

**NORTH DAKOTA STATE BOARD OF OPTOMETRY
DICKINSON, NORTH DAKOTA**

**AUDIT REPORT
EXAMINATION FOR THE FISCAL YEARS ENDED
JUNE 30, 2013, 2014, and 2015**

**James J. Wosepka, PC
Certified Public Accountant
Beach, North Dakota**

**NORTH DAKOTA STATE BOARD OF OPTOMETRY
DICKINSON, NORTH DAKOTA**

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**NORTH DAKOTA STATE BOARD OF OPTOMETRY
DICKINSON, NORTH DAKOTA**

BOARD MEMBERS

Jeffrey Yunker, OD	President
Tamara Mathison, OD	Vice President
Brian Beauttie, OD	Secretary
Jill Martinson-Redekopp, OD	
Taya Patzman, OD	
Marlan R. Helgeson	
Sandi Frenzel	
Alan J. King, OD	Executive Director
Nate Martindale	Board Attorney



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James J. Wosepka, PC – Certified Public Accountant

Licensed in North Dakota and Montana

Independent Auditor's Report

To the North Dakota State Board of Optometry
Dickinson, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the North Dakota State Board of Optometry, Dickinson, North Dakota, as of and for the years ended June 30, 2013, 2014, and 2015, and the related notes to the financial statements which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the North Dakota State Board of Optometry, Dickinson, North Dakota, as of June 30, 2013, 2014, and 2015, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the North Dakota State Board of Optometry, Dickinson, North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Dakota State Board of Optometry, Dickinson, North Dakota's internal control over financial reporting and compliance.

James J. Wosepka, PC

By *James J. Wosepka*
CPA

December 30, 2015
Beach, North Dakota

**NORTH DAKOTA STATE BOARD OF OPTOMETRY
STATEMENT OF NET POSITION
PROPRIETARY FUND
MODIFIED CASH BASIS
June 30, 2013, 2014, and 2015**

	Business-Type Activities		
	2013	2014	2015
ASSETS			
Cash and cash equivalents	\$ 129,843	\$ 139,733	\$ 156,728
Fixed assets	27,321	27,321	27,321
Total Assets	157,164	167,054	184,049
LIABILITIES			
Total Liabilities	-	-	-
NET POSITION			
Net investment in fixed assets	27,321	27,321	27,321
Unrestricted	129,843	139,733	156,728
Total Net Position	\$ 157,164	\$ 167,054	\$ 184,049

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

NORTH DAKOTA STATE BOARD OF OPTOMETRY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2013, 2014, and 2015

Description	Business-type Activities		
	2013	2014	2015
PROGRAM REVENUES			
License renewal	\$ 47,748	\$ 46,800	\$ 49,425
Total Program Revenues	47,748	46,800	49,425
PROGRAM EXPENSES			
Insurance	500	508	-
Board member-travel and other expenses	11,451	7,396	5,061
Office supplies, telephone and postage	2,225	4,291	3,027
Legal and professional fees	9,171	2,665	672
Dues and subscriptions	4,615	4,050	4,170
Wages	18,000	18,000	19,500
Total Program Expenses	45,962	36,910	32,430
Change in net position	1,786	9,890	16,995
Total net position - Beginning of year	155,378	157,164	167,054
Total net position - End of year	\$ 157,164	\$ 167,054	\$ 184,049

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

NORTH DAKOTA STATE BOARD OF OPTOMETRY
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUND
Fiscal Year Ended June 30, 2013, 2014, and 2015

Description	<u>Business-type Activities</u>		
	2013	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from Licensees	\$ 47,748	\$ 46,800	\$ 49,425
Cash received from others	-	500	-
Cash paid to suppliers, board members	(45,962)	(36,910)	(32,430)
Net cash provided (used) by operating activities	<u>1,786</u>	<u>10,390</u>	<u>16,995</u>
Net increase (decrease) in cash and cash equivalents	1,786	9,890	16,995
Cash and cash equivalents - Beginning of year	128,057	129,843	139,733
Cash and cash equivalents - End of year	<u>129,843</u>	<u>139,733</u>	<u>156,728</u>
Income from operations and net cash provided by operating activities:	<u>\$ 1,786</u>	<u>\$ 9,890</u>	<u>\$ 16,995</u>

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

NORTH DAKOTA STATE BOARD OF OPTOMETRY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013, 2014, and 2015

1. Summary of Significant Accounting Policies

The North Dakota State Board of Optometry was created by North Dakota statute to carry out duties imposed upon it by such statute. The main duties of the Board are administering public examinations for admission to optometry and collection of annual fees for licenses to practice optometry.

The North Dakota State Board of Optometry is composed of seven members who are appointed by the governor for a term of five years, five registered optometrists and two lay people. The president and the secretary-treasurer must be members of the board. The function of the board is to license registered optometrists. The board has the authority to refuse, suspend or revoke a license or permit for cause. The board prescribes rules and regulations relating to the professional standards for optometrists.

The financial statements of the board have been prepared on the cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

Reporting Entity – For financial reporting purposes, a reporting entity's financial statements should include all component units over which another component unit (oversight unit) exercises financial accountability. Financial accountability includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

Based upon the above criteria, there are no component units to be included within the North Dakota State Board of Optometry as a reporting entity.

Basis of Presentation – Pursuant to the provisions of Governmental Accounting Standards Board (GASB), the full scope of the Board's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements. Business-type activities use the accrual basis of accounting and the measurement focus is the flow of economic resources. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Board follows the pronouncements of GASB, which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States for government entities. The Board follows all applicable GASB pronouncements as well as Financial Accounting Standard Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

1. **Summary of Significant Accounting Policies- cont.**

Revenue and Expense Recognition – The Board presents its revenues and expenses as operating based on recognition definitions from GASB. Operating activities are those activities that are necessary and essential to the mission of the Board. Operating revenues include all charges to licensees. Operating expenses are all expense transactions incurred other than those related to investing, capital, or non-capital financing activities.

Fund Accounting – The accounts of the State Board are organized on the basis of one fund. The operating of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund and account groups are used by the board.

Proprietary Fund Type

Board Fund – This is the operating fund of the board and is used to account for all financial resources of the State Board. The board collects licensure fees and pays expenses.

Basis of Accounting – Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The State Board's fund is accounted for using the cash basis of accounting. The cash basis of accounting recognizes revenues when they are received. Expenditures are recorded when the related liability is paid.

Cash and Cash Equivalents – The Board considers demand deposits, certificates of deposits, and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Net Position – Net position represents the difference between assets and liabilities. Net investment in capital assets consists of the remaining undepreciated cost of the asset less the outstanding debt associated with the purchase or construction of the related asset. Net position is reported as restricted when external creditors, grantors, or other governmental organizations imposed specific restrictions on the Board. External restrictions may be imposed through state or local laws, and grant or contract provision. Unrestricted net position is all other assets that do not meet the definition of net investment in capital assets or restricted net position.

2. Cash and Certificates of Deposit

Cash – The Board's funds are required to be deposited and invested with the designated depositories in accordance with the laws of North Dakota. North Dakota law requires all public deposits be protected by insurance, surety bond, or collateral pledged by the financial institution. Pledged collateral must equal 110% of the deposits not covered by insurance or bonds.

Certificates of Deposit – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

North Dakota law restricts allowable investments for public funds in order to safeguard the principle on investments.

North Dakota law authorizes political subdivisions to invest surplus funds in:

1. Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured to guarantee by the Treasury of the United States or its agencies, instrumentalities, or organizations created by an act of Congress.
2. Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
3. Certificates of deposit fully insured by the Federal Deposit Insurance Corporation or the State.
4. Obligation of the State.

Concentration of Credit Risk

The investment policy of the Board contains no limitations on the amount that can be invested in any one issuer. All of the deposits in the Board's name are held as authorized by North Dakota.

Custodial Credit Risk

All of the Board deposits with financial institutions that are in excess of the federal depository insurance limits are held by the investment counterparty, not in the name of the Board.

Credit, Interest Rate, and Foreign Currency Risk

The Board has no interest rate risk, credit risk, or foreign currency risk of debt securities, as there are no debt securities owned by the Board nor does the Board own any foreign investments.

3. Fixed Assets

Fixed Assets used in business fund-type operations are recorded as assets in the business-type funds. No depreciation has been provided on fixed assets. Fixed assets are carried at cost.

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Beginning Balance	\$ 27,321	\$ 27,321	\$ 27,321
Additions	-	-	-
Ending Balance	<u>\$ 27,321</u>	<u>\$ 27,321</u>	<u>\$ 27,321</u>

4. Risk Management

The North Dakota State Board of Optometry is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the state of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDRIF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The North Dakota State Board of Optometry pays an annual premium to the State of North Dakota Risk Management Fund for its general liability insurance coverage. The coverage by NDRIF is limited to losses of one million dollars per occurrence. No settled claims have exceeded insurance coverage in any of the past three fiscal years.

5. Budget Information

The Board did not and was not required to adopt a formal budget for either of the years ended June 30, 2013, 2014, and 2015.

6. Pending Litigation

There was no pending litigation or unasserted claims or assessments against the Board at June 30, 2013, 2014, and 2015.

7. Subsequent Events

The Board has evaluated subsequent events through the date of this report, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The North Dakota State Board of Optometry
Dickinson, North Dakota 58601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the North Dakota State Board of Optometry, Dickinson, North Dakota, as of and for the years ended June 30, 2013, 2014, and 2015, and the related notes to the financial statements, which collectively comprise the North Dakota State Board of Optometry, Dickinson, North Dakota's basic financial statements, and have issued our report thereon dated December 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Dakota State Board of Optometry, Dickinson, North Dakota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Dakota State Board of Optometry, Dickinson, North Dakota's internal control. Accordingly, we do not express an opinion on the effectiveness of North Dakota State Board of Optometry, Dickinson, North Dakota's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

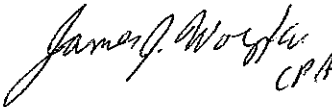
Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Dakota State Board of Optometry, Dickinson, North Dakota's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James J. Wosepka, PC

By  CPT

December 30, 2015
Beach, North Dakota