

NC BOARD OF ARCHITECTURE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014



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**NC BOARD OF ARCHITECTURE**  
**Board Members**

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**BOARD MEMBERS (2015)**

Chris E. Brasier, President

Julie M. McLaurin, Vice President

John H. Tabor, Secretary

Stephen M. McClure, Treasurer

Robert Bishop

John Monteith

Cheryl C. Walker

**EXECUTIVE DIRECTOR**

Cathe M. Evans

**ATTORNEY**

M. Jack Nichols

# NC BOARD OF ARCHITECTURE

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**NC BOARD OF ARCHITECTURE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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The following is a discussion and analysis of the NC Board of Architecture's (the "Board") financial performance for the fiscal year ended June 30, 2015. Please read it in conjunction with the financial statements which follow this section.

**Financial Highlights**

The operating revenues of the Board increased by \$19,689 due primarily to an increase in late fees collected for individual and corporate renewals along with an increase in corporate renewals and individual reinstatement fees. The operating expenses of the Board increased by \$6,737, due primarily to increases in salaries, legal fees and computer services. Non-operating revenues decreased by \$6,203 primarily due to greater unrealized losses on investments and a decrease in interest and dividend income.

**Overview of the Financial Statements**

This discussion and analysis is an introduction to the Board's basic financial statements, which are comprised of two components: (1) financial statements, and (2) notes to financial statements. This report also contains required supplementary information in addition to the basic financial statements.

**Basic Financial Statements**

The financial statements of the Board report information about the Board using accounting methods similar to those used by private sector companies.

The Statements of Net Position (page 5) present assets and liabilities separately.

The Statements of Revenues, Expenses and Changes in Net Position (page 6) present information on how the Board's assets changed as a result of the years' operations.

The Statements of Cash Flows (page 7) present information on how the Board's cash changed as a result of the years' activity.

**NC BOARD OF ARCHITECTURE**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2015**

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The following presents condensed financial information on the operations of the Board:

|                                     | As of and for the<br>fiscal year ended<br><b>June 30, 2015</b> | As of and for the<br>fiscal year ended<br>June 30, 2014 | As of and for the<br>fiscal year ended<br>June 30, 2013 |
|-------------------------------------|--|---|---|
| Current assets                      | <b>\$ 1,878,663</b>  | \$ 1,788,849  | \$ 1,660,626  |
| Capital assets, net of depreciation | <b>41,690</b>  | 7,110   | 12,449  |
| Total assets                        | <b>1,920,353</b>   | 1,795,959   | 1,673,075   |
| Current liabilities                 | <b>377,903</b>   | 338,994   | 299,240   |
| Non-current liabilities             | <b>21,938</b>  | 21,266  | 16,200  |
| Total liabilities                   | <b>399,841</b>   | 360,260   | 315,440   |
| Invested in capital assets          | <b>41,690</b>  | 7,110   | 12,449  |
| Unrestricted                        | <b>1,478,822</b>   | 1,428,589   | 1,345,186   |
| Total net position                  | <b>\$ 1,520,512</b>  | <b>\$ 1,435,699</b>                                     | <b>\$ 1,357,635</b>                                     |
| Operating revenues                  | <b>\$ 551,638</b>  | \$ 531,949  | \$ 544,496  |
| Operating expenses                  | <b>474,952</b>   | 468,215   | 462,133   |
| Operating income                    | <b>76,686</b>  | 63,734  | 82,363  |
| Non-operating revenues              | <b>8,127</b>   | 14,330  | 966   |
| Changes in net position             | <b>\$ 84,813</b>   | <b>\$ 78,064</b>  | <b>\$ 83,329</b>  |

**Events Affecting Future Operations**

The Board began a software project during the fiscal year to update the Board's database system and anticipate completion of the system during the fiscal year ending June 30, 2016.

In order to develop and maintain its information technology and develop programs that will enhance the Board's ability to carry out its statutory charges, a fee ceiling increase should be considered.

**Contacting the Board's Management**

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact: NC Board of Architecture, 127 W. Hargett Street, Suite 304, Raleigh, NC 27601.

## **Independent Auditor's Report**

Board of Directors  
NC Board of Architecture  
Raleigh, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the NC Board of Architecture (the "Board"), an enterprise fund of the State of North Carolina, which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the NC Board of Architecture as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements presented are only for the NC Board of Architecture; and do not purport to, and do not present fairly the financial position of the State of North Carolina as of June 30, 2015 and 2014, or the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 1 – 2, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
September 2, 2015

**NC BOARD OF ARCHITECTURE**  
**Statements of Net Position**  
**June 30, 2015 and 2014**

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| <b>ASSETS:</b>                               |                     |                     |
| Current assets:                              |                     |                     |
| Cash   | \$ 825,474          | \$ 750,129          |
| Prepaid services                             | 6,500               | -                   |
| Investments                                  | <u>1,046,689</u>    | <u>1,038,720</u>    |
| Total current assets                         | <u>1,878,663</u>    | <u>1,788,849</u>    |
| Capital assets:                              |                     |                     |
| Furniture and equipment, net of depreciation | <u>41,690</u>       | <u>7,110</u>        |
| Total assets                                 | <u>1,920,353</u>    | <u>1,795,959</u>    |
| <b>LIABILITIES:</b>                          |                     |                     |
| Current liabilities:                         |                     |                     |
| Accounts payable                             | 8,803               | 20,894              |
| Due to the State Treasurer                   | 64,500              | 24,650              |
| Unearned revenues                            | <u>304,600</u>      | <u>293,450</u>      |
| Total current liabilities                    | <u>377,903</u>      | <u>338,994</u>      |
| Noncurrent liabilities:                      |                     |                     |
| Lease obligation                             | 4,451               | 4,451               |
| Accrued vacation pay                         | <u>17,487</u>       | <u>16,815</u>       |
| Total noncurrent liabilities                 | <u>21,938</u>       | <u>21,266</u>       |
| Total liabilities                            | <u>399,841</u>      | <u>360,260</u>      |
| <b>NET POSITION:</b>                         |                     |                     |
| Invested in capital assets                   | 41,690              | 7,110               |
| Unrestricted                                 | <u>1,478,822</u>    | <u>1,428,589</u>    |
| Total net position                           | <u>\$ 1,520,512</u> | <u>\$ 1,435,699</u> |



**NC BOARD OF ARCHITECTURE**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2015 and 2014**

|                                    | <b>2015</b>         | <b>2014</b>         |
|------------------------------------|---------------------|---------------------|
| Operating revenues:                |                     |                     |
| Individual renewals                | \$ 270,600          | \$ 269,725          |
| Corporate renewals                 | 149,850             | 142,550             |
| Reciprocity                        | 32,400              | 32,700              |
| Individual reinstatement fees      | 16,000              | 11,500              |
| Individual late fees               | 47,900              | 42,775              |
| New firm registrations             | 10,875              | 10,950              |
| Firm late fees                     | 14,550              | 11,150              |
| Application fees                   | 6,150               | 5,300               |
| Certification fees                 | 2,750               | 3,000               |
| Miscellaneous                      | 563                 | 2,299               |
| Total operating revenues           | <b>551,638</b>      | <b>531,949</b>      |
| Operating expenses:                |                     |                     |
| Salaries and wages                 | 185,185             | 178,034             |
| Employee benefits                  | 27,687              | 30,116              |
| Payroll taxes                      | 13,955              | 13,389              |
| Legal fees                         | 73,918              | 48,086              |
| Equipment - maintenance and rental | 3,368               | 3,980               |
| Travel and subsistence             | 21,541              | 21,299              |
| Rent                               | 47,194              | 53,342              |
| Board member per diem              | 10,323              | 10,311              |
| Contractual services               | 1,333               | 629                 |
| Advertising                        | -                   | 455                 |
| Postage and supplies               | 4,793               | 3,391               |
| Registration and dues              | 12,390              | 12,394              |
| Printing                           | 2,881               | 539                 |
| Audit                              | 6,700               | 6,500               |
| Payroll service fees               | 3,374               | 3,033               |
| Insurance                          | 5,244               | 5,611               |
| Telephone                          | 3,852               | 3,180               |
| Computer services                  | 35,959              | 55,125              |
| Miscellaneous                      | 13,171              | 11,398              |
| Depreciation                       | 2,084               | 7,403               |
| Total operating expenses           | <b>474,952</b>      | <b>468,215</b>      |
| Operating income                   | <b>76,686</b>       | <b>63,734</b>       |
| Non-operating revenues (expenses): |                     |                     |
| Interest and dividend income       | 16,240              | 19,916              |
| Unrealized loss on investments     | (8,113)             | (5,586)             |
| Total non-operating revenues       | <b>8,127</b>        | <b>14,330</b>       |
| Changes in net position            | <b>84,813</b>       | <b>78,064</b>       |
| Net position - beginning of year   | <b>1,435,699</b>    | <b>1,357,635</b>    |
| Net position - end of year         | <b>\$ 1,520,512</b> | <b>\$ 1,435,699</b> |

*See Notes to Financial Statements*

**NC BOARD OF ARCHITECTURE**  
**Statements of Cash Flows**  
**Years Ended June 30, 2015 and 2014**

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
| Cash flows from operating activities:  |                   |                   |
| Cash received from fees  | \$ 562,788        | \$ 545,999        |
| Cash payments to employees for services  | (184,513)         | (177,419)         |
| Cash payments to suppliers for goods and services  | (203,755)         | (190,440)         |
| Cash payments for other expenses   | (62,669)          | (61,012)          |
| Net cash provided by operating activities  | <u>111,851</u>    | <u>117,128</u>    |
| Cash flows from investing activities:  |                   |                   |
| Investment income  | 16,240            | 19,916            |
| Purchase of investments  | (16,082)          | (19,684)          |
| Net cash provided by investing activities  | <u>158</u>        | <u>232</u>        |
| Cash flows from capital and related financing activities:                                  |                   |                   |
| Acquisition of capital assets  | (36,664)          | (2,063)           |
| Net cash used in capital and related financing activities                                  | <u>(36,664)</u>   | <u>(2,063)</u>    |
| Net increase in cash   | 75,345            | 115,297           |
| Cash - beginning of year   | <u>750,129</u>    | <u>634,832</u>    |
| Cash - end of year   | <u>\$ 825,474</u> | <u>\$ 750,129</u> |
| Reconciliation of operating income to net cash<br>provided by operating activities:        |                   |                   |
| Operating income   | \$ 76,686         | \$ 63,734         |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities: |                   |                   |
| Depreciation   | 2,084             | 7,403             |
| Changes in assets and liabilities:   |                   |                   |
| Prepaid expenses   | (6,500)           | 1,171             |
| Accounts payable   | (12,091)          | 3,554             |
| Due to the State Treasurer   | 39,850            | 22,150            |
| Unearned revenues  | 11,150            | 14,050            |
| Lease obligation   | -                 | 4,451             |
| Accrued vacation pay   | 672               | 615               |
| Net cash provided by operating activities  | <u>\$ 111,851</u> | <u>\$ 117,128</u> |

## NC BOARD OF ARCHITECTURE

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Description of Organization**

The NC Board of Architecture (the "Board") is an independent State agency. It is an occupational licensing board authorized by Chapter 93B of the *North Carolina General Statutes*, and established under Chapter 83A of the *North Carolina General Statutes* to maintain minimum standards for services provided by architects. The Board formally consists of seven members appointed by the Governor. The Board's operations are funded primarily through license renewal fees.

##### **Financial Reporting Entity**

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America ("GAAP"), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The accompanying financial statements present only the funds and activities for which the Board is responsible.

For financial reporting purposes, the Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is reported as such in the State's *Comprehensive Annual Financial Report* (CAFR). These financial statements for the Board are separate and apart from those of the State of North Carolina and do not present the financial position of the State or changes in the State's financial position and cash flows.

##### **Basis of Presentation**

The accompanying financial statements have been prepared in accordance with GAAP as prescribed by Governmental Accounting Standards Board ("GASB").

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

##### **Basis of Accounting**

The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. The economic measurement focus measures all assets that are available to the entity, not only cash or soon to be cash assets. Both long-term assets and long-term liabilities are measured, and depreciation is recorded as a cost of operations. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows.

The Board classifies its revenues and expenses as operating and non-operating in the accompanying statements of revenues, expenses and changes in net position. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of license renewal fees. Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions and consist primarily of investing type activities.

## **NC BOARD OF ARCHITECTURE**

### **Notes to Financial Statements**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Cash**

For purposes of the statements of cash flows, the Board considers all highly liquid investments with an original maturity of three months or less to be cash.

##### **Investments**

The Board reports investments at fair value, which is based on readily available published values. The Board's investments consist of various mutual funds. Money market funds invested through brokerage accounts are considered investments.

##### **Capital Assets**

Furniture and equipment purchases of \$500 or more with an expected useful life greater than one year are considered capital assets. Capital assets are recorded at cost and are depreciated over their estimated useful lives. Furniture and equipment are depreciated over a 5-year period. When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. Any gain or loss on disposition is reflected as a non-operating activity.

##### **Unearned Revenues**

The Board's fees for individual license renewals are assessed and collected on a fiscal year basis, which corresponds with the accounting period. Individual licenses are renewed for a period of one fiscal year. Individual license renewal fees received prior to the end of the fiscal year are deferred and recognized as revenue in the period to which they relate. Annual corporate renewals are assessed and collected on a calendar year basis. Unearned revenue is recorded at June 30 to report the renewal fees not earned as of the Board's fiscal year-end.

##### **Lease Obligation**

The Board's lease for office space provides for annual increases and 3 months of free rent. These amounts are recognized on a straight-line basis over the 7-year lease period. The difference between rent expense recognized and rental payments, per the lease, is reflected as lease obligation in the financial statements.

##### **Accrued Vacation Pay**

The vacation policy of the Board provides for the accumulation of up to 30 days earned vacation leave with such leave being fully vested when earned.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. There is no liability for unpaid accumulated sick leave because the Board has no obligation to pay sick leave upon employee termination or retirement.

## NC BOARD OF ARCHITECTURE

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Net Position

The Board's net position is classified as follows:

*Invested in Capital Assets* - This represents the Board's total investment in capital assets, net of accumulated depreciation.

*Unrestricted* - This represents assets with no external restriction as to use or purpose. This equity can be employed for any purpose designated by the governing board.

Designations of net position represent management's estimates based on perceived operating conditions and situations.

The Board designated amounts up to \$1,500,000 as of June 30, 2015, as follows:

|                         |                     |
|-------------------------|---------------------|
| Litigation              | \$ 1,000,000        |
| Operating expenses      | 400,000             |
| Technology updates      | 100,000             |
| Total reserved balances | <u>\$ 1,500,000</u> |

##### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions, resulting in adjustments in future periods.

#### NOTE 2 - DEPOSITS AND INVESTMENTS

The Board has a formal investment policy to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board. The Board maintains cash deposits within a single, private financial institution. The Board maintains investments in two separate accounts managed by the same broker, and both accounts contain limited-term government securities mutual funds. The investment accounts are uninsured, and the mutual funds have no ratings.

At June 30, 2015, the Board had cash deposits that exceeded the Federal Depository Insurance Corporation's limits of \$250,000 by \$1,372,482. The Securities Investor Protection Corporation (SIPC) is a nonprofit membership corporation funded by its member securities broker-dealers. The SIPC insures against the loss or theft of securities as well as the failure or insolvency of the brokerage firm. Also, at June 30, 2015, the Board owned investments that exceeded the SIPC limit of \$500,000 by \$546,689.

**NC BOARD OF ARCHITECTURE****Notes to Financial Statements**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

The Board is subject to the following risks:

*Custodial credit risk:* Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

*Interest rate risk:* Interest rate risk is the risk that the Board may face should interest rate variances affect the fair value of investments.

*Credit risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Board's current investments are limited to mutual funds.

Investments consist of a mutual fund comprised of short-term government and agency bonds. The Fund may invest up to 20% in non-U.S. government securities, which carry greater risk.

Investments are presented at fair value based on the market prices at June 30, 2015 and 2014.

|               | <u>Cost</u>  | <u>Market</u> | <u>Unrealized<br/>Gain (Loss)</u> |
|---------------|--------------|---------------|-----------------------------------|
| June 30, 2015 | \$ 1,135,043 | \$ 1,046,689  | \$ (88,354)                       |
| June 30, 2014 | \$ 1,118,961 | \$ 1,038,720  | \$ (80,241)                       |

**NOTE 3 - CAPITAL ASSETS**

Capital assets were comprised of the following:

|                         | <u>Cost<br/>6/30/2014</u> | <u>Additions</u> | <u>Disposals</u> | <u>Cost<br/>6/30/2015</u> | <u>Accumulated<br/>Depreciation</u> | <u>Net<br/>Amount</u> |
|-------------------------|---------------------------|------------------|------------------|---------------------------|-------------------------------------|-----------------------|
| Furniture/<br>equipment | <u>\$ 144,746</u>         | <u>\$ 36,664</u> | <u>\$ -</u>      | <u>\$ 181,410</u>         | <u>\$ 139,720</u>                   | <u>\$ 41,690</u>      |

  

|                         | <u>Cost<br/>6/30/2013</u> | <u>Additions</u> | <u>Disposals</u> | <u>Cost<br/>6/30/2014</u> | <u>Accumulated<br/>Depreciation</u> | <u>Net<br/>Amount</u> |
|-------------------------|---------------------------|------------------|------------------|---------------------------|-------------------------------------|-----------------------|
| Furniture/<br>equipment | <u>\$ 142,683</u>         | <u>\$ 2,063</u>  | <u>\$ -</u>      | <u>\$ 144,746</u>         | <u>\$ 137,636</u>                   | <u>\$ 7,110</u>       |

**NOTE 4 - ACCRUED VACATION**

Changes to accrued vacation are as follows:

|                            | <u>2015</u>      | <u>2014</u>      |
|----------------------------|------------------|------------------|
| Beginning accrued vacation | \$ 16,815        | \$ 16,200        |
| Vacation earned            | 14,437           | 12,840           |
| Vacation used              | (13,765)         | (12,225)         |
| Ending accrued vacation    | <u>\$ 17,487</u> | <u>\$ 16,815</u> |

## NC BOARD OF ARCHITECTURE

### Notes to Financial Statements

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#### NOTE 5 - OPERATING LEASE

The Board's new lease was negotiated in November 2013 to replace the prior lease. The new lease term is for seven years beginning December 1, 2013 and ending on November 30, 2020. Rent expense for the years ended June 30, 2015 and 2014, totaled \$47,194 and \$48,891, respectively. Under the current lease, future minimum rent payments are as follows:

| <u>Years Ending June 30</u> |                   |
|-----------------------------|-------------------|
| 2016                        | \$ 41,034         |
| 2017                        | 45,895            |
| 2018                        | 46,927            |
| 2019                        | 47,983            |
|                             | <u>\$ 181,839</u> |

#### NOTE 6 - RETIREMENT PLAN

The Board has a simplified employee pension plan covering all employees who have performed services for the Board in at least one of the immediately preceding five calendar years. Participants may elect to contribute one percent to fifteen percent of their compensation to the plan each year and are fully vested in all contributions. The Board contributes 6% of compensation for all eligible employees. Total participant contributions in any calendar year are subject to limitations set by the Internal Revenue Code. For the years ended June 30, 2015 and 2014, the Board contributed \$11,071 and \$10,481, respectively, on behalf of its employees. For the years ended June 30, 2015 and 2014, the employees contributed \$10,900 and \$10,481, respectively.

#### NOTE 7 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are managed using a combination of the purchase of commercial insurance and various State coverages. Tort claims of board members are self-insured by the State, under the authority of the State Tort Claims Act. Additional coverage is provided to the Board under the State's public officers' and employees' liability insurance contract.

#### NOTE 8 - SUBSEQUENT EVENTS

Management of the Board evaluated subsequent events through September 2, 2015, which is the date the financial statements were available to be issued. Management discovered no subsequent events that should be disclosed.

The Board's audit was conducted in approximately 85 hours at a total cost of \$6,900.