

# **NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**

**Financial Statements for the  
Year Ended December 31, 2022 and  
Independent Auditor's Report**

# **NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**

**Financial Statements for the  
Year Ended December 31, 2022  
Independent Auditor's Report**

## **BOARD MEMBERS (2022)**

W. Charles Nieman, Chair

Kurt H. Bland, Vice Chair

Daniel Baker, Treasurer

Charles A. Allen IV

J'Nell Bryson

Steve D. Hill

Charles William Hughes III

Tracy McDonald

Chad Poole

## **BOARD ADMINISTRATOR**

Margaret Geiger, Board Administrator

## **LEGAL COUNSEL**

North Carolina Department of Justice

# **NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**

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# **NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Introduction**

This section of the Board's financial report represents Management's analysis of the Board's financial performance during the year ended December 31, 2022. Please read it in conjunction with the financial statements which follow this section.

### **Financial Highlights**

During 2022, the Board's net position increased by \$5,715 or 2.58%, due primarily to an increase in revenues and decrease in expenses.

During 2022, the operating revenues of the Board increased by \$4,088, or 2.26%, due primarily to an increase in late fees and reinstatement fees.

During 2022, the non-operating revenues of the Board increased by \$2,036, or 326.81%, due primarily to an increase in the rate of return earned.

During 2022, the operating expenses of the Board decreased by \$9,286, or 4.86%, due primarily to a decrease in legal fees and website expense.

### **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 Governmental Accounting Standards Board (GASB). The Financial Statements also include notes to the financial statements that provide detail of the information included in the 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 Statement of Net Position presents the current and long-term portions of assets and liabilities separately.

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

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

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING 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 December 31, 2022	Prior Year as of and for the year ended December 31, 2021
Current assets	\$ 341,092	\$ 355,667
Total assets	<u>\$ 341,092</u>	<u>\$ 355,667</u>
Current liabilities	\$ 113,641	\$ 133,931
Total liabilities	<u>\$ 113,641</u>	<u>\$ 133,931</u>
Unrestricted	\$ 227,451	\$ 221,736
Total net position	<u>\$ 227,451</u>	<u>\$ 221,736</u>
Operating revenues	\$ 184,886	\$ 180,798
Operating expenses	(181,830)	(191,116)
Operating income	3,056	(10,318)
Non-operating revenues	2,659	623
Change in net position	<u>\$ 5,715</u>	<u>\$ (9,695)</u>

# NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$227,451 for the year ended December 31, 2022, and \$221,736 for the year ended December 31, 2021. The largest component of net position was cash and cash equivalents held with the North Carolina Department of State Treasurer. Cash and cash equivalents represented 149.96% of total net position for the year ended December 31, 2022, and 160.40% of total net position for the year ended December 31, 2021. Current assets consist of cash and cash equivalents. The Board had no noncurrent assets. Current liabilities consist of accounts payable due to vendors and unearned revenue from license fees paid in advance. The Board has no long-term liabilities. Net position consists of unrestricted net assets. The following is a summary of the Statements of Net Position.

	Current Year as of December 31, 2022	Prior Year as of December 31, 2021	Amount of Change	Percentage Change
Current assets	\$ 341,092	\$ 355,667	\$ (14,575)	-4.10%
Total assets	<u>\$ 341,092</u>	<u>\$ 355,667</u>	<u>\$ (14,575)</u>	<u>-4.10%</u>
Current liabilities	\$ (113,641)	\$ (133,931)	\$ 20,290	-15.15%
Total liabilities	<u>\$ (113,641)</u>	<u>\$ (133,931)</u>	<u>\$ 20,290</u>	<u>-15.15%</u>
Unrestricted	\$ 227,451	\$ 221,736	\$ 5,715	2.58%
Total net position	<u>\$ 227,451</u>	<u>\$ 221,736</u>	<u>\$ 5,715</u>	<u>2.58%</u>

The following is a summary of the Statement of Revenues, Expenses, and Changes in Net Position.

	The year ended December 31, 2022	The year ended December 31, 2021	Amount of Change	Percentage Change
Operating revenues	\$ 184,886	\$ 180,798	\$ 4,088	2.26%
Operating expenses	(181,830)	(191,116)	9,286	-4.86%
Non-operating revenues	2,659	623	2,036	326.81%
Change in net position	<u>\$ 5,715</u>	<u>\$ (9,695)</u>	<u>\$ 15,410</u>	<u>-158.95%</u>
Ending net position	<u>\$ 227,451</u>	<u>\$ 221,736</u>	<u>\$ 5,715</u>	<u>2.58%</u>

## NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source.

	The year ended December 31, 2022	The year ended December 31, 2021	Amount of Change	Percentage Change
Individual application fees	\$ 200	\$ 100	\$ 100	100.00%
Corporate application fees	2,200	2,200	0	0.00%
Individual renewal fees	87,000	90,600	(3,600)	-3.97%
Corporate renewal fees	54,900	55,500	(600)	-1.08%
Reinstatement fees	11,850		11,850	100.00%
Late fees	11,750	5,750	6,000	104.35%
Exam application fees	3,900	3,100	800	25.81%
Examination fees	7,640	14,420	(6,780)	-47.02%
Civil penalties	400	1,700	(1,300)	-76.47%
Reimbursements from licensees	1,521	3,221	(1,700)	-52.78%
Seal income	2,080	3,225	(1,145)	-35.50%
Decal income	1,345	882	463	52.49%
Miscellaneous income	100	100	0	0.00%
Total	\$ 184,886	\$ 180,798	\$ 4,088	2.26%

The following is a breakdown of non-operating revenues by source.

	The year ended December 31, 2022	The year ended December 31, 2021	Amount of Change	Percentage Change
Interest income	\$ 2,659	\$ 623	\$ 2,036	326.81%
Total	\$ 2,659	\$ 623	\$ 2,036	326.81%

### Events Affecting Future Operations

The Board is not aware of any significant events that may affect future operations of the Board which are reportable pursuant to GASB reporting requirements. The Board anticipates that revenues and expenses of the Board in the upcoming year will be comparable to preceding years.

### 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 Irrigation Contractors' Licensing Board, 3733 Benson Drive, Raleigh, NC 27609.

***Hawley, C.P.A., P.A.***  
**Certified Public Accountant**

Suite B1  
800 N. Raleigh St.  
P.O. 1545  
Angier, North Carolina 27501-1545

Telephone: (919) 639-4825  
Facsimile: (919) 639-3102

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
North Carolina Irrigation Contractors' Licensing Board  
Raleigh, North Carolina

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the North Carolina Irrigation Contractors' Licensing Board (Board), an independent state board which is a nonmajor enterprise fund of the primary government of the State of North Carolina, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the North Carolina Irrigation Contractors' Licensing Board as of December 31, 2022, and the results of its operations, changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board 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 opinion.

***Responsibilities of Management for the Financial Statements***

The Board's 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 the Board's ability to continue as a going concern for one year after the date that the financial statements are issued.



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### *Auditor's 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 auditor's report that includes our opinion. 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 GAAS 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 GAAS, 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 the Board'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 the Board'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.

## 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 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.



Hawley, C.P.A., P.A.

Angier, North Carolina

April 24, 2023

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**STATEMENT OF NET POSITION**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>December 31, 2022</b>
	<b>Proprietary- Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash in State Treasurer (Note 1 and 2)	\$ 341,092
Total current assets	341,092
<b>TOTAL ASSETS</b>	<b>\$ 341,092</b>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities:	
Accounts payable (Note 3)	\$ 10,145
Due to other state agencies (Note 3)	18,081
Unearned revenue (Note 1)	85,415
Total current liabilities	113,641
<b>TOTAL LIABILITIES</b>	<b>113,641</b>
<b>NET POSITION (NOTE 1)</b>	
Unrestricted net position	227,451
<b>TOTAL NET POSITION</b>	<b>227,451</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 341,092</b>

See notes to financial statements.

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>
	<b>Proprietary- Enterprise Fund</b>
OPERATING REVENUES:	
Fees, licenses, and fines:	
Individual application fees	\$ 200
Corporate application fees	2,200
Individual renewal fees	87,000
Corporate renewal fees	54,900
Reinstatement fees	11,850
Late fees	11,750
Exam application fees	3,900
Examination fees (including test fees)	7,640
Civil penalties (net of forfeitures)	400
Reimbursement of expenses by licensees	1,521
Sales and services:	
Seal income	2,080
Decal income	1,345
Other income:	
Miscellaneous income	100
Total operating revenues	\$ 184,886
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Board per diem expenses (including meals and transportation)	\$ 10,368
Supplies and materials:	
Office expenses (supplies and various office related costs)	2,649
Seal expense	1,209
Services:	
Contracted management services - administrative fees (Note 4)	83,820
Legal and accounting fees	53,491
Website expense	3,600
Printing and copying expenses (including decal costs)	2,998
Mailing/postage expenses	4,508
Telephone expense	990

See notes to financial statements.

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):	
Exam expenses	7,950
Investigation expense	3,086
Public law awareness education expense	1,045
Credit card processing fees (including bank charges)	5,348
Other expenses:	
Miscellaneous expenses	768
Total operating expenses	<u>\$ 181,830</u>
Operating income	\$ 3,056
NON-OPERATING REVENUES (EXPENSES):	
Interest income	<u>\$ 2,659</u>
Total non-operating revenues	2,659
Change in net position	<u>\$ 5,715</u>
Net position - beginning of year	<u>221,736</u>
Net position - end of year	<u><u>\$ 227,451</u></u>

See notes to financial statements.

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>
	<b>Proprietary- Enterprise Fund</b>
Cash flows from operating activities:	
Cash received from fees and other revenues	\$ 166,411
Cash payments for operating expenses	(183,645)
Net cash provided (used) by operating activities	\$ (17,234)
Cash flows from investing activities:	
Interest on investments	\$ 2,659
Net cash provided by investing activities	\$
Net increase (decrease) in cash	\$ (14,575)
Cash - beginning of year	355,667
Cash - end of year	\$ 341,092
Reconciliation of operating income	
to net cash provided by operating activities:	
Operating income (loss)	\$ 3,056
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts payable	\$ (677)
Due to other state agencies	(1,138)
Unearned revenue	(18,475)
Total adjustments	\$ (20,290)
Net cash provided (used) by operating activities	\$ (17,234)

See notes to financial statements.

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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Note 1 - Nature of Activities and Significant Accounting Policies

**Description of Organization and Purpose**

The North Carolina Irrigation Contractors' Licensing Board (the "Board") is an independent State board (which was created on January 1, 2009 pursuant to North Carolina General Statute). It is an occupational licensing board and is authorized by Chapter 89G of the North Carolina General Statutes. The Board is composed of nine members who are appointed by the Governor of the State of North Carolina, the North Carolina Commissioner of Agriculture, the President of the University of North Carolina System, and the Board of Directors of the North Carolina Chapter of the American Society of Landscape Architects. 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 Annual Comprehensive Financial Report (ACFR).

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

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

**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 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 Annual Comprehensive Financial Report (ACFR). 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.

**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.

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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

**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 resource measurement focus measures all assets that are available to the entity, not only cash or soon to be assets. Both long-term assets and long-term liabilities are measured and depreciation is recorded as a cost of operations. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Fees received for the various licenses are deemed earned when the license period begins.

The Statement of Revenues, Expenses, and Changes in Net Position classify the Board's revenues as operating or non-operating revenues. 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 license fees and includes activities that have characteristics of exchange transactions. 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 in State Treasurer**

This classification consists of funds deposited by the Board with the cash accounts of the North Carolina State Treasurer. Because these funds are immediately available for expenditure they are considered a cash equivalent.

**Unearned Revenue**

The Board's fees are assessed and collected on a calendar year which corresponds with the Board's financial accounting period. License fees received in the latter part of the fiscal year are unearned and recognized as revenue over the periods to which they relate.



**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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

**Net Position**

Investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation. The Board had no capital assets at year end.

Restricted net position - 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.

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*.

**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

**Cash in State Treasurer Short Term Investment Fund (STIF)**

Pursuant to North Carolina General Statute 147-69.3(b), the Board voluntarily deposits to the North Carolina Short Term Investment Fund (STIF). Disbursements, if applicable, are through the issuance of warrants by the Board. Investments of the Short Term Investment Fund are limited to those authorized for the State's General Fund, generally high quality money market investments and United States Government/agency securities. FDIC insurance and deposit collateralization rules do not apply.

Deposit and investments risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's Short-Term Investment Fund) are included in the State of North Carolina's Annual Comprehensive Financial Report. An electronic version of the financial report is available by accessing the North Carolina Office of the State Controller's internet home page, [www.ncosc.net](http://www.ncosc.net), and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at (919) 707-0500.

At December 31, 2022, the Board's deposits with the State Treasurer STIF account had a carrying value and fair market value of \$341,092 (including undeposited receipts, if any), and a bank balance of \$329,741.

**NORTH CAROLINA IRRIGATION CONTRACTORS' LICENSING BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

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Note 3 - Accounts Payable

Accounts payable consists of amounts due to vendors in the ordinary operations of the Board. Accounts payable due in the ordinary operations of the Board which are due to other state agencies (if any) are reported separately.

	December 31, 2022
Due to Vendors	\$ 10,145
Due to Other State Agencies	18,081
Total Accounts Payable	<u>\$ 28,226</u>

Note 4 - Contracted Management Services

The Board does not have any employees. The Board contracts with a management consultant service to provide services for the Board. The contract includes all services related to the process of licensure application and renewal and various other clerical duties. The Board also reimburses the management service for telephone, copying, postage and miscellaneous office supplies and expenses. Payments to the management service totaled \$95,960 (consisting of \$83,820 in management fees and \$12,140 in expense reimbursements) during the fiscal year ended December 31, 2022.

Note 5 - 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. The Board has not purchased any commercial insurance coverage. There have been no significant reductions in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

Note 6 - Contingencies

The Board is involved in occasional 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 year under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the year herein ended.

Note 7 - Subsequent Events

Subsequent events have been evaluated through April 24, 2023, 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 approximately 90 audit hours at a cost of \$8,995.