

**Mocksville Tourism
Development Authority
Mocksville, North Carolina**

**Independent Auditor's Reports
Basic Financial Statements
And
Information Accompanying the
Basic Financial Statements**

**For the year ended
June 30, 2023**

**Mocksville Tourism Development Authority
(A Component Unit of the Town of Mocksville)**

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June 30, 2023**

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EDDIE CARRICK, CPA, PC

Certified Public Accountant

Independent Auditor's Report

To the Board of Directors
Mocksville Tourism Development Authority
Mocksville, North Carolina

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the Mocksville Tourism Development Authority (a component unit of the Town of Mocksville), as of and for the year ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of Mocksville Tourism Development Authority as of June 30, 2023 and 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Mocksville Tourism Development Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibility of Management's for the Audit of 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; 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 raises substantial doubt about the Mocksville Tourism Development Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. 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 material statement 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, I

- Exercised professional judgement and maintained 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 Mocksville Tourism Development Authority '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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mocksville Tourism Development Authority 's ability to continue as a going concern for a reasonable period of time.

I 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 7, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Eddie Carrick, CPA, PC
Lexington, North Carolina
October 31, 2023

Mocksville Tourism Development Authority

(A Component Unit of the Town of Mocksville)

Mocksville, North Carolina

Management's Discussion and Analysis

As management of the Mocksville Tourism Development Authority, we offer the readers of the Mocksville Tourism Development Authority's financial statements this narrative overview and analysis of the financial activities of the Mocksville Tourism Development Authority for the fiscal year ended June 30, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial highlights

- The assets of the Mocksville Tourism Development Authority exceeded its liabilities at the close of the fiscal year by \$223,647 (*net position*).
- The government's total net position increased by \$22,756, primarily due to increased collections and limited spending at this time.
- As of the close of the current fiscal year, Mocksville Tourism Development Authority's governmental fund reported ending fund balance of \$223,647 with a net increase of \$22,756 in fund balance. Approximately 100% of this total amount, or \$223,647, is restricted.
- At the end of the current fiscal year, fund balance restricted for tourism development for the general fund was \$223,647, or 340% of total fund expenditures for the fiscal year.

This discussion and analysis is intended to serve as introduction to the Mocksville Tourism Development Authority's basic financial statements. As discussed in footnote B of the financial statements, the Authority is a special purpose entity operating for the single purpose of promoting tourism for Mocksville. As such, the Authority has opted to present its government-wide financial statements and fund statements together. The basic financial statements present two different views of the Authority through the government-wide financial statements and fund financial statements.

Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements report the government-wide financial statements and fund financial statements using a columnar format, with a reconciliation column between the two. The government-wide financial statement column provides both short and long-term information about the Authority's financial status.

Management Discussion and Analysis
Mocksville Tourism Development Authority

The next statement (Exhibit C) represents the budgetary comparison of the fund financial statements, which is required by General Statutes.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Authority's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Authority's financial status as a whole.

The two government-wide statements report the Authority's net position and how they have changed. Net position is the difference between the Authority's total assets and total liabilities. Measuring net position is one way to gauge the Authority's financial condition.

The governmental activities include all of the Authority's services. Occupancy taxes finance these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Mocksville Tourism Development Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as General Statutes or the Authority's budget ordinance. The sole fund of Mocksville Tourism Development Authority is a governmental (general) fund.

Governmental Funds – Government funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him determine if there are more or less financial resources available to finance the Authority's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

Management Discussion and Analysis
Mocksville Tourism Development Authority

The Mocksville Tourism Development Authority adopts an annual budget for the General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the county, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance the current period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented in the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board 2) the final budget as amended by the board 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the differences or variance between the final budget and actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 11 of this report.

Interdependence with Other Entities: The Authority receives no funds from the Federal Government and the State of North Carolina.

Government-Wide Financial Statements

Mocksville Tourism Development Authority - Net Position

	<i>Governemental Activities</i>		
	<i>2023</i>	<i>2022</i>	<i>2021</i>
Current and other assets	\$ 223,647	\$ 200,891	\$ 171,322
Total assets	<u>223,647</u>	<u>200,891</u>	<u>171,322</u>
Long-term liabilities	-	-	-
Other Liabilities	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Restricted for:			
Stabilization by state statute	-	8,955	8,955
Tourism development	223,647	191,936	162,367
Total net position	<u>\$ 223,647</u>	<u>\$ 200,891</u>	<u>\$ 171,322</u>

As noted earlier, net position may over time as one useful indicator of a government's financial condition. The assets of the Authority exceeded liabilities by \$223,647 as of June 30, 2023. The Authority's net position increased by \$22,756 for the fiscal year ended June 30, 2023. The amount is restricted for future tourism development.

Management Discussion and Analysis
Mocksville Tourism Development Authority

Mocksville Tourism Development Authority - Changes in Net Position

	<i>Governmental Activities</i>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Occupancy taxes	\$ 80,211	\$ 78,382	\$ 45,806
Other	8,261	2,235	5,105
Total revenues	<u>88,472</u>	<u>80,617</u>	<u>50,911</u>
Expenses:			
Insurance	450	870	622
Supplies	-	-	69
Professional	1,500	1,660	1,605
Other	90	121	266
Advertising	9,534	10,810	2,881
Mural	-	-	23,448
Tourism development	54,142	37,587	14,068
Total expenses	<u>65,716</u>	<u>51,048</u>	<u>42,959</u>
Increase in net position	22,756	29,569	7,952
Net position, July 1	<u>200,891</u>	<u>171,322</u>	<u>163,370</u>
Net position, June 30	<u>\$ 223,647</u>	<u>\$ 200,891</u>	<u>\$ 171,322</u>

Governmental activities. Governmental activities increased the Authority's net position by \$22,756.

Key elements of this increase are as follows:

- Increase in occupancy tax collected and minimal expenses

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Authority's financing requirements.

The general fund is the only fund of the Authority. At the end of the current fiscal year, the Authority's fund balance available for tourism development in the General Fund was \$223,647, while total fund balance reached \$223,647. The Authority currently has available fund balance for tourism development of 340% of total General Fund expenditures, while total fund balance represents 340% of that same amount.

General Fund Budgetary Highlights: The Authority did adopt a budget for the current year as required by general statutes.

Management Discussion and Analysis
Mocksville Tourism Development Authority

Economic Factors

The following key economic indicators may have a positive impact on the Authority's budget and may result in an increase in occupancy tax revenues:

- Improvement in the Gross Domestic Product
- Decrease in the unemployment rate
- Increase in business investments and expenditures
- Fluctuating fuel costs decreasing the cost of leisure and business travel

Budget Highlights for the Fiscal Year Ending June 30, 2024

The Town of Mocksville continues to promote new business and commercial development, and plans to coordinate with the MTDA to establish more events in Town to encourage tourism and travel. The new project of Main Street Five-K Half Marathon, and three annual festivals, Oaks Festival, Summer Beach Days, and T'was the Night Before Bed Race adds investment along with generating more travel. In addition, Winter/Holiday events are scheduled every weekend throughout the month of December and a weekly farmers market is fully operational spring through fall. Mocksville Tourism is promoting events in Our State magazine as Destination advertisements to enhance our economic direction. Mocksville Tourism promotes many projects not only for the Town of Mocksville but for the entire Davie County which brings people into our town and businesses through a grant program.

Requests for Information

This report is designed to provide an overview of the Authority'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 Mocksville Tourism Development Authority, 171 S. Clement St, Mocksville, NC 27028

MOCKSVILLE TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of the Town of Mocksville)
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2023

(With comparative amounts shown for June 30, 2022)

	General Fund	Adjustments (Note B)	Statement of Net Position	
			2023	2022
ASSETS				
Cash and investments - restricted	\$ 223,647	\$ -	\$ 223,647	\$ 191,936
Accounts receivable, net	-	-	-	8,955
Total assets	<u>\$ 223,647</u>	<u>-</u>	<u>223,647</u>	<u>200,891</u>
LIABILITIES				
Current liabilities				
None	\$ -	-	-	-
Long-term liabilities				
None	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE / NET POSITION				
Fund Balances:				
Restricted for:				
Stabilization by State Statute	-	-	-	-
Tourism development	223,647	(223,647)	-	-
Total fund balance	<u>223,647</u>	<u>(223,647)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 223,647</u>		<u>-</u>	<u>-</u>
Net position:				
Restricted for:				
Stabilization by State Statute		-	-	8,955
Tourism development		223,647	223,647	191,936
Total net position		<u>\$ 223,647</u>	<u>\$ 223,647</u>	<u>\$ 200,891</u>

Notes to the financial statements are an integral part hereof

MOCKSVILLE TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of the Town of Mocksville)
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES / STATEMENT OF NET ACTIVITIES
For the fiscal year ended June 30, 2023
(With comparative amounts for fiscal year ended June 30, 2022)

	General Fund	Adjustments (Note B)	Statement of Activities	
			2023	2022
REVENUES				
Occupancy taxes - current	\$ 80,211	\$ -	\$ 80,211	\$ 78,382
Other income	8,261	-	8,261	2,235
Total revenues	<u>88,472</u>	<u>-</u>	<u>88,472</u>	<u>80,617</u>
EXPENDITURES				
Insurance	450		450	870
Supplies	-		-	-
Professional	1,500		1,500	1,660
Other	90		90	121
Advertising	9,534		9,534	10,810
Sponsorship and events	54,142	-	54,142	37,587
Total expenditures / expenses	<u>65,716</u>	<u>-</u>	<u>65,716</u>	<u>51,048</u>
Revenues over (under) expenditures	22,756	(22,756)	-	-
Change in net position		22,756	22,756	29,569
Beginning of year	<u>200,891</u>		<u>200,891</u>	<u>171,322</u>
End of year	<u>\$ 223,647</u>		<u>\$ 223,647</u>	<u>\$ 200,891</u>

Notes to the financial statements are an integral part hereof

MOCKSVILLE TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of the Town of Mocksville)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND

For the fiscal year ended June 30, 2023

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Occupancy taxes - current			\$ 80,211	
Other income			8,261	
Total revenues	<u>\$ 73,595</u>	<u>\$ 73,595</u>	<u>88,472</u>	<u>\$ 14,877</u>
EXPENDITURES				
Insurance			450	
Supplies			-	
Professional			1,500	
Other			90	
Advertising			9,534	
Sponsorship and events			54,142	
Total expenditures / expenses	<u>73,595</u>	<u>73,595</u>	<u>65,716</u>	<u>7,879</u>
Revenues over (under) expenditures			22,756	
OTHER FINANCING SOURCES				
Appropriated fund balance	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	22,756	<u>\$ 22,756</u>
Fund balance - beginning of year			<u>200,891</u>	
Fund balance - end of year			<u>\$ 223,647</u>	

Notes to the financial statements are an integral part hereof

Mocksville Tourism Development Authority
(A Component Unit of the Town of Mocksville)

NOTES TO FINANCIAL STATEMENTS
As of or for the Year Ended June 30, 2023

I. Summary of significant accounting policies

The financial statements of the Mocksville Tourism Development Authority (Authority), a component unit of the Town of Mocksville, North Carolina (Town), have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The following is a summary of the more significant accounting policies.

A. Reporting entity

The Mocksville Tourism Development Authority is a public authority under the North Carolina General Statutes. It was established December 7, 2010 to receive the local room occupancy tax collected by the Town's finance officer. Expenditure of these funds is limited to promoting travel, tourism and conventions in the Town and sponsor tourist-oriented events and activities in the Town. The members of the Authority's governing board are appointed by the Town. As required by generally accepted accounting principles, these financial statements present the Authority and any existing component unit, a legally separate entity for which the Authority is financially accountable. For the year ended June 30, 2023, the Authority had no component units.

B. Basis of presentation

Government-wide Statements: The statement of net position and the statement of activities display the information about the government. These statements include the activities of the overall government.

The statement of activities presents a comparison between direct expenses and revenues for the Authority's governmental activities. Revenues include occupancy tax from lodging establishments in the Town and interest on cash deposits.

Fund Financial Statements: The fund financial statements provide information about the Authority's general fund. It is a governmental fund and is used to account for all financial resources of the Authority.

The Authority has implemented Government Accounting Standards Board Statement Number 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and related standards. These new standards provide for significant changes in terminology and presentation and for inclusion of Management's Discussion and Analysis as required supplementary information. Governmental Accounting Standards Board Statement Number 34 permits special purpose governments engaged in only governmental activities and operating only one program the option of presenting combined government-wide financial statements. The Authority has elected this option for presentation of the financial statements. In the combined statements, there is an Adjustments column in order to effect the transition from the fund to the government-wide financial statements.

Notes to the Financial Statements (continued)

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Authority are maintained during the year using the modified basis of accounting.

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include occupancy taxes, grants, and donations. On an accrual basis, revenue from occupancy taxes is recognized in the fiscal year for which the taxes are earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

The Authority considers all revenue available if they are collected within 90 days after year end. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures.

D. Budgetary data

The Authority's budget is adopted as required by the North Carolina General Statutes. All annual appropriations lapse at the fiscal-year end. The budget is prepared using the modified accrual basis of accounting. Expenditures may not exceed appropriations at the program level.

Amendments are required for any revisions to the budget and must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity:

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, a SEC-registered mutual fund. Investments are stated at cost or amortized costs.

Notes to the Financial Statements (continued)

2. Cash and Cash Equivalents

The Authority pools money from several funds to facilitate disbursements and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Tourism Development Authority considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Cash and Investments

All cash and investments held by the Authority are restricted for Tourism Development.

Mocksville Tourism Development Authority Restricted Cash

Governmental Activities	
General Fund	Tourism Development \$ 223,647
Total Restricted Cash	<u>\$ 223,647</u>

4. Taxes Receivable

The Authority receives ninety-nine percent of room occupancy taxes which are levied at three percent of the gross receipts derived from the rental of any room lodging, or similar accommodation furnished by a hotel, motel or similar establishment within the Town, which is subject to the three percent sales tax imposed by the State under General Statute 105-164, 4(3). The occupancy taxes are collected by the Town's Finance Department monthly and made available, net of 1% in collection fee, to the Authority during the subsequent month.

5. Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$500 and an estimated useful life of more than two years. Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Life</u>
Vehicles	6 yrs
Furniture and office equipment	7-10 yrs
Computer equipment	5 yrs

The Authority had no fixed assets at June 30, 2023.

Notes to the Financial Statements (continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has no item that meets this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has no item that meets this criterion.

7. Net Position/Fund Balance

Net Position

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted and unrestricted. Restricted 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 the law through state statute.

Fund Balance

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for tourism development - portion of fund balance that is restricted by State Statute for tourism development

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the authority's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Assigned fund balance – portion of fund balance that the authority intends to use for specific purposes.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Authority has not adopted a revenue spending policy at this time.

Notes to the Financial Statements (continued)

II. Stewardship, Compliance, and Accountability:

A. Material Violations of Finance-Related Legal and Contractual Provisions:

1. Noncompliance with North Carolina General Statutes:

None noted

2. Excess of Expenditures over Appropriations

None noted

III. Detail Notes on All Funds and Account Groups:

A. Assets:

1. Deposits

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists to undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority has no formal policy regarding custodial risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Authority complies with provisions of GS 159-31 when designating official depositories and verifying the deposits are properly secured.

At June 30, 2023, the Authority's deposits had a carrying amount of \$223,647 and a bank balance of \$223,647. The bank balances of the Authority are covered by up to \$250,000 of federal depository insurance. Any excess balance of deposits is collateralized under the Pooling Method as enumerated above.

2. Investments

At June 30, 2023, the Authority had no investments.

Notes to the Financial Statements (continued)

3. Accounts Receivable

Occupancy taxes levied at a 3% rate on overnight occupancy in the Town is collected and remitted to the Authority in the month following collections. At June 30, 2023, the Town had not remitted amounts collected for June in the amount of \$0.

B. Liabilities:

There were no liabilities as of June 30, 2023.

1. Risk management

In accordance with G.S. 159-29, the finance officer is bonded for \$50,000.

C. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

<u>Total fund balance</u>	<u>\$ 223,647</u>
Less:	
Stabilization by State Statute	-
Appropriated Fund Balance in 2024 budget	-
Restricted for Tourism Development	<u>223,647</u>
Remaining Fund Balance	<u>\$ -</u>

IV. Significant Effects of Subsequent Events

Subsequent events occurring after the statement of financial position date have been evaluated through October 31, 2023, which is the date the financial statements were available to be issued. There were no subsequent events that came to our attention after the audit that would have a significant effect on the Authority.