

**TOWN OF JONESVILLE
TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of the Town of Jonesville, North Carolina)**

FINANCIAL STATEMENTS

Year Ended June 30, 2020

TOWN OF JONESVILLE
TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of the Town of Jonesville, North Carolina)

MEMBERS

Regina Adkins
Pat Benton
James D. Lewis
David Moxley
Gene Pardue
Bob Patel

OFFICERS

Anita Darnell
Glenda Gilliam

President
Coordinator

**JONESVILLE TOURISM DEVELOPMENT AUTHORITY
JONESVILLE, NORTH CAROLINA**

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FINANCIAL SECTION



Independent Auditor's Report

To the Members of the
Jonesville Tourism Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Jonesville Tourism Development Authority (the "Authority"), a component unit of the Town of Jonesville, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the basic 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 Authority'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 basic financial statements.

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

Opinions

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and aggregate remaining fund information of Jonesville Tourism Development Authority as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a required 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.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
January 4, 2021

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

Management's Discussion and Analysis

As management of the Jonesville Tourism Development Authority, we offer readers of the Jonesville Tourism Development Authority's financial statements this narrative overview and analysis of the financial activities of the Jonesville Tourism Development Authority for the fiscal year ended June 30, 2020. 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

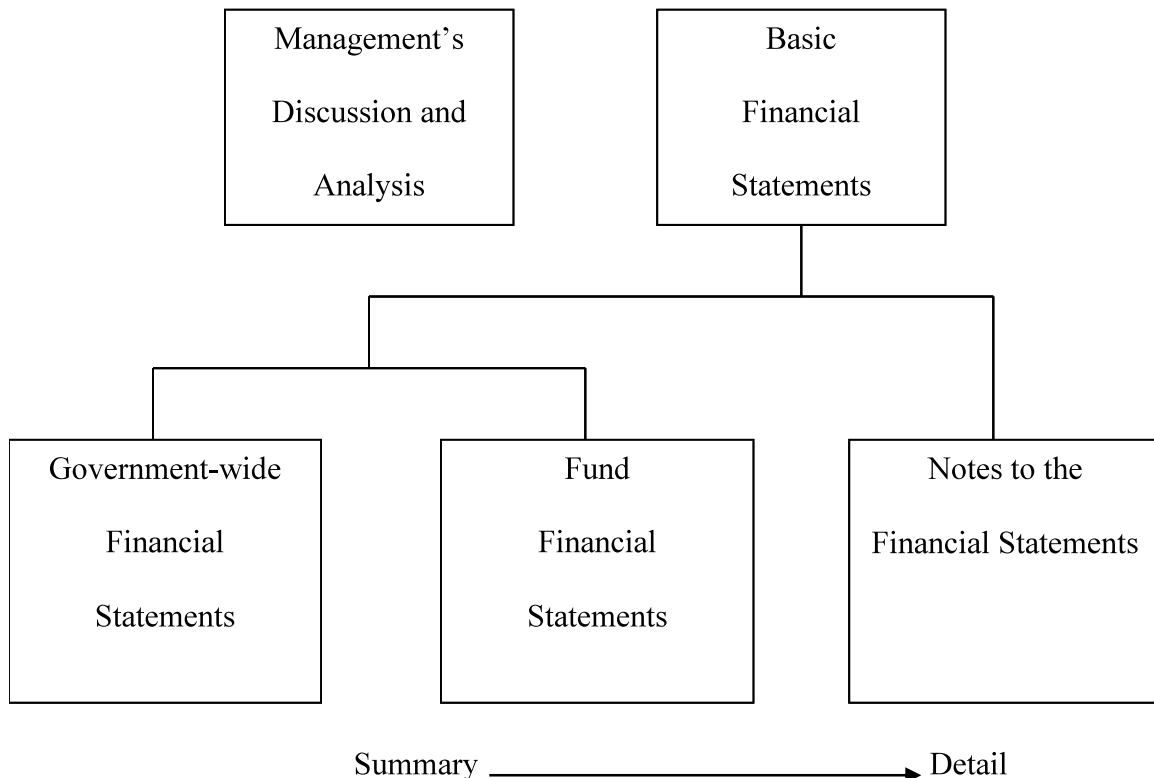
- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$321,224 (*net position*).
- The Authority's total net position *decreased* by \$49,392 primarily due to the decrease in Occupancy Tax revenue due in large part to the effects of the COVID-19 global pandemic.
- As of the close of the current fiscal year, the Authority's governmental funds reported ending fund balances of \$292,999 with a net change of \$72,970 in fund balance. Approximately 6.0 percent of this total amount, or \$16,465, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$276,534, or 82.67% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jonesville Tourism Development Authority's basic financial statements. The Authority's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Authority through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers' understanding of the financial condition of the Jonesville Tourism Development Authority.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Authority’s financial status.

The next statements (Exhibit 3) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority’s government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the government fund statement and 2) the budgetary comparison statement.

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. After the notes, **supplemental information** is provided to show details about the Authority’s individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

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 deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Authority's financial condition.

The government-wide statements consist of governmental activities. The governmental activities include most of the Authority's basic services such as providing advertising and promoting tourism for the Town of Jonesville.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Authority's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Jonesville 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 the General Statutes or the Authority's budget ordinance

Government Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most 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* that 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 or her 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 (if any) will be described in a reconciliation that is explained in the notes.

The Jonesville Tourism Development Authority adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Authority, 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 these current period activities. The budgetary statement provided for the General Fund

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

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 using 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 difference or variance between the final budget and the actual resources and charges.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17-23 of this report.

Government-Wide Financial Analysis

The Jonesville Tourism Development Authority's Net Position

Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 309,702	\$ 373,648
Capital assets	28,225	4,647
Total assets	337,927	378,295
Accounts payable and other accrued liabilities	16,703	7,679
Total liabilities	16,703	7,679
Net position:		
Net investment in capital assets	28,225	4,647
Restricted	16,465	29,273
Unrestricted	276,534	336,696
Total net position	\$ 321,224	\$ 370,616

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Jonesville Tourism Development Authority exceeded liabilities and deferred inflows by \$321,224 as of June 30, 2020. The Authority's net position *decreased* by \$49,392 for the fiscal year ended June 30, 2020. The Authority investment in capital assets represented

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

\$28,225 of the net position. The Authority uses capital assets to promote the Town of Jonesville, consequently, these assets are not available for future spending. Although the Authority's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. As of June 30, 2020, the Authority had no related debt to its assets. An additional portion of the Authority's net position, \$16,465, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$276,534 is unrestricted.

Several particular aspects of the Authority's financial operations negatively influenced the total unrestricted governmental net position.

- Decrease in occupancy revenues for the fiscal year due in large part to circumstances related to the COVID-19 global pandemic.

Jonesville Tourism Development Authority Changes in Net Position
Figure 3

	Governmental Activities	
	2020	2019
Revenues:		
Occupancy tax	\$ 261,103	\$ 323,369
Other	439	636
Total revenues	<u>261,542</u>	<u>324,005</u>
Expenses:		
Operations	309,790	376,404
Depreciation	1,145	160
Total expenses	<u>310,935</u>	<u>376,564</u>
Decrease in net position	<u>(49,393)</u>	<u>(52,559)</u>
Net position, beginning	<u>370,616</u>	<u>423,175</u>
Net position, June 30	<u>\$ 321,223</u>	<u>\$ 370,616</u>

Governmental Activities. Governmental activities *decreased* the Authority's net position by \$49,392. Key elements of this decrease are as follows:

- Decrease in occupancy tax revenue due in large part to circumstances related to the COVID-19 global pandemic

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

Financial Analysis of the Authority's Funds

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

Governmental Funds. The focus of the Jonesville Tourism Development 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 Jonesville Tourism Development Authority's financing requirements.

The general fund is the chief operating fund of the Jonesville Tourism Development Authority. At the end of the current fiscal year, the Authority's fund balance available in the General Fund was \$276,534, while total fund balance reached \$292,999. The Authority currently has an available fund balance of 82.67% of general fund expenditures, and total fund balance represents 87.6% of the same amount.

At June 30, 2020, the governmental fund of Jonesville Tourism Development Authority reported a fund balance of \$292,999, a 19.9% decrease over last year.

General Fund Budgetary Highlights: During the fiscal year, the Authority may revise the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Budget amendments were made during the year to increase projected expenditures.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental activities as of June 30, 2020 totals \$28,225 and represents equipment (net of accumulated depreciation).

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

Jonesville Tourism Development Authority's Capital Assets

Figure 4
(net of depreciation)

	Governmental Activities	
	2020	2019
Equipment	\$ 28,225	\$ 4,647
Total	<u>\$ 28,225</u>	<u>\$ 4,647</u>

Additional information on the Authority's capital assets can be found in Note C of the basic financial statements.

Long-term Debt. As of June 30, 2020, the Jonesville Tourism Development Authority had no long-term debt.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Authority.

- The Town is proceeding with the preparation of an Economic Development Plan. The plan will identify the major economic and community development issues and develop actionable items to address the issues, with a five year time horizon. The plan will provide a framework to capitalize on economic development opportunities and potentially capitalize on outside funding resources. A Steering Committee has been appointed to lead the planning and implementation effort.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities:

- Redesign of the Tourism website with the goal to increase traffic to the website and improve the area's social media presence which will promote the area in and around Jonesville.
- Increase marketing of the area to help local hotels/motels with occupancy loss due to COVID-19 global pandemic.

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020

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 the Finance Director of the Jonesville Tourism Development Authority, Wendy Thompson, at 1503 NC 67 Hwy, Jonesville, NC 28642, or 336-835-3426.

BASIC FINANCIAL STATEMENTS

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF JONESVILLE, NORTH CAROLINA)
STATEMENT OF NET POSITION
As of June 30, 2020

	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 291,988	\$ 291,988
Accounts receivable	16,465	16,465
Prepaid expenses	1,249	1,249
Total current assets	<u>309,702</u>	<u>309,702</u>
Capital assets:		
Equipment, net of depreciation	<u>28,225</u>	<u>28,225</u>
Total assets	<u>337,927</u>	<u>337,927</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	<u>16,703</u>	<u>16,703</u>
Total liabilities	<u>16,703</u>	<u>16,703</u>
NET POSITION		
Net investment in capital assets	28,225	28,225
Restricted for:		
Stabilization by State Statute	16,465	16,465
Unassigned	<u>276,534</u>	<u>276,534</u>
Total net position	<u><u>\$ 321,224</u></u>	<u><u>\$ 321,224</u></u>

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

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF JONESVILLE, NORTH CAROLINA)
STATEMENT OF ACTIVITIES
For the year Ended June 30, 2020

	<u>Governmental Activities</u>	<u>Total</u>
REVENUES		
Governmental activities:		
Occupancy tax	\$ 261,103	\$ 261,103
Investment earnings	439	439
Total revenues	<u>261,542</u>	<u>261,542</u>
EXPENSES		
Cultural and Recreation:		
Operations	309,790	309,790
Depreciation	1,144	1,144
Total expenses	<u>310,934</u>	<u>310,934</u>
Change in net position	(49,392)	(49,392)
Net position, beginning	<u>370,616</u>	<u>370,616</u>
Net position, ending	<u><u>\$ 321,224</u></u>	<u><u>\$ 321,224</u></u>

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

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF JONESVILLE, NORTH CAROLINA)

BALANCE SHEET

As of June 30, 2020

	<u>Major Funds</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 291,988	\$ 291,988
Accounts receivable	16,465	16,465
Prepays	<u>1,249</u>	<u>1,249</u>
Total assets	<u>309,702</u>	<u>309,702</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>16,703</u>	<u>16,703</u>
Total liabilities	<u>16,703</u>	<u>16,703</u>
FUND BALANCES		
Restricted:		
Stabilization by State Statute	16,465	16,465
Unassigned	<u>276,534</u>	<u>276,534</u>
Total fund balances	<u><u>\$ 292,999</u></u>	<u><u>292,999</u></u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		292,999
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	86,390	
Accumulated depreciation	<u>(58,165)</u>	<u>28,225</u>
		<u><u>\$ 321,224</u></u>

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

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF JONESVILLE, NORTH CAROLINA)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
For the year Ended June 30, 2020

	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
REVENUES		
Occupancy tax	\$ 261,103	\$ 261,103
Interest	439	439
Total revenues	<u>261,542</u>	<u>261,542</u>
EXPENDITURES		
Current:		
Tourism promotions	275,337	275,337
Tax collection fees	7,824	7,824
Professional fees	21,290	21,290
Maintenance and repairs	14,791	14,791
Utilities	13,126	13,126
Miscellaneous	2,144	2,144
Total expenditures	<u>334,512</u>	<u>334,512</u>
Excess of expenditures over revenues	(72,970)	(72,970)
Net change in fund balance	<u>(72,970)</u>	<u>(72,970)</u>
Fund balance, beginning	<u>365,969</u>	<u>365,969</u>
Fund balance, ending	<u>\$ 292,999</u>	<u>\$ 292,999</u>

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

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF JONESVILLE, NORTH CAROLINA)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND (CONTINUED)
For the year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (72,970)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

Capital outlay expenditures which were capitalized	24,722
Depreciation expense for governmental assets	<u>(1,144)</u>
Total changes in net position of governmental activities	<u><u>\$ (49,392)</u></u>

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

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE TOWN OF JONESVILLE, NORTH CAROLINA)
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the year Ended June 30, 2020

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Occupancy tax	\$ 312,600	\$ 323,300	\$ 261,103	\$ (62,197)
Interest	300	600	439	(161)
Total revenues	312,900	323,900	261,542	(62,358)
EXPENDITURES				
Current:				
Tourism promotions	324,007	324,077	274,089	49,988
Tax collection fees	10,000	10,000	7,824	2,176
Professional fees	21,550	21,550	21,290	260
Maintenance and repairs	17,000	17,000	14,791	2,209
Utilities	13,200	13,200	13,126	74
Miscellaneous	4,000	4,000	3,392	608
Total expenditures	389,757	389,827	334,512	55,315
Revenues over (under) expenditures	(76,857)	(65,927)	(72,970)	(7,043)
Total other financing sources	-	-	-	-
Fund balance appropriated	79,900	79,900	-	(79,900)
Net change in fund balance	\$ 3,043	\$ 13,973	(72,970)	\$ (86,943)
Fund balance, beginning			365,969	
Fund balance, ending			\$ 292,999	

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jonesville Tourism Development Authority (the Authority) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Jonesville Tourism Development Authority is headquartered in Jonesville, North Carolina. The Town of Jonesville appoints the members of the Authority's governing board. The Authority receives revenue through a six percent occupancy tax, which is levied and collected by the Town of Jonesville. The Town remits the taxes collected to the Authority. The Authority, which has a June 30 year-end, is presented as if it were a governmental fund. The transactions of the management of the Authority are included in the accompanying basic financial statements. The accompanying basic financial statements include all funds required by generally accepted accounting principles. There was no component units for which the Authority was financially accountable at June 30, 2020.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charged paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements The fund financial statements provide information about the Authority's funds. Separate statements for each fund are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Authority reports the following major governmental fund:

General Fund: The General Fund is the general operating fund of the Authority. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue source is the occupancy tax remitted from the Town. The primary expenditures are for the advertising and promoting tourism in the Town.

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 accrual basis of accounting.

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

Governmental Fund Financial Statements. 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 principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in government funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Budgetary Data

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. Budgetary control is exercised and appropriations are made and amended as necessary by the governing board. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

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 Super NOW accounts, money market accounts, and certificates of deposit.

Cash and Cash Equivalents

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets

Capital assets are defined by the unit as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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>Estimated Useful Life</u>
Equipment	3 to 10 years
Furniture and maintenance equipment	3 to 10 years
Vehicles	3 to 10 years

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 items that meet 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 statement 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 items that meet the criterion for this category.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable unit activities' statement of net position.

Net Position

Net position in government-wide fund financial statements are classified as net invested in capital assets, restricted, and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and main the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute.” *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Jonesville Tourism Development Authority’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove to revise the limitation.

Assigned Fund Balance – portion of fund balance that the Jonesville Tourism Development Authority intends to use for specific purposes.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or specific purposes of other funds

NOTE B – DEPOSITS

Deposits

All of 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 agent in the Authority’s name. 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 agent in their name. 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 amount of collateral pledged for the Authority under the Pooling Method, the potential exists for under collateralization, and its 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

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2020

NOTE B – DEPOSITS (CONTINUED)

credit 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 the provisions of G.S. 159-31 when designating official depositors and verifying that deposits are properly secured. The Authority has no formal policy regarding credit risk from deposits.

At June 30, 2020, the Authority's deposits had a carrying amount of \$291,988 and a bank balance of \$302,900. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

NOTE C- CAPITAL ASSETSCapital Assets

Capital asset activity for the Authority for the year ended June 30, 2020 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 61,668	\$ 24,722	\$ -	\$ 86,390
Total capital assets being depreciated	<u>61,668</u>	<u>-</u>	<u>-</u>	<u>86,390</u>
Less accumulated depreciation for:				
Equipment	57,021	1,144	-	58,165
Total accumulated depreciation	<u>57,021</u>	<u>\$ 1,144</u>	<u>\$ -</u>	<u>58,165</u>
Total capital assets being depreciated, net	<u>4,647</u>			<u>28,225</u>
Governmental activity capital assets, net	<u>\$ 4,647</u>			<u>\$ 28,225</u>

Depreciation expense was charged to the general government in the amount of \$1,144.

NOTE D – RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Authority carries no commercial insurance for all other risks of loss. The finance officer is individually bonded for \$50,000. The Authority is not covered by flood insurance.

In accordance with G.S. 159-29, the TDA employees that have access to \$100 or more at any given time of the Authority's funds are performance bonded through a commercial surety bond.

TOWN OF JONESVILLE TOURISM DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE E – FUND BALANCE

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

Total fund balance - General Fund	\$ 292,999
Less:	
Stabilization by State Statute	16,465
Remaining Fund Balance	<u>\$ 276,534</u>

INDIVIDUAL FUND STATEMENTS

JONESVILLE TOURISM DEVELOPMENT AUTHORITY**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the year ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 323,300	\$ 261,103	\$ (62,197)
Interest	600	439	(161)
Total revenues	323,900	261,542	(62,358)
EXPENDITURES			
Tourism promotions	354,077	275,337	78,740
Tax collection fees	10,000	7,824	2,176
Professional fees	21,550	21,290	260
Maintenance and repairs	17,000	14,791	2,209
Utilities	13,200	13,126	74
Miscellaneous	4,000	2,144	1,856
Total expenditures	419,827	334,512	85,315
Revenues under expenditures	(95,927)	(72,970)	22,957
Total other financing sources	-	-	-
Fund balance appropriated	95,927	-	(95,927)
Net change in fund balance	\$ -	(72,970)	\$ (72,970)
Fund balance, beginning		365,969	
Fund balance, ending		\$ 292,999	