

NORTH CAROLINA VETERINARY MEDICAL BOARD

**Financial Statements for the
Years Ended June 30, 2014 and 2013 and
Independent Auditor's Report**

NORTH CAROLINA VETERINARY MEDICAL BOARD

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Independent Auditor's Report**

BOARD MEMBERS (2013-2014)

Dante R. Martin, DVM, President

David T. Marshall, DVM, DVM, Vice President

Kim D. Gemeinhardt, DVM, Secretary-Treasurer

Jane A. Barber, DVM

Dwight E. Cochran, DVM

William K. Dean, DVM

Jonathan S. Loftis, RVT

Katie O. Morgan

EXECUTIVE OFFICER

Thomas M. Mickey, Executive Director

LEGAL COUNSEL

George G. Hearn, Attorney At-Law
Johnson, Hearn, Vinegar, Gee & Glass, PLLC

NORTH CAROLINA VETERINARY MEDICAL BOARD

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NORTH CAROLINA VETERINARY MEDICAL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the years ended June 30, 2014 and 2013. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2014, the Board's net position decreased by \$72,743, or 9.0%, due primarily to the Board's operating expenses exceeding its operating revenues. During 2013, the Board's net position decreased by \$49,516, or 5.8%, due primarily to an increase in expenses.

During 2014, the operating revenues of the Board increased by \$24,131, or 2.5%, due primarily to an increase in license fees revenue. During 2013, the operating revenues of the Board increased by \$51,519, or 5.7%, due primarily to an increase in license fees revenue, temporary permits revenue, and miscellaneous income.

During 2014, the non-operating revenues of the Board increased by \$1,195, or 26.1%, due to an increase in interest earnings rates. During 2013, the non-operating revenues of the Board decreased by \$1,006, or 18.0%, due to a decrease in interest earnings rates.

During 2014, the operating expenses of the Board increased by \$48,553, or 4.8%, due primarily to an increase in board members expenses and legal fees. During 2013, the operating expenses of the Board increased by \$124,251, or 14.1%, due primarily to an increase in legal fees, employee wages, and computer consulting expenses.

Overview of the Financial Statements

This financial report consists of two sections: Management's Discussion and Analysis and the Financial Statements. The Board has no other supplementary information required by GASB 34. The Financial Statements also include notes to the financial statements that provide detail of the information included in the 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. These statements offer short and long-term financial information about the activities of the Board.

The Statements of Net Position present the current and long-term portions of assets and liabilities separately.

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

The Statements of Cash Flows present information on how the Board's cash changed as a result of its financial activities.

NORTH CAROLINA VETERINARY MEDICAL BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Financial Information

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

	Current Year as of and for the year ended June 30, 2014	Current Year as of and for the year ended June 30, 2013
Current assets	\$ 639,600	\$ 636,792
Capital assets	608,552	653,791
Total assets	<u>\$ 1,248,152</u>	<u>\$ 1,290,583</u>
Current liabilities	\$ 454,884	\$ 429,177
Long-term liabilities	61,149	56,544
Total liabilities	<u>\$ 516,033</u>	<u>\$ 485,721</u>
Investment in capital assets	\$ 608,552	\$ 653,791
Unrestricted	123,567	151,071
Total net position	<u>\$ 732,119</u>	<u>\$ 804,862</u>
Operating revenues	\$ 975,023	\$ 950,892
Operating expenses	1,053,537	1,004,984
Operating income	(78,514)	(54,092)
Non-operating revenues	5,771	4,576
Change in net position	<u>\$ (72,743)</u>	<u>\$ (49,516)</u>

Events Affecting Future Operations

The Board has indicated it has no significant events affecting future operations which are reportable pursuant to GASB 34.

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. If you have any questions about this report or need additional information, contact: North Carolina Veterinary Medical Board, 1611 Jones Franklin Road, Suite 106, Raleigh, NC 27606.

Shelton L. Hawley, CPA, PA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Veterinary Medical Board
Raleigh, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements and the related notes to the financial statements as listed in the table of contents of the North Carolina Veterinary Medical Board (the "Board"), an independent state agency which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of June 30, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

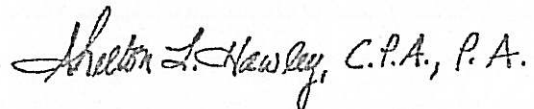
Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the North Carolina Veterinary Medical Board as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 historic context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the supplementary information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance thereon.



Shelton L. Hawley, C.P.A., P.A.

Angier, North Carolina

October 16, 2014

NORTH CAROLINA VETERINARY MEDICAL BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013

	June 30, 2014	June 30, 2013
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 537,726	\$ 536,233
Investments (Note 2)	100,000	100,000
Accrued interest receivable (on investments)	461	337
Prepaid expenses (Note 1)	1,413	222
Total current assets	639,600	636,792
Capital assets (Note 1):		
Land and office building	\$ 551,464	\$ 564,883
Furniture and office equipment	57,088	88,908
Total capital assets - net of depreciation	\$ 608,552	\$ 653,791
TOTAL ASSETS	\$ 1,248,152	\$ 1,290,583
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 31,697	\$ 28,670
Due to other state agencies	336	348
Accrued vacation - current portion (Note 1)	10,791	9,205
Unearned revenue (Note 3)	403,300	382,325
Other accrued liabilities	8,760	8,629
Total current liabilities	\$ 454,884	\$ 429,177
Long-term debt:		
Accrued vacation - long-term portion (Note 1)	61,149	56,544
Total long-term debt	\$ 61,149	\$ 56,544
TOTAL LIABILITIES	\$ 516,033	\$ 485,721
NET POSITION (NOTE 4)		
Investment in capital assets	608,552	653,791
Unrestricted net position	123,567	151,071
TOTAL NET POSITION	\$ 732,119	\$ 804,862
TOTAL LIABILITIES AND NET POSITION	\$ 1,248,152	\$ 1,290,583

See notes to financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
License and renewal fees (including late fees)	\$ 802,415	\$ 764,835
Examination fees	76,400	74,350
Hospital inspection fees	47,175	50,550
Reinstatement fees	1,300	1,050
Temporary permits	27,150	27,306
Service verifications	5,793	4,316
Corporate registration and application fees	8,400	8,700
Miscellaneous income (including consent order income)	6,390	19,785
Total operating revenues	\$ 975,023	\$ 950,892
OPERATING EXPENSES:		
Salaries - staff (including accumulated leave)	\$ 195,848	\$ 194,471
Salaries - inspections (including accumulated leave)	51,748	54,312
Salaries - investigations (including accumulated leave)	61,847	60,646
Payroll taxes	26,044	23,717
Retirement contributions (Note 6)	10,531	11,237
Employee insurance	31,514	30,519
Board members and meeting expenses (including hearing expenses)	42,701	24,384
Travel - staff (including training expenses)	6,486	4,616
Travel - investigations (including investigations expenses)	32,352	28,001
Travel - hospital inspections	23,274	24,779
Contractual services -impairment fund expenses	67,500	67,500
Telephone (including internet related costs)	15,257	17,267
Building operating expenses	17,229	14,511
Depreciation	46,767	52,831

See notes to financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Office equipment rental and maintenance expenses (Note 5)	15,659	16,555
Office and computer supplies	12,952	10,069
Online processing fees	19,142	18,321
Printing	3,604	6,419
Postage and shipping	9,542	9,004
Insurance and bonding	15,325	14,285
Dues and subscriptions	600	500
Legal, audit, and other professional fees	299,550	260,783
Computer consulting expenses	47,478	59,885
Miscellaneous expenses	587	372
Total operating expenses	<u>\$ 1,053,537</u>	<u>\$ 1,004,984</u>
Operating income	\$ (78,514)	\$ (54,092)
NON-OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 5,771</u>	<u>\$ 4,576</u>
Total non-operating revenues	<u>\$ 5,771</u>	<u>\$ 4,576</u>
Change in net position	<u>\$ (72,743)</u>	<u>\$ (49,516)</u>
Net position - beginning of year	<u>804,862</u>	<u>854,378</u>
Net position - end of year	<u><u>\$ 732,119</u></u>	<u><u>\$ 804,862</u></u>

See notes to financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees and other income	\$ 995,998	\$ 967,967
Cash payments to employees for services (including benefits)	(371,210)	(364,125)
Cash payments for operating expenses	(627,414)	(579,346)
Net cash provided (used) by operating activities	\$ (2,626)	\$ 24,496
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (1,528)	\$ (10,310)
Net cash used in capital and related financing activities	\$ (1,528)	\$ (10,310)
Cash flows from investing activities:		
Earnings on investments	\$ 5,647	\$ 4,556
Net cash provided by investing activities	\$ 5,647	\$ 4,556
Net increase (decrease) in cash	\$ 1,493	\$ 18,742
Cash - beginning of year	536,233	517,491
Cash - end of year	\$ 537,726	\$ 536,233

See notes to financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (78,514)	\$ (54,092)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	\$ 46,767	\$ 52,831
Changes in assets and liabilities:		
Prepaid expense	(1,191)	
Accounts payable	3,015	(2,095)
Unearned revenue	20,975	17,075
Other accrued liabilities	6,322	10,777
Total adjustments	\$ 75,888	\$ 78,588
Net cash provided (used) by operating activities	\$ (2,626)	\$ 24,496

See notes to financial statements.

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization

The North Carolina Veterinary Medical Board (the "Board") is an independent state agency. It is an occupational licensing board and is authorized by Chapter 90 of the North Carolina General Statutes. The Board is composed of eight members who are appointed by the Governor, the General Assembly, and the Commissioner of Agriculture of the State of North Carolina. It 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).

The Board is established to maintain minimum standards for services provided by veterinarians.

The Board's operations are financed with self-generated revenues from fees charged to examinees and licensees.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

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.

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 all 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 nor changes in the State's financial position and cash flows.

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Basis of Accounting

In accordance with *Statement of Governmental Accounting Standards 34 (as amended, if applicable)*, the Board herewith presents Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position; and Statements of Cash Flows. These statements reflect entity-wide operations of the Board. The Board has no fiduciary funds or component units.

The Statements of Revenues, Expenses, and Changes in Net Position demonstrate the degree to which the direct expenses of the Board are offset by license fees.

The financial statements report all activities of the North Carolina Veterinary Medical Board using the economic resource measurement focus and the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized when incurred, when measurable, regardless of the timing of cash flows.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of examination and license fees. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Non-operating revenues and expenses consist of those revenues and expenses that are related to investing, capital, and non-capital financing activities and are classified as non-operating in the financial statements.

Cash and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificates of deposit, if any) held by the Board.

Investments

The Board is authorized to invest idle funds in accordance with North Carolina General Statutes. This classification consists of certain certificates of deposits held by the Board for investment. Investments generally are reported at fair market value. Certificates of deposit are reported at cost (which is the same as fair value) if purchased in the primary certificate of deposit market, and at fair value if purchased in the secondary certificate of deposit market (as determined by quoted market prices). The net increase (decrease) in the fair value of investments for certificates of deposit is recognized as a component of investment interest income.

Fair Value of Financial Instruments

The carrying amounts of the Board's financial instruments approximate their fair value.

Prepaid Expenses

This classification includes prepaid computer consulting expense and office equipment rental expense.

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Capital Assets

Capital assets are stated at cost and are being depreciated over their useful lives on a straight-line basis. The Board capitalizes assets that have a value or cost of \$500 or greater at the date of acquisition and an estimated useful life of more than one year. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets, generally estimated as follows: building, 40 years; furniture and equipment, 5 to 7 years. Summaries follow:

	Cost 06-30-13	Acquisitions	Disposals	Cost 06-30-14	Accumulated Depreciation	Net Amount
Land and Building	\$ 686,776	\$ -	\$ -	\$ 686,776	\$ 135,312	\$ 551,464
Furniture/Equipment	300,812	1,528	-	302,340	245,252	57,088
	<u>\$ 987,588</u>	<u>\$ 1,528</u>	<u>\$ 0</u>	<u>\$ 989,116</u>	<u>\$ 380,564</u>	<u>\$ 608,552</u>

	Cost 06-30-12	Acquisitions	Disposals	Cost 06-30-13	Accumulated Depreciation	Net Amount
Land and Building	\$ 686,776	\$ -	\$ -	\$ 686,776	\$ 121,893	\$ 564,883
Furniture/Equipment	306,811	10,310	16,309	300,812	211,904	88,908
	<u>\$ 993,587</u>	<u>10,310</u>	<u>16,309</u>	<u>987,588</u>	<u>333,797</u>	<u>653,791</u>

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 in earnings for the period. Depreciation expense was \$46,767 for the year ended June 30, 2014 and \$52,831 for the year ended June 30, 2013.

Vacation and Sick Leave

The vacation policy of the Board provides for the accumulation of vacation leave with such leave being fully vested when earned. Accumulated earned vacation payable at June 30, 2014 and 2013, consisted of the following:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Current portion	\$ 10,791	\$ 9,205
Long-term portion	61,149	56,544
Total	<u>\$ 71,940</u>	<u>\$ 65,749</u>

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. Since the Board has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. The unrecorded contingent liability for sick leave accumulated is \$118,673 at June 30, 2014 and \$106,083 at June 30, 2013.

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Income Taxes

The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina and is exempt from federal and state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Deposits and Investments

Deposits

All of the Board's deposits which are uninsured are uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)] by the financial institution holding said deposits. For deposits, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its deposits that are in the possession of the outside party. The Board does not have policies regarding custodial credit risk for deposits.

At June 30, 2014, the Board's deposits had a carrying amount (including undeposited receipts) of \$637,726 and a bank balance of \$679,875. Of the bank balance, \$298,485 was covered by federal depository insurance (National Credit Union Administration), and \$381,390 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. A certificate of deposit in the amount of \$100,000 is considered a time deposit for this disclosure and is classified as an investment on the Statements of Net Position. At June 30, 2013, the Board's deposits had a carrying amount (including undeposited receipts) of \$636,233 and a bank balance of \$639,308. Of the bank balance, \$252,565 was covered by federal depository insurance (National Credit Union Administration), and \$386,743 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. A certificate of deposit in the amount of \$100,000 is considered a time deposit for this disclosure and is classified as an investment on the Statements of Net Position.

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 2 - Deposits and Investments (Continued)

Investments

At June 30, 2014 and 2013, the Board had the following investments and maturities.

Investment Type	June 30, 2014		June 30, 2013	
	Fair Value	3-12 Months	Fair Value	3-12 Months
Certificate of Deposit	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

Risk Disclosures for Investments

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board limits its investment in certificates of deposits to maturities of no more than 24 months.

Credit risk - State law limits the investments of the Board to certain types of investments, however the Board's present policy for managing credit risk is to limit its investments to certificates of deposits.

Custodial credit risk - For an investment, custodial credit risk is the risk that in the event of the failure of the depository (or counterparty), the Board will not be able to recover the value of its investments that are in the possession of the outside party. The Board does not have policies regarding custodial credit risk for investments.

Concentration of credit risk - The Board places no limit on the amount that it may invest in any one issuer. All of the Board's deposits and investments are with one financial institution.

Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2014 and 2013, is as follows:

	June 30, 2014	June 30, 2013
Carrying Amount of Bank Deposits	\$ 537,726	\$ 536,233
Certificate of Deposits	100,000	100,000
Total Deposits and Investments	\$ 637,726	\$ 636,233
Current:		
Cash and Cash Equivalents	\$ 537,726	\$ 536,233
Investments	100,000	100,000
Total Deposits and Investments	\$ 637,726	\$ 636,233

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 3 - Unearned Revenue

The Board's fees are assessed and collected on both an annual and a biennial basis, some of which correspond with the Board's accounting period and some of which correspond with the calendar year. License renewal fees received in the latter part of the fiscal year are deferred and recognized as revenue over the periods to which they relate.

Note 4 - Net Position

Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation.

Restricted net position - expendable - This component of net position consists of net position which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external parties. The Board had no restricted net position at year end.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of *restricted or investment in capital assets*.

Note 5 - Operating Leases

The Board leased office equipment under an operating lease. Total rent expense charged to operations under the lease agreement was \$2,739 in 2014 and \$2,664 in 2013.

Rental commitments under noncancellable operating leases at June 30, 2014 are as follows:

Year Ended June 30,	
2015	\$ 2,664
2016	1,554
	<hr/>
	\$ 4,218
	<hr/>

NORTH CAROLINA VETERINARY MEDICAL BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2014 AND 2013

Note 6 - Pension Plan and Postemployment Benefits other Than Pensions

Simplified Employee Pension Plan

On April 14, 1997, the Board entered into a Simplified Employee Pension plan agreement on behalf of employees of the Board. Four employees are covered under the plan, one management employee and three professional and clerical staff employees. Only the Board contributes to the plan, and only the Board has the authority to authorize and amend the plan. The Board's payroll for employees covered by the plan for the year ended June 30, 2014 was \$210,620; the Board's total payroll was \$309,443. The Board's payroll for employees covered by the plan for the year ended June 30, 2013 was \$224,740; the Board's total payroll was \$309,429. The Board's covered payroll for the year ended June 30, 2012 was \$230,160; total payroll was \$274,599. The Board's pension contribution amounted to \$10,531 for 2014, \$11,237 for 2013, and \$11,508 for 2012. The Board assumes no liability for retiree benefits provided by this program other than its required contributions. The Board has no postemployment benefits other than this defined contribution retirement plan.

Note 7 - 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. These exposures to loss are handled by participation in state-administered risk programs and self retention of certain risks. Additionally, the Board protects itself from exposure to loss through the purchase of commercial insurance coverage.

Note 8 - Contingencies

The Board is involved in a number of disciplinary hearings throughout the year which arise in the ordinary course of its operations. In the opinion of management of the Board, the results of such actions during the years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

Note 9 - Subsequent Events

Subsequent events have been evaluated through October 16, 2014, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

This audit required 65 audit hours at a cost of \$6,395.