024. Individual schools co-curricular expenditures were \$52,389 and \$23,954, respectively, for fiscal years ended June 30, 2022 and 2021 which is an increase of \$28,435.

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times at the functional level through formal budget amendments 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 the Board's students, within regular instructional services, operational support services and policy, leadership and public relations services. Areas with the largest budget amendments were within regular instructional services, school leadership, operational support and policy, leadership and public relations services.

For fiscal year ended June 30, 2022, actual general fund revenues came in \$67,152 under the final amended budget whereas expenditures were under the final amended budget by \$556,353.

Capital Assets

The Board's capital assets (net of accumulated depreciation) for its governmental activities stood at approximately \$1,188,619 and \$1,116,209, as of June 30, 2022 and 2021. This investment in capital assets includes land, building, vehicles and equipment. For fiscal year ended June 30, 2022 the Board had an overall net increase in capital assets of \$72,410 due to equipment and property acquisitions. Additional information on the Board's capital assets can be found in the Capital Asset section of footnote II, Detail Notes on All Funds, on page 34 of the financial statements. The following table outlines the Board's capital assets as of June 30, 2022 and 2021:

Northeast Regional School of Biotechnology and Agriscience Management’s Discussion and Analysis

Table 3

Capital Assets (Net of Depreciation)

Governmental Funds
As of June 30,

| | 2022 | 2021 |
|-------------------------|---------------------|---------------------|
| Land | \$ 145,170 | 145,170 |
| Buildings | 600,000 | 612,500 |
| Improvements | 210,098 | 136,315 |
| Equipment and furniture | 231,857 | 218,489 |
| Vehicles | 1,494 | 3,735 |
| Total | \$ 1,188,619 | \$ 1,116,209 |

Debt Outstanding

During the year the Board’s long-term liabilities in governmental activities decreased \$306,915, which includes decreases in net pension liability and compensated absences and an increase in net OPEB liability. 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 46 of the financial statements.

Economic Factors

The Board is anticipating a decline in overall student population for the 2022-23 school year as a result of graduation 42 students in the 2021-22 school year, while enrolling 34 new students for the 2022-23 school year. We have enhanced this issue through earlier recruitment initiatives, including working closely with guidance and career counselors within our geographic service area. The reduction in enrollment has a direct effect on county allocations and federal and state grants.

Impact of Coronavirus on Board

During the fiscal year, the state and the nation were affected by the spread of a coronavirus. Due to the impacts of COVID, several of our students have found it necessary to relocate to areas outside of our service area. The Board has worked to accommodate our students and their families to the best of our abilities, however we have had very little control on families making the decision to relocate due to loss of employment or housing. The COVID virus continues to negatively impact our overall enrollment goals and specific recruitment strategies in spite of our best and well-organized efforts.

Requests for Information

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

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Jamesville, North Carolina 27846
hdavis@neregionalschool.org
P: 252-792-0241
F: 252-792-0245

**Northeast Regional School of Biotechnology and Agriscience
Board of Directors and Key Staff
June 30, 2022**

Board of Directors

Benjie Forrest, Board Chair

Dwight Respass, Board Vice-Chair

Dr. Brian Busch

Karen Clough

Terry Draper

Trey Goodson

Simon Griffin

Kenneth Harrell

Dr. Ethan Lenker

Melva Lilley

Joyce Moore

Jerry Phelps

Ephraigm Smith

Michele Spence

Susan Tyre

Julius Walker, Jr.

Jean Woolard

Principal

William Askew

Director

Hallet S. Davis

Northeast Regional School of Biotechnology and Agriscience
Statement of Net Position
June 30, 2022
Exhibit 1

| | Primary Government |
|--------------------------------------------------|--------------------------------|
| | Governmental Activities |
| ASSETS | |
| Cash and cash equivalents | \$ 1,154,207 |
| Due from other governments | 96,154 |
| Net OPEB asset | 777 |
| Capital assets, net of depreciation | 1,188,619 |
| Total assets | 2,439,757 |
| DEFERRED OUTFLOWS OF RESOURCES - PENSIONS | 252,515 |
| DEFERRED OUTFLOWS OF RESOURCES - OPEB | 289,817 |
| LIABILITIES | |
| Accounts payable and accrued expenses | 10,616 |
| Long-term liabilities: | |
| Due within one year | 19,337 |
| Due in more than one year | 38,674 |
| Net pension liability | 241,154 |
| Net OPEB liability | 1,446,426 |
| Total liabilities | 1,756,207 |
| DEFERRED INFLOWS OF RESOURCES - PENSIONS | 391,206 |
| DEFERRED INFLOWS OF RESOURCES - OPEB | 806,217 |
| NET POSITION | |
| Net investment in capital assets | 1,188,619 |
| Restricted for: | |
| Individual school activities | 56,970 |
| Grantor | 400,000 |
| Stabilization by State Statute | 94,095 |
| DIPNC OPEB plan | 777 |
| Unrestricted (deficit) | (1,712,002) |
| Total net position | \$ 28,459 |

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

Northeast Regional School of Biotechnology and Agriscience
Statement of Activities
For the Year Ended June 30, 2022
Exhibit 2

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Primary Government | |
|---------------------------------------------------|--------------|-------------------------|------------------------------------------|----------------------------------------|-------------------------------------------------|------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Total |
| Primary Government: | | | | | | |
| Governmental activities: | | | | | | |
| Instructional services: | | | | | | |
| Regular instructional services | \$ 945,372 | \$ - | \$ 1,362,448 | \$ - | \$ 417,076 | \$ 417,076 |
| Special instructional services | 52,843 | - | 76,346 | - | 23,503 | 23,503 |
| Alternative programs and services | 21,555 | - | 22,870 | - | 1,315 | 1,315 |
| School leadership services | 118,444 | - | 178,122 | - | 59,678 | 59,678 |
| School based support services | 50,654 | - | 107,531 | - | 56,877 | 56,877 |
| Co-curricular services | 52,389 | - | 57,348 | - | 4,959 | 4,959 |
| System-wide support services: | | | | | | |
| Support and development services | 136,483 | - | 173,365 | - | 36,882 | 36,882 |
| Technology support services | 12,493 | - | 13,624 | - | 1,131 | 1,131 |
| Operational support services | 197,357 | - | 172,988 | - | (24,369) | (24,369) |
| Financial and human resource services | 81,670 | - | 86,654 | - | 4,984 | 4,984 |
| Policy, leadership, and public relations services | 101,056 | - | 107,223 | - | 6,167 | 6,167 |
| Total governmental activities | 1,770,316 | - | 2,358,519 | - | 588,203 | 588,203 |
| Total primary government | \$ 1,770,316 | \$ - | \$ 2,358,519 | \$ - | 588,203 | 588,203 |
| General revenues: | | | | | | |
| Unrestricted county appropriations - operating | | | | | 248,195 | 248,195 |
| Miscellaneous, unrestricted | | | | | 83,651 | 83,651 |
| Total general revenues | | | | | 331,846 | 331,846 |
| Change in net position | | | | | 920,049 | 920,049 |
| Net position (deficit), beginning | | | | | (891,590) | (891,590) |
| Net position, ending | | | | | \$ 28,459 | \$ 28,459 |

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

Northeast Regional School of Biotechnology and Agriscience
Balance Sheet
Governmental Funds
June 30, 2022
Exhibit 3

| | Major Funds | | | | Total Governmental Funds |
|--------------------------------------------|---------------------|------------------------|-------------------|-----------------------|--------------------------------|
| | General | State Public School | Federal Grants | Individual Schools | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,089,405 | \$ 4,344 | \$ 3,488 | \$ 56,970 | \$ 1,154,207 |
| Due from other governments | 94,095 | - | 2,059 | - | 96,154 |
| Total assets | \$ 1,183,500 | \$ 4,344 | \$ 5,547 | \$ 56,970 | \$ 1,250,361 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | \$ 725 | \$ 4,344 | \$ 5,547 | \$ - | \$ 10,616 |
| Total liabilities | 725 | 4,344 | 5,547 | - | 10,616 |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Stabilization by State Statute Grantor | 94,095 | - | - | - | 94,095 |
| Individual Schools | - | - | - | 56,970 | 56,970 |
| Assigned: | | | | | |
| Subsequent year's expenditures | 70,000 | - | - | - | 70,000 |
| Unassigned | 618,680 | - | - | - | 618,680 |
| Total fund balances | 1,182,775 | - | - | 56,970 | 1,239,745 |
| Total liabilities and fund balances | \$ 1,183,500 | \$ 4,344 | \$ 5,547 | \$ 56,970 | \$ 1,250,361 |

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 1) are different because:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Fund balance - governmental funds | \$ 1,239,745 |
| Net OPEB asset | 777 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 1,188,619 |
| Deferred outflows of resources related to pensions | 252,515 |
| Deferred outflows of resources related to OPEB | 289,817 |
| Net pension liability | (241,154) |
| Net OPEB liability | (1,446,426) |
| Some liabilities are not due and payable in the current period and therefore are therefore are not reported in the funds - compensated absences | (58,011) |
| Deferred inflows of resources related to pensions | (391,206) |
| Deferred inflows of resources related to OPEB | (806,217) |
| Net position of governmental activities | \$ 28,459 |

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

Northeast Regional School of Biotechnology and Agriscience
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended June 30, 2022
Exhibit 4

| | Major Funds | | | | Total Governmental Funds |
|------------------------------------------------------|---------------------|------------------------|-------------------|-----------------------|--------------------------------|
| | General | State Public School | Federal Grants | Individual Schools | |
| REVENUES | | | | | |
| State of North Carolina | \$ 400,000 | \$ 1,746,567 | \$ - | \$ - | \$ 2,146,567 |
| U. S. Government | 24,159 | - | 130,445 | - | 154,604 |
| County appropriations | 248,195 | - | - | - | 248,195 |
| Other | 83,651 | - | - | 57,348 | 140,999 |
| Total revenues | 756,005 | 1,746,567 | 130,445 | 57,348 | 2,690,365 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instructional services: | | | | | |
| Regular instructional services | 150,225 | 1,066,343 | 67,517 | - | 1,284,085 |
| Special instructional services | - | 36,494 | 35,461 | - | 71,955 |
| Alternative programs and services | - | - | 21,555 | - | 21,555 |
| School leadership services | 6,565 | 161,312 | - | - | 167,877 |
| School based support services | 1,318 | 94,116 | 5,912 | - | 101,346 |
| Co-curricular services | - | - | - | 52,389 | 52,389 |
| System-wide support services: | | | | | |
| Support and development services | 1,077 | 162,317 | - | - | 163,394 |
| Technology support services | - | 12,840 | - | - | 12,840 |
| Operational support services | 71,347 | 91,691 | - | - | 163,038 |
| Financial and human resource services | 6,211 | 75,459 | - | - | 81,670 |
| Policy, leadership, and public relations services | 55,061 | 45,995 | - | - | 101,056 |
| Total expenditures | 291,804 | 1,746,567 | 130,445 | 52,389 | 2,221,205 |
| Excess (deficiency) of revenues over expenditures | 464,201 | - | - | 4,959 | 469,160 |
| Net change in fund balance | 464,201 | - | - | 4,959 | 469,160 |
| Fund balances, beginning | 718,574 | - | - | 52,011 | 770,585 |
| Fund balances, ending | \$ 1,182,775 | \$ - | \$ - | \$ 56,970 | \$ 1,239,745 |

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

**Northeast Regional School of Biotechnology and Agriscience
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022
Exhibit 4**

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

| | | |
|---------------------------------------------------------|----|---------|
| Net changes in fund balances - total governmental funds | \$ | 469,160 |
|---------------------------------------------------------|----|---------|

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 expenditures | 148,029 | |
| Depreciation expense | <u>(75,619)</u> | 72,410 |

| | | |
|---------------------------------------------------------------------------------------------------------------|--|---------|
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities. | | 148,500 |
| Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities. | | 57,841 |

Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|-----------------------------------------------------------------|-----------|----------------|
| Compensated absences | | 29,645 |
| Pension expense | | (1,968) |
| Net OPEB revenue | | 144,461 |
| Total changes in net position of governmental activities | \$ | 920,049 |

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

**Northeast Regional School of Biotechnology and Agriscience
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual- General Fund and Annually Budgeted
Major Special Revenue Funds
For the Year Ended June 30, 2022
Exhibit 5**

| General Fund | | | | |
|---------------------------------------------------|--------------------|----------------|-------------------|-----------------------------------------------------------|
| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) |
| Revenues: | | | | |
| State of North Carolina | \$ - | \$ 400,000 | \$ 400,000 | \$ - |
| U.S. Government | - | 76,857 | 24,159 | (52,698) |
| County appropriations | 285,439 | 260,439 | 248,195 | (12,244) |
| Other | - | 85,861 | 83,651 | (2,210) |
| Total revenues | 285,439 | 823,157 | 756,005 | (67,152) |
| Expenditures: | | | | |
| Current: | | | | |
| Instructional services: | | | | |
| Regular instructional services | 69,318 | 139,906 | 150,225 | (10,319) |
| Special instructional services | - | - | - | - |
| Alternative programs and services | - | - | - | - |
| School leadership services | 5,269 | 83,965 | 6,565 | 77,400 |
| School based support services | - | 1,318 | 1,318 | - |
| System-wide support services: | | | | |
| Support and development services | 1,077 | 1,077 | 1,077 | - |
| Technology support services | - | - | - | - |
| Operational support services | 108,000 | 107,399 | 71,347 | 36,052 |
| Financial and human resource services | 38,000 | 19,130 | 6,211 | 12,919 |
| Policy, leadership, and public relations services | 63,775 | 95,362 | 55,061 | 40,301 |
| Capital outlay | - | - | - | - |
| Non-programmed services | - | 400,000 | - | 400,000 |
| Total expenditures | 285,439 | 848,157 | 291,804 | 556,353 |
| Revenues over (under) expenditures | - | (25,000) | 464,201 | 489,201 |
| Appropriated fund balance | - | 25,000 | - | (25,000) |
| Net change in fund balance | \$ - | \$ - | 464,201 | \$ 464,201 |
| Fund balances, beginning | | | 718,574 | |
| Fund balances, ending | | | \$ 1,182,775 | |

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

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Northeast Regional School of Biotechnology and Agriscience (the “Board”) 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 Board is a regional school empowered by State law [Chapter 115C of the North Carolina General Statutes] to serve enrolled students in two or more local school administrative units that will expand student opportunities for educational success through high quality instructional programming. Regional schools may include partnerships with other education partners, including institutions of higher education and private businesses or organizations, and shall foster, encourage, and promote the development of knowledge and skills in career clusters of critical importance to the region. The Board receives local, state, 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. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

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 North Carolina 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 funds provided by the federal government under various federal programs.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

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 and proceeds from various fund raising activities. The primary expenditures are for club programs, field trips, and instructional needs. The Individual Schools Fund is reported as a special revenue fund.

C. Measurement Focus and Basis of Accounting

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

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

Under the terms of grant agreements, the Board funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred there are both restricted and unrestricted net positions available to finance the program. Currently, the Board does not have a formal policy pertaining to the use of net position; however, generally cost-reimbursement grant resources are applied to such programs followed by general revenues.

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. As required by General Statute (G.S.) 115C-425, annual budgets are adopted for all funds, except for the Individual Schools Special Revenue Fund. While no budget is required for funds of individual schools, such funds must be accounted for in accordance with the provisions of G.S. 115C-448. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the purpose level for all annually budgeted funds. The principal is authorized to transfer appropriations within individual programs. Any increase or decrease in total funds appropriated requires a budget amendment be approved by the 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.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources 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 may also have money credited in its name with the State Treasurer and may issue State warrants against these funds.

State law [G.S. 115C-443] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAMf by Moody's Investors Service. The NCCMT Government is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

The Short-Term Investment Fund (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 had no such investments at June 30, 2022.

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. Capital Assets

Donated assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 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.

It is the policy of the Board to capitalize all capital assets costing \$3,000 or more with an estimated useful life of three or more years. In addition, other items that are purchased and used in large quantities such as student desks are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

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

| | |
|-------------------------|-------------|
| Buildings | 50 years |
| Improvements | 10 years |
| Equipment and furniture | 3 – 5 years |
| Vehicles | 6 years |

4. *Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meets this criterion – pension related deferrals and OPEB related deferrals. The Statement of Net Position also reports a separate financial statement element, *Deferred Inflows of Resources*, which 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 two items that meets this criterion - pension related deferrals and OPEB related deferrals.

5. *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.

6. *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 payment as of June 30, 2022 is recorded in the governmental-wide statements on a FIFO basis at the current salary rates for each employee as of June 30, 2022. An estimate of the current portion of compensated absences has been made based on management’s expectations as to what will be used in the following year.

The Board’s sick leave policy 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 does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

7. *Net Position/Fund Balances*

Net Position

Net position in the government-wide statement 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 laws or regulations of other governments or imposed by law through state statute.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

Fund Balances

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

The governmental fund types classify fund balance as follows:

Restricted Fund Balance – This classification includes amounts that are restricted by G.S. 115C-425(a).

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

Assigned fund balance – portion of fund balance that Northeast Regional School of Biotechnology and Agriscience intends to use for specific purposes.

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

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

The Board does not have a formal revenue spending policy. The Board will generally use resources in the following hierarchy: Federal funds, State funds, local non-Board funds, and Board funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed by unassigned fund balance. The fiscal agent has the authority to deviate from this method if it is in the best interest of the Board.

8. Defined Benefit Pension Plans and Other Post Employment Benefit (OPEB) Plans

For purposes of measuring the net pension liability (asset), other post-employment benefit obligation, deferred outflows of resources and deferred inflows of resources related to pensions and post-employment benefit obligations, and pension and benefit 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 North Carolina (DIPNC) and additions to/deductions from TSERS, RHBF, and DIPNC 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.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Future Accounting Pronouncements

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Board is currently reviewing this statement to determine the effect on the financial statements.

In June 2022, the GASB issued GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Board is currently reviewing this statement to determine the effect on the financial statements.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

In April 2022, the GASB issued GASB Statement No. 99, *Omnibus 2022*. This Statement provides guidance on the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument,
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives,
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the PPP term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset,
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability,
- Extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt,
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP),
- Disclosures related to nonmonetary transactions,
- Pledges of future revenues when resources are not received by the pledging government,
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements,
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Board is currently reviewing this statement to determine the effect on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The Board is currently reviewing this statement to determine the effect on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. PPPs should be recognized and

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measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Board is currently reviewing this statement to determine the effect on the financial statements.

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Board is currently reviewing this statement to determine the effect on the financial statements. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

11. Accounting Pronouncements Implemented:

In October 2021, the GASB issued GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The Board has implemented the requirements of the new standard for the year ended June 30, 2022.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board has implemented the requirements of the new standard for the year ended June 30, 2022.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

In January 2020, the GASB issued GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

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- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement has been extended by one year. The Board has implemented the requirements of the new standard for the year ended June 30, 2022.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement was extended by one year. The Board has implemented the requirements of the new standard for the year ended June 30, 2022.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is 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 requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. With the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the effective date of this statement was postponed by 18 months. The Board has implemented the requirements of the new standard for the year ended June 30, 2022.

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NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the Board'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 agents in the Board's names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amounts 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 formal policy regarding custodial credit risk for deposits.

At June 30, 2022, the Board had deposits with banks and savings and loans with carrying amount of \$1,154,207. The bank balances with financial institutions were \$1,221,922. Of these balances, \$309,158 was covered by federal depository insurance and \$912,764 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

2. Accounts Receivable

Receivables at the government-wide level at June 30, 2022, were as follows:

| | Due from other governments | Total |
|-------------------------------------------|-------------------------------|------------------|
| Governmental Activities: | | |
| General Fund - County appropriations | \$ 94,095 | \$ 94,095 |
| Federal Grants Fund - Federal grant funds | 2,059 | 2,059 |
| Total | \$ 96,154 | \$ 96,154 |

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3. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|----------------------------------------------------|-----------------------|-----------|-----------|---------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | \$ 145,170 | \$ - | \$ - | \$ 145,170 |
| Total Capital Assets Not Being Depreciated | 145,170 | - | - | 145,170 |
| Capital Assets Being Depreciated | | | | |
| Buildings | 625,000 | - | - | 625,000 |
| Improvements | 146,818 | 84,008 | - | 230,826 |
| Equipment & Furniture | 402,362 | 64,021 | - | 466,383 |
| Vehicles | 18,802 | - | - | 18,802 |
| Total Capital Assets Being Depreciated | 1,192,982 | 148,029 | - | 1,341,011 |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 12,500 | 12,500 | - | 25,000 |
| Improvements | 10,503 | 10,225 | - | 20,728 |
| Equipment & Furniture | 183,873 | 50,653 | - | 234,526 |
| Vehicles | 15,067 | 2,241 | - | 17,308 |
| Total Accumulated Depreciation | 221,943 | \$ 75,619 | \$ - | 297,562 |
| Total Capital Assets Being Depreciated, Net | 971,039 | | | 1,043,449 |
| Governmental Activities Capital Assets, Net | \$ 1,116,209 | | | \$ 1,188,619 |
| Depreciation Expense Allocation: | | | | |
| | | | | \$ 73,378 |
| | | | | 2,241 |
| | | | | \$ 75,619 |

B. Liabilities

1. Pension Plan and Other Post-Employment 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for TSERS. That report may be obtained by writing to the Office

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of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the TSERS Board of Trustees. The Board's contractually required contribution rate for the year ended June 30, 2022, was 14.78% 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 \$148,500 for the year ended June 30, 2022.

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, 2022, the Board reported a liability of \$241,154 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31,

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2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and 2020, the Board's proportion was .00515% and .00593%, respectively.

For the year ended June 30, 2022, the Board recognized pension expense of \$1,968. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------|
| Differences between expected and actual experience | \$ 13,556 | \$ 5,477 |
| Change of assumptions | 90,459 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 298,793 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | 86,936 |
| Employer contributions subsequent to the measurement date | 148,500 | - |
| Totals | \$ 252,515 | \$ 391,206 |

\$148,500 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|---------------------|
| 2023 | \$ (77,660) |
| 2024 | (57,521) |
| 2025 | (60,371) |
| 2026 | (91,639) |
| 2027 | - |
| Thereafter | - |
| Total | \$ (287,191) |

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---------------------------------------------------------------|
| Salary increases | 3.25% to 8.05%, including inflation and productivity of 3.25% |
| Investment rate of return | 6.50%, including inflation of 2.5% |

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

The actuarial assumptions used in the December 31, 2020 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. 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, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|-------------------------------------------------------|
| Fixed Income | 29.0% | 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 | <u>100%</u> | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the Board’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Board’s proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the Board’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

| | 1% Decrease (5.50%) | Discount Rate (6.50%) | 1% Increase (7.50%) |
|------------------------------------------------------------------|---------------------------|--------------------------|------------------------|
| Board’s proportionate share of the net pension liability (asset) | \$ 808,921 | \$ 241,154 | \$ (230,803) |

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

B. Other Post-Employment Benefits

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 Chapter 135, Article 1 of the General Statutes. 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 ACFR, 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.

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

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

RHBF's benefit and contribution provisions are established by Chapter 135, 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 6.29% of covered payroll which amounted to \$57,025.

At June 30, 2022, Board reported a liability of \$1,446,426 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 and 2020, the Board's proportion was 0.00468% and 0.00450%, respectively.

\$57,025 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

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year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | |
|----------------------------|-------------------|
| 2023 | \$ 255,951 |
| 2024 | 192,738 |
| 2025 | 110,850 |
| 2026 | 46,536 |
| 2027 | (28,250) |
| Thereafter | - |
| Total | \$ 577,825 |

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

| | |
|-----------------------------------|------------------------------------------------------------|
| Inflation | 3.00% |
| Salary increases based on service | 3.5% to 7.55%, including inflation and productivity factor |
| Discount rate | 2.21% |

Healthcare cost trend rates

| | |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Medical | 6.50% grading down to 5.00% by 2024 for non-MA and MA coverage |
| Prescription drug | 9.50% grading down to 5.00% by 2029 |
| Administrative costs | 3.00% |
| Post-Retirement Mortality Rates | RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for Collar for some Participants, further adjusted with scaling factors varying before and after age 78, and projected for mortality improvement using Scale MP-2015 |

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 2.21% at June 30, 2020 compared to 3.50% at June 30, 2019. 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 2.21% was used as the discount rate used to measure the total OPEB liability and is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2021.

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 Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage point higher (3.21 percent) than the current discount rate:

| | 1% Decrease (1.21%) | Discount Rate (2.21%) | 1% Increase (3.21%) |
|--------------------|------------------------------------|----------------------------------|--------------------------------|
| Net OPEB Liability | \$ 1,720,503 | \$ 1,446,426 | \$ 1,224,455 |

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Sensitivity of the Board’s proportionate share of the net OPEB liability to changes in the healthcare trend 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 or 1-percentage point higher than the current discount rate:

| | 1% Decrease in Trend Rates | Current Trend Rates (6.5% Medical, 9.5% RX, 3% Administrative) | 1% Increase in Trend Rates |
|--------------------|-------------------------------|-------------------------------------------------------------------------|-------------------------------|
| Net OPEB liability | \$ 1,171,361 | \$ 1,446,426 | \$ 1,811,325 |

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued ACFR 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 ACFR, 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

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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.

For employees who had five or more years of membership service as of July 31, 2007, during the first 36 months of the long-term disability period, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one-twelfth of the annual longevity payment and local supplements to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, but the benefits payable shall be no less than \$10 a month. After the first 36 months of the long-term disability, the long-term benefit is calculated in the same manner as described above except the monthly benefit is reduced by an amount equal to a monthly primary Social Security disability benefit to which the participant or beneficiary might be entitled had Social Security disability benefits been awarded. When an employee qualifies for an unreduced service retirement allowance from the TSERS, the benefits payable from DIPNC will cease, and the employee will commence retirement under the Teachers' and State Employees' Retirement System or the University Employees' Optional Retirement Program.

For employees who had less than five years of membership service as of July 31, 2007, and meet the requirements for long-term disability on or after August 1, 2007, during the first 36 months of the long-term disability period, the monthly long-term benefit shall be reduced by an amount equal to the monthly primary Social Security retirement benefit to which the employee might be entitled should the employee become age 62 during the first 36 months. This reduction becomes effective as of the first day of the month following the month of initial entitlement to Social Security benefits. After the first 36 months of the long-term disability, no further benefits are payable under the terms of this section unless the employee has been approved and is in receipt of primary Social Security disability benefits.

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, 2022, employers made a statutory contribution of 0.09% of covered payroll which was equal to the actuarially required contribution. Board contributions to the plan were \$816 for the year ended June 30, 2022.

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 other postemployment benefit.

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

At June 30, 2022, Board reported an asset of \$777 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The total OPEB asset was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures

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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, 2021 and 2020, the Board's proportion was 0.00476% and 0.00521%, respectively.

\$816 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year ended June 30: | | |
|----------------------------|-----------|--------------|
| 2023 | \$ | 819 |
| 2024 | | 657 |
| 2025 | | 759 |
| 2026 | | 464 |
| 2027 | | 327 |
| Thereafter | | 558 |
| Total | \$ | 3,584 |

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

| | |
|---------------------------|--------------------------------------------------------------|
| Inflation | 3.00% |
| Salary increases | 3.25% to 8.05%, includes inflation and productivity of 3.25% |
| Investment rate of return | 3.00%, includes inflation of 2.50%, |

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 Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage point higher (4.00 percent) than the current discount rate:

| Sensitivity of net OPEB asset to changes in the discount rate | 1% Decrease (2.00%) | Discount Rate (3.00%) | 1% Increase (4.00%) |
|----------------------------------------------------------------------|----------------------------|------------------------------|----------------------------|
| Net OPEB asset | \$ 491 | \$ 777 | \$ 1,043 |

| Sensitivity of net OPEB asset to changes in the healthcare cost trend rate | 1% Decrease | Discount Rate | 1% Increase |
|-----------------------------------------------------------------------------------|--------------------|----------------------|--------------------|
| Initial Trend Rate | 5%-8.5% | 6%-9% | 7%-10.5% |
| Ultimate Trend Rate | 4.00% | 5.00% | 6.00% |
| Net OPEB Asset | \$ 818 | \$ 777 | \$ 727 |

Common actuarial assumptions for both OPEB plans. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 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

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Notes to Financial Statements
June 30, 2022

measurement date of June 30, 2021. 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 assumptions used for the December 31, 2020 actuarial valuation are based on the experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

DIPNC is primarily invested in the Bond Index Investment Pool as of June 30, 2021. The long-term expected rate of return was determined based on the combination of expected future real rates of return and expected inflation. The long-term expected real rate of return for the Bond Index Investment Pool as of June 30, 2021 is 1.2%.

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

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

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

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

| | <u>RHBF</u> | <u>DIPNC</u> | <u>Total</u> |
|------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|
| OPEB Expense (Revenue) | \$ (146,490) | \$ 2,029 | \$ (144,461) |
| OPEB Liability (Asset) | 1,446,426 | (777) | 1,445,649 |
| Proportionate share of the net OPEB liability (asset) | 0.00468% | 0.00476% | |
| Deferred of Outflows of Resources | | | |
| Differences between expected and actual experience | \$ 8,539 | \$ 1,982 | \$ 10,521 |
| Net difference between projected and actual earnings on plan investments | - | 76 | 76 |
| Changes of assumptions | 118,305 | 137 | 118,442 |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 101,172 | 1,765 | 102,937 |
| Board contributions subsequent to the measurement date | 57,025 | 816 | 57,841 |
| Total Deferred Outflows of Resources - OPEB | \$ 285,041 | \$ 4,776 | \$ 289,817 |
| Deferred of Inflows of Resources | | | |
| Differences between expected and actual experience | \$ 26,925 | \$ - | \$ 26,925 |
| Changes of assumptions | 351,513 | 282 | 351,795 |
| Net difference between projected and actual earnings on plan investments | 740 | - | 740 |
| Changes in proportion and differences between Board contributions and proportionate share of contributions | 426,663 | 94 | 426,757 |
| Total Deferred Inflows of Resources - OPEB | \$ 805,841 | \$ 376 | \$ 806,217 |

2. Account Payable

Account Payable at June 30, 2022 are as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Due to other governments</u> | <u>Total</u> |
|--------------------------------------|----------------|------------------------------|---------------------------------|------------------|
| Governmental Activities: | | | | |
| General | \$ 725 | \$ - | \$ - | \$ 725 |
| Other governmental activities | - | 9,891 | - | 9,891 |
| Total Governmental Activities | \$ 725 | \$ 9,891 | \$ - | \$ 10,616 |

3. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board carries commercial coverage including commercial general liability insurance, business personal property liability insurance and workers' compensation insurance. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past two fiscal years.

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

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In accordance with G.S. 115C-442, Board 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.

4. Contingent Liabilities

At June 30, 2022, the Board was not a defendant to any lawsuits.

5. Long-Term Obligations

A. 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, 2022:

| | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 | Current Portion |
|--------------------------------|--------------------------|-------------------|-------------------|--------------------------|--------------------|
| Governmental Activities | | | | | |
| Net pension liability | \$ 716,462 | \$ - | \$ 475,308 | \$ 241,154 | \$ - |
| Net OPEB liability | 1,248,388 | 198,038 | - | 1,446,426 | - |
| Compensated absences | 87,656 | - | 29,645 | 58,011 | 19,337 |
| Total Governmental Activities | <u>\$ 2,052,506</u> | <u>\$ 198,038</u> | <u>\$ 504,953</u> | <u>\$ 1,745,591</u> | <u>\$ 19,337</u> |

C. Fund Balance

The Board does not have a formal revenue spending policy. The fiscal agent will use resources in the following hierarchy: Federal funds, State funds, local non-board funds, and Board funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The fiscal agent has the authority to deviate from this policy if it is in the best interest of the Board. 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 | \$ 1,182,775 |
| Less: | |
| Stabilization by State Statue | 94,095 |
| Grantor | 400,000 |
| Assigned - subsequent year's expenditures | 70,000 |
| <u>Remaining Fund Balance</u> | <u>\$ 618,680</u> |

Northeast Regional School of Biotechnology and Agriscience
Notes to Financial Statements
June 30, 2022

NOTE III – SUMMARY OF DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Board has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE IV – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2022, the date on which the financial statements were available to be issued.

**Northeast Regional School of Biotechnology and Agriscience
Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net Pension Liability-
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years ***

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Board's proportion of the net pension liability (asset) | 0.00515% | 0.00593% | 0.00596% | 0.00764% | 0.00840% | 0.00717% | 0.00604% | 0.00432% | 0.00190% |
| Board's proportionate share of the net pension liability (asset) | \$ 241,154 | \$ 716,462 | \$ 617,871 | \$ 760,645 | \$ 664,113 | \$ 658,997 | \$ 222,586 | \$ 50,650 | \$ 115,349 |
| Board's covered payroll | \$ 857,912 | \$ 826,907 | \$ 940,650 | \$ 1,043,539 | \$ 1,001,786 | \$ 882,600 | \$ 680,708 | \$ 455,217 | \$ 261,152 |
| Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 28.11% | 86.64% | 65.69% | 72.89% | 66.29% | 74.67% | 32.70% | 11.13% | 44.17% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.86% | 92.01% | 91.89% | 91.89% | 89.51% | 87.32% | 94.64% | 98.24% | 90.60% |

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

This schedule is intended to present 10 years of data. As information becomes available, it will be presented.

**Northeast Regional School of Biotechnology and Agriscience
Required Supplementary Information
Schedule of Board Contributions-
Teachers' and State Employees' Retirement System
Last Nine Fiscal Years**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 148,500 | \$ 128,098 | \$ 106,568 | \$ 115,606 | \$ 106,249 | \$ 100,102 | \$ 81,508 | \$ 62,285 | \$ 39,558 |
| Contributions in relation to the contractually required contribution | <u>148,500</u> | <u>128,098</u> | <u>106,568</u> | <u>115,606</u> | <u>106,249</u> | <u>100,102</u> | <u>81,508</u> | <u>62,285</u> | <u>39,558</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Board's covered payroll | \$ 906,591 | \$ 857,912 | \$ 826,907 | \$ 940,650 | \$ 1,043,539 | \$ 1,001,786 | \$ 882,600 | \$ 680,708 | \$ 455,217 |
| Contributions as a percentage of covered payroll | 16.38% | 14.93% | 12.89% | 12.29% | 10.18% | 9.99% | 9.23% | 9.15% | 8.69% |

This schedule is intended to present 10 years of data. As information becomes available, it will be presented.

**Northeast Regional School of Biotechnology and Agriscience
Required Supplementary Information
Schedule of the Board's Proportionate Share of the Net OPEB Liability
Retiree Health Benefit Fund
Last Six Fiscal Years**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Board's proportion of the net OPEB liability (asset) | 0.00468% | 0.00450% | 0.00496% | 0.00591% | 0.00651% | 0.00591% |
| Board's proportionate share of the net OPEB liability (asset) | \$ 1,446,426 | \$ 1,248,388 | \$ 1,569,930 | \$ 1,727,330 | \$ 2,135,878 | \$ 2,571,662 |
| Board's covered payroll | \$ 857,912 | \$ 826,907 | \$ 940,650 | \$ 1,043,539 | \$ 1,001,786 | \$ 882,600 |
| Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 168.60% | 150.97% | 166.90% | 165.53% | 213.21% | 291.37% |
| Plan Fiduciary net position as a percentage of the total OPEB liability | 6.92% | 4.40% | 3.52% | 3.52% | 3.52% | 2.41% |

This schedule is intended to present 10 years of data. As information becomes available, it will be presented.

**Northeast Regional School of Biotechnology and Agriscience
Required Supplementary Information
Schedule of the Board Contributions
Retiree Health Benefit Fund
Last Ten Fiscal Years**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 57,025 | \$ 57,896 | \$ 53,161 | \$ 58,979 | \$ 59,630 | \$ 58,276 | \$ 49,426 | \$ 37,371 | \$ 24,582 | \$ 18,932 |
| Contributions in relation to the contractually required contribution | 57,025 | 57,896 | 53,161 | 58,979 | 59,630 | 58,276 | 49,426 | 37,371 | 24,582 | 18,932 |
| 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 | \$ 906,591 | \$ 857,912 | \$ 826,907 | \$ 940,650 | \$ 1,043,539 | \$ 1,001,786 | \$ 882,600 | \$ 680,708 | \$ 455,217 | \$ 261,152 |
| Contributions as a percentage of covered payroll | 6.29% | 6.75% | 6.43% | 6.27% | 5.71% | 5.82% | 5.60% | 5.49% | 5.40% | 7.25% |

**Northeast Regional School of Biotechnology and Agriscience
Required Supplementary Information
Schedule of the Board's Proportionate Share of Net OPEB Asset
Disability Income Plan of North Carolina
Last Six Fiscal Years**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|------------------------------------------------------------------------------------------|-------------|-------------|-------------|--------------|--------------|-------------|
| Board's proportion of the net OPEB asset | 0.00476% | 0.00521% | 0.00519% | 0.00685% | 0.00756% | 0.00663% |
| Board's proportionate share of the net OPEB asset | \$ 777 | \$ 2,563 | \$ 2,239 | \$ 2,081 | \$ 4,621 | \$ 4,117 |
| Board's covered payroll | \$ 857,912 | \$ 826,907 | \$ 940,650 | \$ 1,043,539 | \$ 1,001,786 | \$ 882,600 |
| Board's proportionate share of the net OPEB asset as a percentage of its covered payroll | 0.09% | 0.31% | 0.24% | 0.20% | 0.46% | 0.47% |
| Plan Fiduciary net position as a percentage of the total OPEB asset | 105.18% | 116.47% | 116.37% | 116.37% | 116.23% | 116.06% |

This schedule is intended to present 10 years of data. As information becomes available, it will be presented.

**Northeast Regional School of Biotechnology and Agriscience
Required Supplementary Information
Schedule of the Board Contributions
Disability Income Plan of North Carolina
Last Ten Fiscal Years**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 816 | \$ 780 | \$ 822 | \$ 1,317 | \$ 1,380 | \$ 3,812 | \$ 3,652 | \$ 2,791 | \$ 2,003 | \$ 1,572 |
| Contributions in relation to the contractually required contribution | 816 | 780 | 822 | 1,317 | 1,380 | 3,812 | 3,652 | 2,791 | 2,003 | 1,572 |
| 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 | \$ 906,591 | \$ 857,912 | \$ 826,907 | \$ 940,650 | \$ 1,043,539 | \$ 1,001,786 | \$ 882,600 | \$ 680,708 | \$ 455,217 | \$ 261,152 |
| Contributions as a percentage of covered payroll | 0.09% | 0.09% | 0.10% | 0.14% | 0.13% | 0.38% | 0.41% | 0.41% | 0.44% | 0.60% |

Northeast Regional School of Biotechnology and Agriscience
Schedules of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2021)
Schedule 1

| | <u>2022</u> | | | <u>2021</u> |
|--------------------------------------------------|---------------|---------------|---------------------------------------------|---------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Positive (Negative) Variance</u> | <u>Actual</u> |
| Revenues: | | | | |
| County appropriations | \$ 260,439 | \$ 248,195 | \$ (12,244) | \$ 311,241 |
| Grants: | | | | |
| Federal Rural Education grant | 76,857 | 24,159 | (52,698) | - |
| K-5 Capital Improvement grant | 400,000 | 400,000 | - | - |
| Tobacco Trust Fund grant | 85,861 | 78,361 | (7,500) | - |
| Total | 562,718 | 502,520 | (60,198) | - |
| Other: | | | | |
| Sales tax refunds | - | 5,290 | 5,290 | 2,688 |
| Total | - | 5,290 | 5,290 | 2,688 |
| Total revenues | 823,157 | 756,005 | (67,152) | 313,929 |
| Expenditures: | | | | |
| Instructional services | | | | |
| Regular instructional services | 139,906 | 150,225 | (10,319) | 37,953 |
| School leadership services | 83,965 | 6,565 | 77,400 | 1,274 |
| School based support services | 1,318 | 1,318 | - | - |
| System wide support services | | | | |
| Support and development services | 1,077 | 1,077 | - | - |
| Operational support services | 107,399 | 71,347 | 36,052 | 167,961 |
| Financial and human resources service | 19,130 | 6,211 | 12,919 | 11,927 |
| Policy, leadership and public relations services | 95,362 | 55,061 | 40,301 | 36,534 |
| Total | 222,968 | 133,696 | 89,272 | 216,422 |
| Capital outlay | 400,000 | - | 400,000 | - |
| Total expenditures | 848,157 | 291,804 | 556,353 | 255,649 |
| Revenues over (under) expenditures | (25,000) | 464,201 | 489,201 | 58,280 |
| Fund balance appropriated | 25,000 | - | 25,000 | - |
| Net change in fund balance | \$ - | 464,201 | \$ 464,201 | 58,280 |
| Fund balance, beginning | | 718,574 | | 660,294 |
| Fund balance, ending | | \$ 1,182,775 | | \$ 718,574 |



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the
Northeast Regional School of Biotechnology and Agriscience
Jamesville, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of the Northeast Regional School of Biotechnology and Agriscience as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Northeast Regional School of Biotechnology and Agriscience's basic financial statements, and have issued our report thereon dated November 28, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 the 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 to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Regional School of Biotechnology and Agriscience'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 financial statements. 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.

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

CARR, RIGGS & INGRAM, P.L.L.C.

Goldsboro, North Carolina
November 28, 2022



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE; IN ACCORDANCE WITH UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

To the Board of Directors of the
Northeast Regional School of Biotechnology and Agriscience
Jamesville, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Northeast Regional School of Biotechnology and Agriscience'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 Northeast Regional School of Biotechnology and Agriscience's major state programs for the year ended June 30, 2022. Northeast Regional School of Biotechnology and Agriscience's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northeast Regional School of Biotechnology and Agriscience 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 program for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northeast Regional School of Biotechnology and Agriscience and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Northeast Regional School of Biotechnology and Agriscience's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Northeast Regional School of Biotechnology and Agriscience State programs.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

CARR, RIGGS & INGRAM, P.L.L.C.

Goldsboro, North Carolina
November 28, 2022

**Northeast Regional School of Biotechnology and Agriscience
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2022**

Section I Summary of Auditors' Results

Financial Statements

| | |
|-----------------------------------------------------------------------------------------|------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(s) identified that are not considered to be material weaknesses? | None noted |
| Noncompliance material to financial statements noted? | No |

State Awards

| | |
|----------------------------------------------------------------------------------------------------------------------------|------------|
| Internal control over major State programs: | |
| Type of auditors' report issued on compliance for major State programs: | Unmodified |
| Material weakness(es) identified? | No |
| Significant deficiency(s) identified that are not considered to be material weaknesses? | None noted |
| Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act | No |

Identification of major State programs

Name of State Program
 State Public School Fund

**Northeast Regional School of Biotechnology and Agriscience
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section II Financial Statement Findings

None Reported

Section III State Awards Findings and Questioned Costs

None Reported

**Northeast Regional School of Biotechnology and Agriscience
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

Section IV Financial Statement Findings

None Reported

Section V State Awards Findings and Questioned Costs

None Reported

**Northeast Regional School of Biotechnology and Agriscience
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

| <u>Grantor/Pass-through Grantor/Program Title</u> | <u>Assistance Listing Number</u> | <u>State/ Pass-through Grantor's Number</u> | <u>Expenditures</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------|---------------------|
| Federal Awards: | | | |
| <u>US Department of Education</u> | | | |
| Cash Assistance | | | |
| <u>Rural Education</u> | | | |
| Small Rural School Achievement Program | 84.358A | | \$ 24,159 |
| Passed-through the N.C. Department of Public Instruction: | | | |
| <u>Special Education Cluster:</u> | | | |
| Special Education - Grants to States (IDEA, Part B) - Education of the Handicapped | 84.027 | NC Department of Public Instruction, PRC 060 | 34,384 |
| <hr/> Total Special Education Cluster <hr/> | | | 34,384 |
| <u>ESEA Title I - Basic grants to LEA's</u> | | | |
| ESEA Title I - Basic grants to Local Education Agencies (Title I, Part A of ESEA) | 84.010 | NC Department of Public Instruction, PRC 050 | 7,500 |
| <u>Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act</u> | | | |
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - ESSERF - Public School Unit Supplemental Funding - CARES ACT | 84.425D | NC Department of Public Instruction, PRC 164 | 8,744 |
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - ESSERF - Digital Curricula - CARES ACT | 84.425D | NC Department of Public Instruction, PRC 165 | 495 |
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - GEER I - Specialized Instructional Support Personnel for Covid-19 Response - CARES ACT | 84.425C | NC Department of Public Instruction, PRC 169 | 2,500 |

**Northeast Regional School of Biotechnology and Agriscience
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

| <u>Grantor/Pass-through Grantor/Program Title</u> | <u>Assistance Listing Number</u> | <u>State/ Pass-through Grantor's Number</u> | <u>Expenditures</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------------|---------------------|
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - GEER 1 - Supplemental - Instructional Services - CARES ACT | 84.425C | NC Department of Public Instruction, PRC 170 | 872 |
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - ESSERF - Supplemental - K12 Emergency Relief Fund - ESSER II - CRRSA | 84.425D | NC Department of Public Instruction, PRC 171 | 13,336 |
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - ESSERF - Supplemental - K12 Emergency Relief Fund - ESSER III - ARPA | 84.425D | NC Department of Public Instruction, PRC 181 | 52,218 |
| Elementary and Secondary School Emergency Relief Fund COVID-19 Education Stabilization Fund - ESSERF - Teacher Bonuses - ESSER III - ARPA | 84.425D | NC Department of Public Instruction, PRC 203 | 10,396 |
| Total Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act | | | 88,561 |
| <u>US Department of Treasury</u> | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds Employee Bonuses | 21.027 | NC Department of Public Instruction, PRC 141 | 26,913 |
| Total federal assistance | | | 181,517 |

**Northeast Regional School of Biotechnology and Agriscience
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022**

| Grantor/Pass-through Grantor/Program Title | Assistance Listing Number | State/ Pass-through Grantor's Number | Expenditures |
|-------------------------------------------------------|------------------------------------------|---------------------------------------------------------|---------------------|
| State Awards: | | | |
| Cash Assistance | | | |
| <u>N.C. Department of Public Instruction:</u> | | | |
| State Public School Fund | | XXXX | 1,719,155 |
| Feminine Hygiene Products Program | | XXXX | 500 |
| Total N.C. Department of Public Instruction | | | 1,719,655 |
| | | | |
| <u>N.C. Tobacco Trust Fund Commission</u> | | | |
| Horticulture Lab Facility Grant | | | 78,361 |
| Total state assistance | | | 1,798,016 |
| Total federal and state assistance | | | \$ 1,979,533 |

For this fiscal year ended June 30, 2022, the Board did not provide any federal or state funding to a sub-recipient.

Northeast Regional School of Biotechnology and Agriscience

Notes to Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2022

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

Note 1: Basis of Presentation

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

Note 2: 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: Northeast Regional School of Biotechnology and Agriscience has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Noncash Assistance: Northeast Regional School of Biotechnology and Agriscience did not receive commodities or other non-cash assistance for the fiscal year ended June 30, 2022.

Loans: Northeast Regional School of Biotechnology and Agriscience did not expend federal or State awards related to loans or loan guarantees during the fiscal year ended June 30, 2022.

Federally Funded Insurance: Northeast Regional School of Biotechnology and Agriscience has no federally funded insurance.