

***NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD***

***FINANCIAL STATEMENTS***

***For the Year Ended June 30, 2024***

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

June 30, 2024

**BOARD OF DIRECTORS**

Russ Davis, Chair

Russ Ayers, Vice-Chair

Jerry Pearce, Secretary/Treasurer

David Swinney

Chris Dobbins

Walter James

Glenn Hines

Michael Robinson

Jim Beeson

**EXECUTIVE DIRECTOR**

Connie Stephens

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

CONTENTS

June 30, 2024

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 6
FINANCIAL STATEMENTS	
Statement of Net Position	7
Statement of Revenues, Expenses, and Change in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 14



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Carolina On-Site Wastewater Contractors  
and Inspectors Certification Board

### Opinion

We have audited the accompanying financial statements of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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. 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 North Carolina On-Site Wastewater Contractors and Inspectors Certification 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 opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 North Carolina On-Site Wastewater Contractors and Inspectors Certification 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 North Carolina On-Site Wastewater Contractors and Inspectors Certification 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.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

*Gilson & Company, P.A.*

Winston-Salem, NC  
September 5, 2024

## North Carolina On-Site Wastewater Contractors and Inspectors Certification Board

### Management's Discussion and Analysis

As management of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board, we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Board's financial statements, which follow this narrative.

### Financial Highlights

- The assets of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board exceeded its liabilities at the close of the fiscal year by \$1,853,010 (net position).
- The Board's total net position increased by \$186,013.

### Overview of the Financial Statements

These financial statements consist of two sections, *management's discussion and analysis* and the *financial statements*.

The financial statements are prepared using the full accrual basis of accounting. They consist of three statements. The first statement is the **Statement of Net Position**. Assets and liabilities are classified between current and long-term. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement.

The next statement is the **Statement of Revenues, Expenses, and Change in Net Position**. This statement is used in evaluating whether the Board has recovered all of its costs through application and renewal fees.

The final required statement is the **Statement of Cash Flows**. This statement reports cash inflows and outflows in the following categories: operating, investing, and financing activities. Based on this data, the user can determine the sources of cash, the uses of cash, and the change in cash.

The notes to the financial statements provide more detailed information and should be read in conjunction with the statements.



## Financial Analysis of the Board

Net position is an indicator of the fiscal condition of the Board. Assets exceeded liabilities by \$1,853,010 and \$1,666,997 at June 30, 2024 and 2023, respectively. Following is a summary of the Statement of Net Position as of June 30, 2024 and 2023:

**Figure 1**  
**Condensed Statement of Net Position**

	June 30, 2024	June 30, 2023
Current and other assets	\$ 1,971,608	\$ 1,776,358
Capital assets	2,029	3,492
Total assets	<u>1,973,637</u>	<u>1,779,850</u>
Current liabilities	120,627	112,853
Non-current liabilities	-	-
Total liabilities	<u>120,627</u>	<u>112,853</u>
Net investment in capital assets	2,029	3,492
Unrestricted net position	1,850,981	1,663,505
Total net position	<u><u>\$ 1,853,010</u></u>	<u><u>\$ 1,666,997</u></u>

Net position increased by \$186,013 and \$134,248 for the years ended June 30, 2024 and 2023, respectively, primarily due to fees collected exceeding expenses. Following is a summary of the change in net position:

**Figure 2**  
**Condensed Statement of Revenues, Expenses, and Change in Net Position**

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating revenues	\$ 423,927	\$ 316,322
Operating expenses	<u>260,712</u>	<u>192,853</u>
Operating income	163,215	123,469
Non-operating revenues (expenses)	<u>22,798</u>	<u>10,779</u>
Change in net position	186,013	134,248
Net position, July 1	<u>1,666,997</u>	<u>1,532,749</u>
Net position, June 30	<u><u>\$ 1,853,010</u></u>	<u><u>\$ 1,666,997</u></u>

## Capital Assets

The Board's investment in capital assets as of June 30, 2024 and 2023 respectively totals \$2,029 and \$3,492 (net of accumulated depreciation).

**Figure 3**  
**Capital Assets**  
**(net of depreciation)**

	June 30, 2024	June 30, 2023
Equipment	<u>\$ 2,029</u>	<u>\$ 3,492</u>
Total	<u><u>\$ 2,029</u></u>	<u><u>\$ 3,492</u></u>

## Requests for Information

This report is designed to provide an overview of the Board's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Connie Stephens  
Executive Director  
PO Box 132  
Lawsonville, NC 27022  
(336) 202-3126

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

STATEMENT OF NET POSITION

June 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 167,613
Total current assets	<u>167,613</u>
Non-current assets	
Certificates of deposit designated for future enforcement	<u>1,803,995</u>
Property and Equipment	
Equipment	14,646
Less accumulated depreciation	<u>(12,617)</u>
	<u>2,029</u>
Total assets	<u>1,973,637</u>

LIABILITIES AND NET POSITION

Current liabilities	
Accrued payroll taxes	2,089
Fees collected but unearned	<u>118,538</u>
Total current liabilities	<u>120,627</u>
Net position	
Net investment in capital assets	2,029
Unrestricted	<u>1,850,981</u>
Total net position	<u>\$ 1,853,010</u>

The notes to the financial statements are an integral part of this statement.

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

For the Year Ended June 30, 2024

OPERATING REVENUES	
Certification renewal fees	\$ 229,302
Certification application fees	191,750
Miscellaneous revenue	<u>2,875</u>
Total operating revenues	<u>423,927</u>
OPERATING EXPENSES	
Salaries	86,600
Payroll taxes	6,858
Travel reimbursement - board members	15,669
Travel reimbursement - staff	8,784
Accounting expense	28,580
Employee insurance	12,000
Legal fees	13,489
Postage	6,983
Printing	52,078
Telephone	3,714
Bank charges	973
Office expense	4,196
Rent	6,000
Website expense	1,150
Meetings	12,007
Depreciation	1,463
Miscellaneous	<u>168</u>
Total operating expenses	<u>260,712</u>
Operating income	<u>163,215</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	<u>22,798</u>
Total non-operating revenues (expenses)	<u>22,798</u>
CHANGE IN NET POSITION	186,013
NET POSITION AT BEGINNING OF YEAR	<u>1,666,997</u>
NET POSITION AT END OF YEAR	<u><u>\$ 1,853,010</u></u>

The notes to the financial statements are an integral part of this statement.

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024

**Cash flows from operating activities**

Cash received from fees and other sources	\$ 431,700
Cash payments for operating expenses	(172,648)
Cash payments to or on behalf of employees for services	(86,600)
Net cash provided by operating activities	<u>172,452</u>

**Cash flows from investing activities**

Purchase of certificate of deposit, net	(240,000)
Purchase of equipment	-
Net cash used by investing activities	<u>(240,000)</u>

Net increase (decrease) in cash and cash equivalents	(67,548)
--	----------

Cash and cash equivalents, beginning of year	<u>235,161</u>
--	----------------

Cash and cash equivalents, end of year	<u><u>\$ 167,613</u></u>
--	--------------------------

**Reconciliation of operating income to net cash provided  
by operating activities:**

Operating income	<u>\$ 163,215</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,463
Changes in assets and liabilities:	
Increase in accrued payroll taxes	1
Increase in fees collected but unearned	<u>7,773</u>
Total adjustments	<u>9,237</u>
Net cash provided by operating activities	<u><u>\$ 172,452</u></u>
 NONCASH INVESTING ACTIVITIES:	
Interest income added to certificates of deposit	<u><u>\$ 22,798</u></u>

The notes to the financial statements are an integral part of this statement.

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The North Carolina On-Site Wastewater Contractors and Inspectors Certification Board (the "Board") is an independent state agency. The Board is an occupational licensing board and is authorized by Chapter 90A of the North Carolina General Statutes. The Board is composed of nine members who are appointed by the Governor and the General Assembly of the State of North Carolina. The Board is established to protect the environment and public health, safety, and welfare by ensuring the integrity and competence of on-site wastewater contractors and inspectors. The Board's operations are financed with self-generated revenues from fees charged to licensees.

**Basis of Presentation**

The accounting policies of the Board conform to generally accepted accounting principles as applicable to governments.

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**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of North Carolina because the State exercises oversight responsibility in that the Governor and the General Assembly appoint the Board members, and public service is rendered within the State's boundaries. The accompanying financial statements present only the activity of the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board.

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**Basis of Accounting**

The financial statements report all activities using the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Deposits**

All deposits of the Board are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

**Cash and Cash Equivalents**

The Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash and cash equivalents.

**Certificates of Deposit Designated for Future Enforcement**

The certificates of deposit have original maturities ranging from 6 to 60 months and have been designated by the Board for future enforcement to include investigating and ensuring compliance with the applicable state statutes.

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**Property and Equipment**

Property and equipment are stated at cost and are being depreciated over their useful lives on a straight-line basis as follows:

	Useful Life
Equipment	<u>5 years</u>

**Fees Collected But Unearned**

Certification renewal fees are due in November and cover the licensee for the next calendar year ending December 31<sup>st</sup>. Fees collected but unearned at June 30<sup>th</sup> are deferred.

Certification application fees are collected from applicants to cover the cost of processing their application, administering the necessary tests, and issuing their certificate. These fees are recognized as revenue when collected.

**Net Position**

Net position consists of the following:

Net investment in capital assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position – This component of net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.



NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

**1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

**Net Position (continued)**

Unrestricted net position – This component of net position consists of net position that does not meet the definition of restricted or invested in capital assets.

**Use of Estimates**

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

**2. CASH AND CASH EQUIVALENTS**

The Board places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The Board from time to time may have amounts on deposit in excess of the insured limits.

At June 30, 2024, total Board deposits (including certificates of deposit designated for future enforcement) had a carrying amount of \$1,971,608 and a bank balance of \$1,974,509. As of June 30, 2024, the Board had no amounts on deposit in excess of the insured limits.

NORTH CAROLINA ON-SITE WASTEWATER CONTRACTORS  
AND INSPECTORS CERTIFICATION BOARD

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

**3. PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended June 30, 2024 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Equipment	\$ 14,646	\$ -	\$ -	\$ 14,646
Less accumulated depreciation	11,154	1,463	-	12,617
Total property and equipment, net	<u>\$ 3,492</u>			<u>\$ 2,029</u>

**4. RISK MANAGEMENT**

The Board is exposed to various risks 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.

**5. CONTINGENCIES**

The Board is involved in occasional disciplinary hearings throughout the year which arise in the ordinary course of operations. In the opinion of management, the results of such actions will not materially affect the Board's operations, changes in financial position, or cash flows.

**6. RELATED PARTY TRANSACTIONS**

The Board rents its office from the executive director on a year-to-year basis. \$6,000 in rents were expensed for this service for the year ended June 30, 2024.

**7. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 5, 2024, which is the date the financial statements were available to be issued.