

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

**Financial Statements for the
Year Ended June 30, 2024 and
Independent Auditor's Report**

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

**Financial Statements for the
Year Ended June 30, 2024 and
Independent Auditor's Report**

BOARD MEMBERS (2024)

Richard Spruill, Chairman

Steven A. Stadelman, Vice-Chairman

Kenneth Belk Taylor, Secretary-Treasurer

Rachel P. Kirkman

Emily Klein

Dennis J. LaPoint

EXECUTIVE OFFICER

Barbara U. Geiger, Executive Director

LEGAL COUNSEL

Christine Ryan, Assistant Attorney General
North Carolina Department of Justice

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

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NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

MANAGEMENT’S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

Introduction

Management’s discussion and analysis introduces the basic financial statements and provides an analytical overview of the financial activities of the Board. This section of the Board’s financial report represents the Board’s financial activity and performance. Please read it in conjunction with the financial statements which follow this section.

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, notes to the financial statements, and this discussion are the responsibility of Board management.

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. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. Net position consists of net investment in capital assets, restricted net position and unrestricted net position. The Board had no restricted net position at year end.

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 Board’s revenues are classified as operating or non-operating revenues. Revenues are recognized when earned, regardless of the timing of cash flows. Expenses are recorded when a liability has been incurred, regardless of the timing of cash flows. Non-operating revenues and expenses are classified as non-operating in the financial statements.

The *Statements of Cash Flows* present information on how the Board’s cash changed as a result of its financial activities. These statements provide information relative to the Board’s sources and uses of cash funds for operating activities, capital financing activities, and investing activities.

The *Notes to the Financial Statements* provide detail of the information included in the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. They are an integral part of the financial statements and should be read in conjunction with them.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$617,015 for the year ended June 30, 2024; and by \$640,428 for the year ended June 30, 2023. The largest component of net position was cash and investments. Cash and investments represented 111.22% of total net position at June 30, 2024, and 111.39% of total net position at June 30, 2023. Current assets consist of cash and cash equivalents for the year ended June 30, 2024. Current assets consist of cash and cash equivalents, and prepaid expense for the year ended June 30, 2023. Noncurrent assets consist of capital and subscription assets (net of accumulated depreciation and amortization), and long-term investments. Capital and subscription assets are not a significant component of assets and are denoted below. Current liabilities consist of accounts payable due to vendors, accounts payable due to other state agencies, subscription payable (current portion), and unearned revenue from license fees paid in advance. Noncurrent liabilities consist of subscription payable (long-term portion). Net position consists of net investment in capital assets and unrestricted net assets. Net investment in capital assets is a component of net position and consists of capital and subscription assets net of depreciation and amortization.

The following is a comparative summary of the Statements of Net Position.

	Current Year as of June 30, 2024	Prior Year as of June 30, 2023	Amount of Change	Percentage Change
Current assets	\$ 540,775	\$ 575,551	\$ (34,776)	-6.04%
Capital and subscription assets	14,635	21,917	(7,282)	-33.23%
Other assets	145,489	145,021	468	0.32%
Total assets	<u>\$ 700,899</u>	<u>\$ 742,489</u>	<u>\$ (41,590)</u>	<u>-5.60%</u>
Current liabilities	\$ (76,531)	\$ (87,932)	\$ 11,401	-12.97%
Total current liabilities	<u>\$ (76,531)</u>	<u>\$ (87,932)</u>	<u>\$ 11,401</u>	<u>-12.97%</u>
Noncurrent liabilities	\$ (7,353)	\$ (14,129)	\$ 6,776	-47.96%
Total noncurrent liabilities	<u>\$ (7,353)</u>	<u>\$ (14,129)</u>	<u>\$ 6,776</u>	<u>-47.96%</u>
Net investment in capital assets	\$ 73	\$ 288	\$ (215)	-74.65%
Unrestricted	616,942	640,140	(23,198)	-3.62%
Total net position	<u>\$ 617,015</u>	<u>\$ 640,428</u>	<u>\$ (23,413)</u>	<u>-3.66%</u>

During 2024, the Board's net position decreased by \$23,413, or 3.66%, due primarily to expenses exceeding revenues. During 2023, the Board's net position decreased by \$26,321, or 61.61%, due primarily to expenses exceeding revenues.

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

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Operating revenues	\$ 118,257	\$ 135,261	\$ (17,004)	-12.57%
Operating expenses	(154,100)	(174,348)	20,248	-11.61%
Non-operating revenues	12,430	12,766	(336)	-2.63%
Change in net position	<u>\$ (23,413)</u>	<u>\$ (26,321)</u>	<u>\$ 2,908</u>	<u>11.05%</u>
Ending net position	<u>\$ 617,015</u>	<u>\$ 640,428</u>	<u>\$ (23,413)</u>	<u>-3.66%</u>

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

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. Fees received for the various licenses are deemed earned when the license period begins. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities.

The following is a comparative breakdown of operating revenues.

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
License and renewal fees	\$ 103,920	\$ 102,325	\$ 1,595	1.56%
New application fees	7,705	7,645	60	0.78%
Examination fees		14,665	(14,665)	-100.00%
Late payment fees	3,300	5,800	(2,500)	-43.10%
Miscellaneous income	3,332	4,826	(1,494)	-30.96%
Total	<u>\$ 118,257</u>	<u>\$ 135,261</u>	<u>\$ (17,004)</u>	<u>-12.57%</u>

During 2024, the operating revenues of the Board decreased by \$17,004, or 12.57%, due primarily to a decrease in examination fees. During 2023, the operating revenues of the Board decreased by \$16,116, or 10.65%, due primarily to a decrease in examination fees.

The following is a comparative breakdown of operating expenses by source.

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Personal services	\$ 14,894	\$ 21,848	\$ (6,954)	-31.83%
Supplies and materials	7,356	9,380	(2,024)	-21.58%
Services	113,516	123,064	(9,548)	-7.76%
Insurance	2,230	2,182	48	2.20%
Dues	4,500	4,500	0	0.00%
Credit card discount fees	4,138	4,406	(268)	-6.08%
Amortization expense	7,282	7,282	0	0.00%
Miscellaneous expenses	184	1,686	(1,502)	-89.09%
Total	<u>\$ 154,100</u>	<u>\$ 174,348</u>	<u>\$ (20,248)</u>	<u>-11.61%</u>

During 2024, the operating expenses of the Board decreased by \$20,248, or 11.61%, due primarily to a decrease in exam expense. During 2023, the operating expenses of the Board increased by \$7,906, or 4.75%, due primarily to an increase in board member expenses and amortization expense related to the implementation of GASB 96.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Summary, Highlights, and Analysis

The following is a comparative breakdown of non-operating revenues.

	The year ended June 30, 2024	The year ended June 30, 2023	Amount of Change	Percentage Change
Interest income	\$ 12,863	\$ 12,766	\$ 97	0.76%
Interest expense on subscription lease	(433)		(433)	100.00%
Total	\$ 12,430	\$ 12,766	\$ (336)	-2.63%

During 2024, the non-operating revenues of the Board decreased by \$336, or 2.63%, due primarily to interest expense on right-to-use subscription asset. During 2023, the non-operating revenues of the Board increased by \$13,988, or 1144.68%, due primarily to an increase in interest earned.

Economic and Other Factors Impacting Future Periods

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 Board for Licensing of Geologists, 3733 Benson Drive, Raleigh, NC 27609.

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ANGIER, NC 27501-1545

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FAX: 919.639.3102

INDEPENDENT AUDITOR'S REPORT

Members of the Board
North Carolina Board for Licensing of Geologists
Raleigh, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Carolina Board for Licensing of Geologists ("the 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 June 30, 2024, 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 Board for Licensing of Geologists as of June 30, 2024, 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:

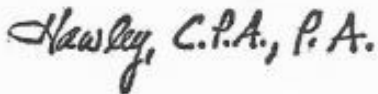
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining,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

A handwritten signature in black ink that reads "Hawley, C.P.A., P.A." in a cursive, slightly slanted script.

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

Angier, North Carolina

October 31, 2024

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
STATEMENT OF NET POSITION
JUNE 30, 2024

	June 30, 2024
	Proprietary- Enterprise Fund
ASSETS	
Current assets:	
Cash in State Treasurer (Notes 1, 2 and 3)	\$ 137,129
Cash and cash equivalents - other (Notes 1, 2 and 3)	403,646
Total current assets	540,775
Capital assets (Notes 1 and 4):	
Furniture and office equipment, net of depreciation	70
Right-to-use subscription asset, net of amortization	14,565
Total capital assets - net	14,635
Other assets:	
Investments (Notes 1, 2 and 3)	145,489
Total other assets	145,489
TOTAL ASSETS	\$ 700,899
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable (Note 6)	\$ 743
Due to other state agencies (Note 6)	374
Subscription payable & interest payable (Notes 1, 5 and 7)	7,209
Unearned revenue (Note 1)	68,205
Total current liabilities	76,531
Noncurrent liabilities:	
Subscription payable (Notes 1, 5 and 7)	7,353
Total noncurrent liabilities	7,353
TOTAL LIABILITIES	83,884
NET POSITION (NOTE 1)	
Net investment in capital assets	73
Unrestricted net position	616,942
TOTAL NET POSITION	617,015
TOTAL LIABILITIES AND NET POSITION	\$ 700,899

See notes to financial statements.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	<u>2024</u>
	<u>Proprietary- Enterprise Fund</u>
OPERATING REVENUES:	
Fees, licenses, and fines:	
License and renewal fees	\$ 103,920
New application fees and packets	7,705
Late payment fees	3,300
Miscellaneous operating income	<u>3,332</u>
Total operating revenues	\$ 118,257
OPERATING EXPENSES:	
Personal services (and board members expenses):	
Board members expenses (including lodging, meals, and transportation)	\$ 14,894
Supplies and materials:	
Office supplies	4,994
Stamps	2,362
Services:	
Contractual management services (Note 8)	90,000
Management service staff expenses	210
Professional fees (legal, accounting and audit fees)	12,769
Peer review expenses (Note 9)	3,281
Printing and copying (including newsletter)	3,137
Postage and freight	3,039
Telephone	1,080
Insurance	2,230
Dues	4,500
Credit card discount fees	4,138
Amortization expense (Notes 1 and 4)	7,282
Miscellaneous expenses	<u>184</u>
Total operating expenses	<u>\$ 154,100</u>
Operating income (loss)	\$ (35,843)

See notes to financial statements.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

	<u>2024</u> Proprietary- Enterprise Fund
NON-OPERATING REVENUES (EXPENSES):	
Interest income	\$ 12,863
Interest expense on right-to-use subscription asset	\$ (433)
Total non-operating revenues	\$ 12,430
 Change in net position	 \$ (23,413)
 Net position - beginning of year	 <u>640,428</u>
 Net position - end of year	 <u><u>\$ 617,015</u></u>

See notes to financial statements.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

	2024
	Proprietary- Enterprise Fund
Cash flows from operating activities:	
Cash received from fees and other operating income	\$ 107,417
Cash payments for operating expenses	(139,588)
Net cash provided (used) by operating activities	\$ (32,171)
Cash flows from capital and related financing activities:	
Principal and interest paid on right-to-use subscription asset	\$ (7,500)
Net cash provided (used) in capital and related financing activities	\$ (7,500)
Cash flows from investing activities:	
Interest earned	\$ 12,863
Transfers from (to) investments	(468)
Net cash provided (used) by investing activities	\$ 12,395
Net increase in cash	\$ (27,276)
Cash - beginning of year	568,051
Cash - end of year	\$ 540,775
Reconciliation of operating income to net cash provided by operating to net cash provided by operating activities:	
Operating income (loss)	\$ (35,843)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Amortization	\$ 7,282
Changes in assets and liabilities:	
Prepaid expense	7,500
Accounts payable	(270)
Unearned revenue	(10,840)
Total adjustments	\$ 3,672
Net cash provided (used) by operating activities	\$ (32,171)

See notes to financial statements.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 1 - Nature of Activities and Significant Accounting Policies

Description of Organization and Purpose

The North Carolina Board for Licensing of Geologists (the "Board") is an independent State board. It is an occupational licensing board and is authorized by Chapter 89E of the North Carolina General Statutes. The Board is composed of six members who are appointed by the Governor of the State of North Carolina. 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 geologists.

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 BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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. Ownership interests of the STIF are determined on a fair market valuation basis as of June 30, 2024 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.

Cash and Cash Equivalents

This classification includes undeposited receipts, petty cash, checking accounts and time deposits (excluding certain certificate(s) 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 certificate(s) of deposits held by the Board for investment. Investments generally are reported at fair market value. Certificate(s) 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. The Board held only non-negotiable certificate(s) of deposit.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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: office furniture and equipment, 5 to 7 years.

Right-to-use subscription assets are recorded at the present value of payments expected to be made during the subscription term, plus any upfront payments and ancillary charges paid to place the underlying right-to-use asset into service. Subscription liabilities are capitalized as a right-to-use asset when the underlying subscription asset has a cost of \$10,000 or greater and an estimated useful life of more than one year. Amortization for right-to-use subscription assets is computed using the straight-line method over the shorter of the subscription term or the underlying asset's estimated useful life, generally estimated as follows: right-to-use subscription asset, 2-30 years.

Unearned Revenue

The Board's fees are assessed and collected on an annual basis for the period July 1 through June 30, which corresponds with the Board's accounting period. License renewal fees received in the latter part of the fiscal year are unearned and recognized as revenue over the one year period to which they relate.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of other long-term liabilities that will not be paid within the next fiscal year. Noncurrent liabilities include subscription liability.

Net Position

Net investment in capital assets - This component of net position consists of total investment in capital assets (net of accumulated depreciation and amortization) 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 net investment in capital assets*.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

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

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

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 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. 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 OSC's Financial Reporting Section at 919-707-0500.

At June 30, 2024, the Board's deposits with the State Treasurer STIF account had a carrying value and fair market value of \$137,129 (including undeposited receipts, if any), and a bank balance of \$132,230.

Deposits in Financial Institution(s)

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 deposits.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 2 - Deposits and Investments (Continued)

At June 30, 2024, the Board's deposits had a carrying amount of \$549,135 and a bank balance of \$549,135. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$299,135 was uninsured and uncollateralized [unless collateralized pursuant to NC Administrative Code (20 NCAC 7)].

Investments

Certificate(s) of deposit are considered time deposits for this disclosure and are classified as investments on the Statement of Net Position. Of the Board's deposits, the Board had certificate(s) of deposit in the amount of \$145,489 at June 30, 2024.

The Board is subject to the following risks:

Interest rate risk - Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. As a means of limiting its exposure to fair value losses arising from interest rate variances, the Board limits its investments, if any, to certificates of deposits (negotiable and non-negotiable) with maturities of no more than approximately 60 months, and to money market mutual funds. The Board held only non-negotiable certificate(s) of deposit.

Credit risk - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Investments of the Board are subject to the statutory requirements of North Carolina General Statutes, however the Board's present policy for managing credit risk is to limit its investments to certificates of deposits and to money market mutual funds.

The following table presents fair value of investments by type and investment subject to interest rate risk and credit risk at June 30, 2024, for the Board's investments.

June 30, 2024			
Investment Type	Fair Values	Properties of Debt Securities	
		Weighted Avg Maturities	Ratings
Securities:			
Certificate(s) of Deposit	\$145,489	26.00 Months	N/A

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 3 - Reconciliation of Deposits and Investments

A reconciliation of deposits and investments for the Board to the basic financial statements at June 30, 2024, is as follows:

	June 30, 2024
Carrying Amount of Cash in State Treasurer	\$ 137,129
Carrying Amount of Bank Deposits	403,646
Certificate(s) of Deposits-nonnegotiable	145,489
Total Deposits and Investments	<u>\$ 686,264</u>
Current:	
Cash in State Treasurer	\$ 137,129
Cash and Cash Equivalents - Other	403,646
Noncurrent:	
Investments	145,489
Total Deposits and Investments	<u>\$ 686,264</u>

Note 4 - Capital Assets

Changes in capital assets as of and for the year ended June 30, 2024 is as follows:

	Bal 6-30-2023	Increases	Decreases	Bal 6-30-2024
Capital Assets				
Furn/Equipment	\$ 1,237	\$ -	\$ -	\$ 1,237
Right-to-use subscription asset	29,129	21,847	(29,129)	21,847
Total capital assets	<u>30,366</u>	<u>21,847</u>	<u>(29,129)</u>	<u>23,084</u>
Less Accumulated Depr/Amort for:				
Furn/Equipment	(1,167)	-	-	(1,167)
Right-to-use subscription asset	(7,282)	(7,282)	7,282	(7,282)
Total Accumulate Depr/Amort	<u>(8,449)</u>	<u>(7,282)</u>	<u>7,282</u>	<u>(8,449)</u>
Capital Assets, Net	<u>\$ 21,917</u>	<u>\$ 14,565</u>	<u>\$ (21,847)</u>	<u>\$ 14,635</u>

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the books. When a subscription asset is disposed of, the cost of the subscription asset and the related accumulated amortization are removed from the books. Any gain or loss on disposition is reflected in earnings for the period. Upon a change in the payments and terms, the Board has re-measured the right-to-use subscription asset. The Board recognized a beginning right-to-use subscription asset and beginning subscription liability in the amount of \$21,847 for the fiscal year ended June 30, 2024. No depreciation expense was recorded for the fiscal year ended June 30, 2024. Amortization expenses in the amount of \$7,282 was recorded for the fiscal year ended June 30, 2024.

Additional information regarding right-to-use subscription asset and subscription liability are included in Notes 1, 5 and 7.

NORTH CAROLINA BOARD FOR LICENSING OF GEOLOGISTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

Note 5 - Long Term Liabilities

Changes in Long-Term Liability

A summary of changes in the long-term liabilities for the year ended June 30, 2024 are presented as follows:

	Balance at 6-30-2023	Additions	Reductions	Balance at 6-30-2024	Current	Noncurrent
Subscription Liability	\$ 21,629	\$ 21,847	\$ (28,914)	\$ 14,562	\$ 7,209	\$ 7,353
Total Long-Term Liability	<u>\$ 21,629</u>	<u>\$ 21,847</u>	<u>\$ (28,914)</u>	<u>\$ 14,562</u>	<u>\$ 7,209</u>	<u>\$ 7,353</u>

Additional information regarding right-to-use subscription asset and subscription liability are included in Notes 1 and 7.

Note 6 - 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, 2024
Due to Vendors	\$ 743
Due to Other State Agencies	374
Total Accounts Payable	<u>\$ 1,117</u>

Note 7 - Subscription-Based Information Technology Arrangement (SBITA)

The Board entered a SBITA for the right to use information technology software and cloud computing arrangement (network) asset from an external party. The subscription liability and the related right-to-use subscription asset are recorded based on the present value of expected payments over the term of the respective SBITA. The expected payments are discounted using the interest rate stated per the SBITA contract, or the Board's estimated incremental borrowing rate if there is no stated contractual interest rate. Measurement of the subscription liability excluded the following variable payment amounts: (1) the increase or decrease in payments after the initial measurement of the subscription liability that depend on changes in an index or rate (such as the Consumer Price Index), and (2) payments based on future performance or usage of the underlying assets. During the year the Board did not recognize any variable payment amounts.

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YEAR ENDED JUNE 30, 2024

Note 7 - Subscription-Based Information Technology Arrangement (SBITA) (Continued)

Previously, the Board recognized a beginning right-to-use subscription asset and beginning subscription liability in the amount of \$29,129. Upon a change in the payments and terms, the Board has re-measured the subscription liability and asset. The Board recognized a beginning right-to-use subscription asset and beginning subscription liability in the amount of \$21,847 for the fiscal year ended June 30, 2024. Future subscription payments have been discounted using a rate of 2%. The subscription payments will result in the reduction of the subscription liability payable, amortization of the right-to-use subscription asset, and interest expense for the use of the asset. The Board anticipates a continuation of the contractual relationship in the future. A subscription principal payment was made during the fiscal year ended June 30, 2024 which reduced the subscription liability to \$14,562 as of June 30, 2024.

The annual future requirements to pay principal and interest on SBITA at June 30, 2024, is as follows:

Fiscal Year	Annual Requirements		
	Subscription (SBITA) Liability		
	Principal	Interest	Payment
2025	\$ 7,209	\$ 291	\$ 7,500
2026	7,353	147	7,500
Total	<u>\$ 14,562</u>	<u>\$ 438</u>	<u>\$ 15,000</u>

Note 8 - Contractual Management Services

The Board does not have any employees. The Board contracts with a management service to provide services for the Board. The contract includes all services related to the process of licensure application and renewal and various other management and administrative duties. The Board also reimburses the management service for printing, copying, postage and miscellaneous office supplies and expenses. Payments to the management service totaled \$106,266 (which consisted of contractual management services in the amount of \$90,000 and reimbursements in the amount of \$16,266) during the fiscal year ended June 30, 2024.

Note 9 - Related Party Transactions

The Board contracts with former Board members to perform peer review services for the Board. Peer review services are expenses incurred and paid for professional services rendered to investigate complaints against Board licensees and to investigate unlicensed practice. Payments to former Board members (for peer review services) totaled \$3,281 during the fiscal year ended June 30, 2024.

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Note 10 - 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. Additionally, the Board protects itself from exposure to loss through the purchase of 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 11 - 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 12 - Subsequent Events

Subsequent events have been evaluated through October 31, 2024, 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 80 audit hours at a cost of \$7,995.