



North Carolina Landscape Contractors' Licensing Board
Post Office Box 20875
Raleigh, North Carolina 27619
(O) 919.266.8070 (F) 919.782.9470
administrator@nclclb.com
www.nclclb.com

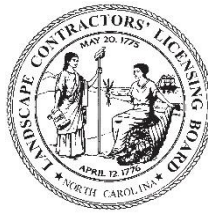
October 23, 2023

To: Joint Legislative Administrative Procedure Oversight Committee

Re: Annual Report

This letter is to comply with the provisions of NCGS 93B-2 relative to the filing on an annual report and financial statement.

This report covers the period from July 1, 2022 to June 30, 2023.



North Carolina Landscape Contractors' Licensing Board

3901 Barrett Drive, Suite 202 * Raleigh, NC 27619
Telephone: 919-266-8070 * Fax: 919-782-9470
Website: www.nclclb.com * email: info@nclclb.com

ANNUAL REPORT July 1, 2022 - JUNE 30, 2023

1. Names of Board members and officers:

Kerry Danger, Chairman
Tim Boone, Vice Chairman
Chris W. Mitchell, Secretary-Treasurer

Board Members:

Scott Arnold
Henry Hardy
Darrin Hockstra
Ruth C. Holcomb
Lee Ivy
Mark Metzler

The address of the Board is 3901 Barrett Drive, Suite 202, Raleigh, NC 27609.

2. Number of persons who applied to the Board for examination	41
3. Number of applicants who were refused examination	- 0 -
4. Number of applicants who took the examination	35
5. Number of whom initial licenses were issued	2166
(By Exam)	32
(By Renewal)	2134
6. Number who applied for license by reciprocity of comity	- 0 -
7. Number who were granted licenses by reciprocity or comity	- 0 -
7a the number of official complaints received involving licensed and unlicensed activities.	49
7b the number of disciplinary actions taken against licensees, or other actions taken against non-licensees, including injunctive relief.	4
8. Number of licenses suspended or revoked (for non-renewal)	181
9. Number of licenses terminated for any reason other than failure to pay the required renewal fee	-0-
10. Number of active Military or Veterans who applied to the Board for examination	-0-
Number granted a license	-0-
Number denied	-0-
Summary of Reasons for denials	-0-
11. Number of active Military Spouses or Veteran Spouses who applied to the Board for examination	-0-
Number granted a license	-0-
Number denied	-0-
Summary of Reasons for denials	-0-
12. The substance of any anticipated request by the occupational licensing board to the General Assembly to amend statutes related to the occupational licensing board.	None
13. The substance of any anticipated change in rules adopted by the occupational licensing board or the substance of any anticipated adoption of new rules by the occupational licensing board.	None

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD

**Financial Statements for the
Years Ended June 30, 2023 and 2022 and
Independent Auditor's Report**

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD

Financial Statements for the Years Ended June 30, 2023 and 2022 and Independent Auditor's Report

BOARD MEMBERS (2022-2023)

Kerry Danger, Chairperson

Timothy J. Boone, Vice-Chairperson

Chris W. Mitchell, Secretary-Treasurer

Scott Arnold

Henry Hardy

Darrin Hockstra

Ruth C. Holcomb

Lee Ivy

Mark Metzler

EXECUTIVE OFFICER

Calvin M. Kirven, Executive Administrator

LEGAL COUNSEL

Anna B. Choi
Hedrick Gardner Kincheloe & Garofalo LLP

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD

TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1 - 4
INDEPENDENT AUDITOR'S REPORT	5 - 7
FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2023 AND 2022	
Statements of Net Position	8
Statements of Revenues, Expenses and Changes in Net Position	9 - 10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 17

NORTH CAROLINA LANDSCAPE 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 years ended June 30, 2023 and 2022. Please read it in conjunction with the financial statements which follow this section.

Financial Highlights

During 2023, the Board's net position increased by \$97,697, or 92.27%, due primarily to a recurrence of revenues exceeding expenses. During 2022, the Board's net position increased by \$87,523, or 476.70%, due primarily to a statutory increase in fee charges.

During 2023, the operating revenues of the Board increased by \$15,563, or 3.77%, due primarily to an increase in individual license fees (including reinstatement fees); and books, manuals and decal sales. During 2022, the operating revenues of the Board increased by \$127,386, or 44.64%, due primarily to a statutory increase in fee charges.

During 2023, the non-operating revenues of the Board increased by \$685, or 1,007.35%, due primarily to an increase in interest earning rates during the current fiscal year. During 2022, the non-operating revenues of the Board decreased by \$82, or 54.67%, due primarily to a decrease in interest earning rates during the current fiscal year.

During 2023, the operating expenses of the Board increased by \$6,074, or 1.87%, due primarily to an increase in legal fees. During 2022, the operating expenses of the Board decreased by \$5,665, or 1.71%, due primarily to a decrease in legal fees.

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 the 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 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 LANDSCAPE 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 June 30, 2023	Prior Year as of and for the year ended June 30, 2022
Current assets	\$ 368,310	\$ 255,586
Capital assets, net	0	0
Total assets	<u>\$ 368,310</u>	<u>\$ 255,586</u>
Current liabilities	\$ 164,730	\$ 149,703
Total liabilities	<u>\$ 164,730</u>	<u>\$ 149,703</u>
Investment in capital assets	\$ 0	\$ 0
Unrestricted	203,580	105,883
Total net position	<u>\$ 203,580</u>	<u>\$ 105,883</u>
Operating revenues	\$ 428,319	\$ 412,756
Operating expenses	(331,375)	(325,301)
Operating income	\$ 96,944	\$ 87,455
Non-operating revenues	753	68
Change in net position	<u>\$ 97,697</u>	<u>\$ 87,523</u>

NORTH CAROLINA LANDSCAPE 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 \$203,580 for the year ended June 30, 2023. Assets exceeded liabilities by \$105,883 for the year ended June 30, 2022. The largest component of net position was cash and cash equivalents. Cash and cash equivalents represented 177.66% of total net position for the fiscal year ended June 30, 2023. Cash and cash equivalents represented 235.68% of total net position for the fiscal year ended June 30, 2022. Current assets consist of cash and cash equivalents, and landscaping publications and decals inventory. Noncurrent assets consist of capital assets (net of accumulated depreciation), which are fully depreciated. Capital assets are not a significant component of assets and are denoted below in the comparative summary of the Statements of Net Position. Current liabilities consist of accounts payable, due to other state agencies, and unearned revenue. The Board has no long-term liabilities. Net position consists of net assets invested in capital assets and unrestricted net assets. Investment in capital assets is a component of net position and consists of capital assets, net of depreciation. The following is a summary of the Statements of Net Position.

	Current Year as of June 30, 2023	Prior Year as of June 30, 2022	Amount of Change	Percentage Change
Current assets	\$ 368,310	\$ 255,586	\$ 112,724	44.10%
Capital assets, net	0	0	0	0.00%
Total assets	<u>\$ 368,310</u>	<u>\$ 255,586</u>	<u>\$ 112,724</u>	<u>44.10%</u>
Current liabilities	\$ (164,730)	\$ (149,703)	\$ (15,027)	10.04%
Total liabilities	<u>\$ (164,730)</u>	<u>\$ (149,703)</u>	<u>\$ (15,027)</u>	<u>10.04%</u>
Invested in capital assets	\$ 0	\$ 0	\$ 0	0.00%
Unrestricted	203,580	105,883	97,697	92.27%
Total net position	<u>\$ 203,580</u>	<u>\$ 105,883</u>	<u>\$ 97,697</u>	<u>92.27%</u>

The following is a summary of the Statements of Revenues, Expenses, and Changes in Net Position. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Operating revenues	\$ 428,319	\$ 412,756	\$ 15,563	3.77%
Operating expenses	(331,375)	(325,301)	(6,074)	1.87%
Non-operating revenues	753	68	685	1007.35%
Change in net position	<u>\$ 97,697</u>	<u>\$ 87,523</u>	<u>\$ 10,174</u>	<u>-11.62%</u>
Ending net position	<u>\$ 203,580</u>	<u>\$ 105,883</u>	<u>\$ 97,697</u>	<u>92.27%</u>

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a breakdown of operating revenues by source. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Individual license fees (incl reinstatements)	\$ 245,785	\$ 239,100	\$ 6,685	2.80%
Corporate license fees	121,440	120,620	820	0.68%
Certificate fees	50	75	(25)	-33.33%
Application fees	3,525	2,850	675	23.68%
Examination fees	9,450	7,800	1,650	21.15%
Late filing fees	7,825	5,625	2,200	39.11%
Books, manuals and decal sales	38,734	35,184	3,550	10.09%
General disciplinary income	1,500	1,500	0	0.00%
Miscellaneous income	10	2	8	400.00%
Total	\$ 428,319	\$ 412,756	\$ 15,563	3.77%

The following is a breakdown of operating expenses by category. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Personal services (and board members exp)	\$ 7,318	\$ 4,454	\$ 2,864	64.30%
Supplies and materials	26,512	23,924	2,588	10.82%
Services	294,474	293,897	577	0.20%
Other expenses	3,071	3,026	45	1.49%
Total	\$ 331,375	\$ 325,301	\$ 6,074	1.87%

The following is a breakdown of non-operating revenues by source. Further discussion of this is included in the preceding section entitled "Financial Highlights."

	The year ended June 30, 2023	The year ended June 30, 2022	Amount of Change	Percentage Change
Interest income	\$ 753	\$ 68	\$ 685	1007.35%
Total	\$ 753	\$ 68	\$ 685	1007.35%

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 Landscape Contractors' Licensing Board, PO Box 20875, Raleigh, NC 27619.

HAWLEY, C.P.A., P.A.
Certified Public Accountant

800 N. RALEIGH ST., STE B1	PHONE: 919.639.4825
P.O. 1545	FAX: 919. 639.3102
ANGIER, NC 27501-1545	EMAIL: CPABRAT@AOL.COM

INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Landscape 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 Landscape 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 years ended June 30, 2023 and 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 Landscape Contractors' Licensing Board as of June 30, 2023 and 2022, and the results of its operations, changes in financial position, and cash flows for the years 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:

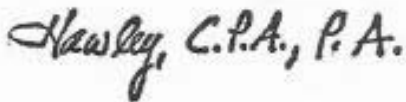
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." The signature is written in a cursive, slightly slanted style.

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

Angier, North Carolina

August 25, 2023

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	June 30, 2023	June 30, 2022
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 327,311	\$ 215,932
Cash in State Treasurer (Notes 1 and 2)	34,363	33,610
Inventory (books and decals for resale, at cost) (Note 1)	<u>6,636</u>	<u>6,044</u>
Total current assets	368,310	255,586
Capital assets (Notes 1 and 3):		
Furniture and office equipment	<u>0</u>	<u>0</u>
Total capital assets - net of depreciation	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 368,310</u>	<u>\$ 255,586</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable (Note 4)	\$ 2,010	\$ 2,032
Due to other state agencies (Note 4)	640	591
Unearned revenue (Note 1)	<u>162,080</u>	<u>147,080</u>
Total current liabilities	164,730	149,703
TOTAL LIABILITIES	<u>164,730</u>	<u>149,703</u>
NET POSITION (NOTE 1)		
Investment in capital assets	0	0
Unrestricted net position	<u>203,580</u>	<u>105,883</u>
TOTAL NET POSITION	<u>203,580</u>	<u>105,883</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 368,310</u>	<u>\$ 255,586</u>

See notes to financial statements.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:		
Fees, licenses, and fines:		
Individual license fees (including reinstatement fees)	\$ 245,785	\$ 239,100
Corporate license fees	121,440	120,620
Certificate fees	50	75
Application fees	3,525	2,850
Examination fees	9,450	7,800
Late filing fees	7,825	5,625
Sales and services:		
Books, manuals and decal sales	38,734	35,184
Miscellaneous operating revenues:		
General disciplinary income	1,500	1,500
Miscellaneous income	10	2
Total operating revenues	\$ 428,319	\$ 412,756
OPERATING EXPENSES:		
Personal services (and board members expenses):		
Board members expenses	\$ 1,963	\$ 3,065
Committee members expenses	5,355	1,389
Supplies and materials:		
Office supplies	382	256
Books, manuals and decals	26,130	23,668
Services:		
Contractual management services (Note 5)	230,000	230,000
Legal, audit and accounting	31,805	22,165
Data processing expense	5,775	13,388
Website	1,450	1,076
Printing and copying	9,373	11,167
Postage and related costs	2,907	3,094
Bank fees and credit card discount fees	13,164	13,007

See notes to financial statements.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
	<u>Proprietary- Enterprise Fund</u>	<u>Proprietary- Enterprise Fund</u>
OPERATING EXPENSES (CONTINUED):		
Other expenses:		
Dues and subscriptions	800	750
Promotional costs (including trade show expense) (Note 1)	<u>2,271</u>	<u>2,276</u>
Total operating expenses	<u>\$ 331,375</u>	<u>\$ 325,301</u>
 Operating income	 <u>\$ 96,944</u>	 <u>\$ 87,455</u>
 NON- OPERATING REVENUES (EXPENSES):		
Interest income	<u>\$ 753</u>	<u>\$ 68</u>
Total non-operating revenues	<u>\$ 753</u>	<u>\$ 68</u>
 Change in net position	 <u>\$ 97,697</u>	 <u>\$ 87,523</u>
 Net position - beginning of year	 <u>105,883</u>	 <u>18,360</u>
 Net position - end of year	 <u><u>\$ 203,580</u></u>	 <u><u>\$ 105,883</u></u>

See notes to financial statements.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
	Proprietary- Enterprise Fund	Proprietary- Enterprise Fund
Cash flows from operating activities:		
Cash received from fees	\$ 404,585	\$ 418,670
Cash received from other income	38,142	37,288
Cash payments for operating expenses	(331,348)	(324,897)
Net cash provided (used) by operating activities	\$ 111,379	\$ 131,061
Cash flows from investing activities:		
Interest on investments	\$ 753	\$ 68
Net cash provided by investing activities	\$ 753	\$ 68
Net increase(decrease) in cash	\$ 112,132	\$ 131,129
Cash and cash equivalents - beginning of year	249,542	118,413
Cash and cash equivalents - end of year	\$ 361,674	\$ 249,542
Reconciliation of operating income		
to net cash provided by operating activities:		
Operating income	\$ 96,944	\$ 87,455
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Changes in assets and liabilities:		
Inventory	\$ (592)	\$ 602
Accounts payable	27	404
Prepaid expense		
Unearned revenue	15,000	42,600
Total adjustments	\$ 14,435	\$ 43,606
Net cash provided by operating activities	\$ 111,379	\$ 131,061

See notes to financial statements.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Landscape Contractors' Licensing Board (the "Board") is an independent State board. It functions as an occupational licensing board and is authorized by Chapter 89D of the North Carolina General Statutes. Effective August 1, 2015 (pursuant to a statutory change) the Board's name was changed to the North Carolina Landscape Contractors' Licensing Board. It was formerly named the North Carolina Landscape Contractors' Registration Board. The Board is a nonmajor enterprise fund of the primary government of the State of North Carolina. The Board is composed of nine members who are appointed by the Governor, the Commissioner of the NC Department of Agriculture, and certain associations designated by statute. 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 Annual Comprehensive Financial Report (ACFR).

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

The Board's operations are financed with self-generated revenues from fees charged to 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 LANDSCAPE CONTRACTORS' LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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 Statements of Revenues, Expenses, and Changes in Net Position classifies 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 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.

Cash in State Treasurer

This classification consists of deposits with the State Treasurer of North Carolina. Because these funds are immediately available for expenditure they are considered a cash equivalent. Ownership interests of the STIF are determined on a fair market valuation basis as of June 30, 2023 and 2022 in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodial. Pool investments are measured at fair value in accordance with GASB Statement No. 72. The Board's position in the pool is measured and reported at fair value and the STIF is not required to be categorized within the fair value hierarchy.

Capital Assets

Property and equipment 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: office furniture and equipment, 5 to 7 years.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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

Inventory

This classification consists of publications and decals on hand for sale to licensees. Inventory on hand is recorded at cost. Cost is determined on the first-in, first-out method.

Unearned Revenue

The Board's license fees were assessed and collected on a calendar year basis until the fiscal year ended June 30, 2015. During the fiscal year ended June 30, 2015, concurrent with the Board's statutory name change, the Board adopted a new license term beginning August 1st of each year, and ending July 31st of each succeeding year. Licenses are renewed for a period of one year. License fees are deferred and recognized as revenue over the one year period to which they relate.

Net Position

Investment in capital assets - This component of net position consists of total investment in capital assets (net of accumulated depreciation) and reduced by outstanding liabilities (if any) related to those capital assets.

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 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*.

Promotional Costs

The Board incurs trade show expenses annually. These promotional costs are expensed as incurred. Payments for promotional costs totaled \$2,271 during the fiscal year ended June 30, 2023, and \$2,276 during the fiscal year ended June 30, 2022.

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.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 2 - Deposits

Cash in Bank

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 formal written policies regarding custodial credit risk for its deposits.

At June 30, 2023, the Board's deposits had a carrying amount (including undeposited receipts, if any) of \$327,311, and a bank balance \$311,991. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$61,991 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)]. At June 30, 2022, the Board's deposits had a carrying amount (including undeposited receipts, if any) of \$215,932 and a bank balance of \$198,141, which was covered by federal depository insurance.

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 US 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 (ACFR). 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, and clicking on "Financial Reports", or calling the State Controller's Financial Reporting Section at 919-707-0500.

At June 30, 2023, the Board's deposits with the State Treasurer STIF account had a carrying value and fair market value of \$34,363 (including undeposited receipts, if any), and a bank balance of \$34,363. At June 30, 2022, the Board's deposits with the State Treasurer STIF account had a carrying value and fair market value of \$33,610 (including undeposited receipts, if any), and a bank balance of \$33,610.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 3 - Capital Assets

	Cost			Cost	Accumulated	Net
	06-30-2022	Acquisitions	Disposals	06-30-2023	Depreciation	Amount
Furniture/Equipment	\$ 852	\$ -	\$ -	\$ 852	\$ 852	\$ 0
	<u>\$ 852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852</u>	<u>\$ 852</u>	<u>\$ 0</u>

	Cost			Cost	Accumulated	Net
	06-30-2021	Acquisitions	Disposals	06-30-2022	Depreciation	Amount
Furniture/Equipment	\$ 852	\$ -	\$ -	\$ 852	\$ 852	\$ 0
	<u>\$ 852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852</u>	<u>\$ 852</u>	<u>\$ 0</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. No depreciation expense was recorded for the fiscal year ended June 30, 2023 or for the year ended June 30, 2022.

Note 4 - 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.

	June 30, 2023	June 30, 2022
Due to Vendors	\$ 2,010	\$ 2,032
Due to Other State Agencies	640	591
Total Accounts Payable	<u>\$ 2,650</u>	<u>\$ 2,623</u>

Note 5 - Contractual Management Services

The Board does not have employees. The Board contracted with a management consultant agency to provide services for the Board during the years ended June 30, 2023 and 2022. The contract included all services related to the process of licensure application and renewal, and various other management and administrative duties. The Board also reimbursed the management service agency for occasional purchases of miscellaneous office supplies and expenses. Payments to the management service agency totaled \$230,196 (which consisted of contractual management services in the amount of \$230,000 and reimbursements in the amount of \$196) during the fiscal year ended June 30, 2023, and \$230,056 (which consisted of contractual management services in the amount of \$230,000 and reimbursements in the amount of \$56) during the fiscal year ended June 30, 2022.

Note 6 - 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 handled by participation in certain 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/changes in insurance coverage from coverage in the prior year, and no insurance claims were filed during the last three fiscal years.

NORTH CAROLINA LANDSCAPE CONTRACTORS' LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

Note 7 - 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 years under audit do not materially affect the Board's operations, changes in financial position, or cash flows for the years herein ended.

Note 8 - Subsequent Events

Subsequent events have been evaluated through August 25, 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 60 audit hours at a cost of \$5,995.