

ANNUAL FINANCIAL REPORT



**FOR YEAR ENDED
JUNE 30, 2022**

GRANVILLE COUNTY
TOURISM DEVELOPMENT
AUTHORITY
FINANCIAL STATEMENTS

June 30, 2022

Board of Directors Members

Vickie Smoak, Chairman

Alan Thornton

Tejas (TJ) Bhagat

Harry Mills

Lauren Roberson

Christopher Horrigan

Administrative and Financial Staff

Angela Allen, Director (ex-officio)

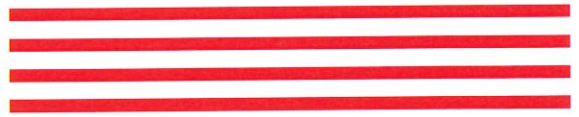
Korena Weichel, Granville County Assistant Manager

Steve McNally, Granville County Finance Officer

Granville County Tourism Development Authority
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June 30, 2022

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Financial Section



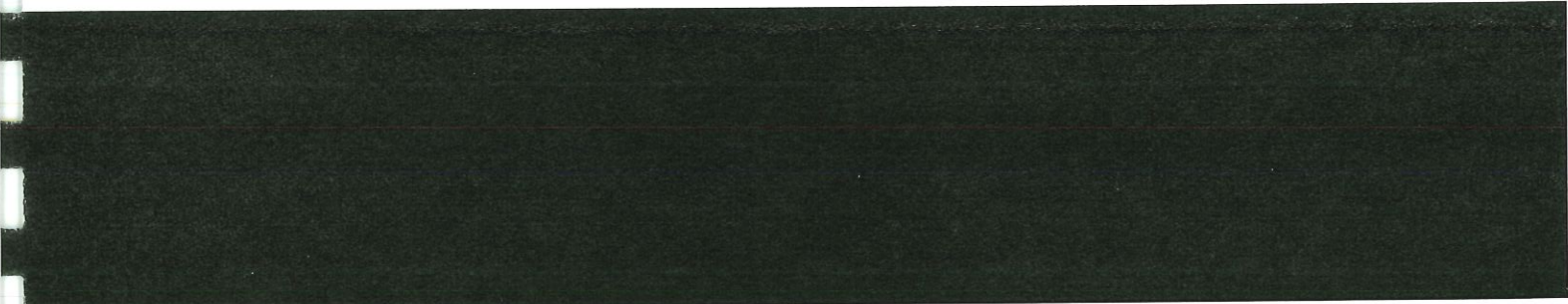
Independent Auditor's Report

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Thompson, Price, Scott, Adams & Co, P.A.

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**Alan W. Thompson, CPA
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Gregory S. Adams, CPA**

Independent Auditors' Report

To the Board of Directors
Granville County Tourism Development Authority
Granville County, North Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Granville County Tourism Development Authority (a component unit of Granville County, North Carolina), as of and for the year ended June 30, 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 our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Granville County Tourism Development Authority as of June 30, 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements of our report. We are required to be independent of the Granville County Tourism Development Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 raise substantial doubt about the Granville County Tourism Development Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Granville County 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 our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Granville County Tourism Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
November 11, 2022

Management's Discussion and Analysis

As management of the Granville County Tourism Development Authority (GTDA), we offer readers of the GTDA financial statements this narrative overview and analysis of the financial activities for the period July 1, 2021 through June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the GTDA's financial statements which follow this narrative.

Financial Highlights

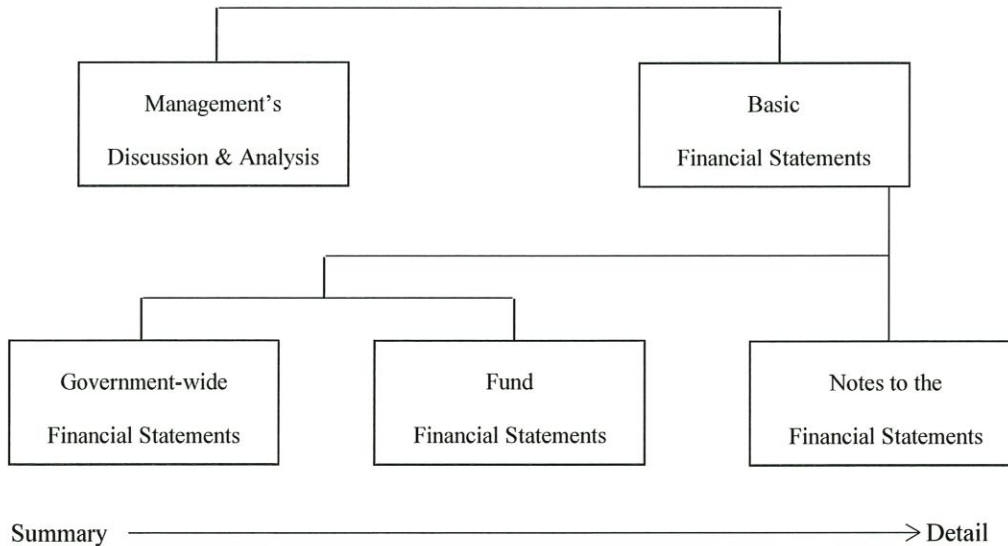
- The assets of the Granville County Tourism Development Authority exceeded its liabilities at the close of the period ended June 30, 2022 by \$504,488 (net position), an increase of \$70,368 in comparison with the prior year.
- Occupancy tax revenue from the County of Granville amounted to \$288,384 for the period July 1, 2021 through June 30, 2022. The County's occupancy tax rate is six percent (6%) of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, or similar place within the County of Granville, which is authorized by the State of North Carolina under HB 1748. The collections are remitted to the GTDA, less a 1.5% administration charge.
- The occupancy tax revenue must be expended to promote travel and tourism in the Granville County area. During the current year, expenditures were incurred in the amount of \$218,016.
- As of the close of the current fiscal year, the GTDA reported unassigned fund balance of \$191,333, or 87.76% of expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the GTDA's basic financial statements. The GTDA's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the GTDA through the use of government-wide statements and fund financial statements.

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 GTDA's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the GTDA's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements, and 2) the budgetary comparison statement.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The Notes explain in detail some of the data contained in the statements.

Government-wide Financial Statements

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

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

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the GTDA'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 GTDA, 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 of North Carolina or the GTDA's budget ordinance. Currently, the GTDA only maintains a General Fund, which is categorized as a governmental fund.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Currently, the GTDA's activities are accounted for in one governmental fund, the General Fund. This fund focuses 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 or her determine if there are more or less financial resources available to finance the GTDA's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is required to be described in a reconciliation that is a part of the fund financial statements. However, for the period July 1, 2021 through June 30, 2022, the GTDA had no transactions that required reconciliation between the different accounting methods.

The Granville County 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 Board members about which tourism promotions to undertake and how to pay for them. The budgetary statement provided for the General Fund demonstrates how well the GTDA complied with the budget ordinance and whether or not the GTDA succeeded in promoting tourism 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 GTDA's Board members, 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. There were no differences between the budgetary basis of accounting and the modified accrual basis; thus, a reconciliation showing the differences in the reported activities is not shown at the end of the budgetary statement.

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 13-18 of this report.

Government-Wide Financial Analysis

Granville County Tourism Development Authority's Net Position

Figure 2

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 476,667	\$ 412,415
Due from primary government	28,739	24,567
Total assets	<u>505,406</u>	<u>436,982</u>
Current liabilities		
Accounts payable	918	2,862
Total liabilities	<u>918</u>	<u>2,862</u>
Net Position:		
Stabilization by state statute	28,739	24,567
Tourism related capital development	284,416	270,109
Unrestricted	191,333	139,444
Total net position	<u>\$ 504,488</u>	<u>\$ 434,120</u>

As noted earlier, net position may serve over time as one useful indicator of an authority's financial condition. The assets of the GTDA exceeded liabilities by \$504,488 as of June 30, 2022. Thirty eight percent (38%) of the Granville County Tourism Development Authority's net position represent resources that are unrestricted in how they may be used for tourism promotion and related activities.

Granville County Tourism Development Authority's Changes in Net Position

Figure 3

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenues		
General Revenues:		
Occupancy Tax from Granville County	\$ 288,384	\$ 220,406
Interest earned on Investments	-	87
Other Revenues	-	25,750
Total revenues	<u>288,384</u>	<u>246,243</u>
Expenses:		
Tourism promotion	218,016	191,943
Total expenses	<u>218,016</u>	<u>191,943</u>
Increase/(decrease) in net position	70,368	54,300
Net position, beginning	434,120	379,820
Net position, ending	<u>\$ 504,488</u>	<u>\$ 434,120</u>

Governmental activities - Governmental activities increased the Granville County Tourism Development Authority's net position \$70,368. Key elements of this increase are as follows:

- Tourism travel & hotel stays increased due to the decline in COVID-19. Revenues are directly affected by hotel revenues.

Financial Analysis of the Authority's Funds

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

Governmental Funds - The focus of the Granville County Tourism Development Authority's governmental fund is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the GTDA's funding requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the only fund of the GTDA. At the end of the fiscal year ended June 30, 2022, unassigned fund balance of the General Fund was \$191,333, while total fund balance was \$504,488. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 87.76% of total General Fund expenditures, while total fund balance represents 231.40% of total General Fund expenditures.

General Fund Budgetary Highlights - During the fiscal year, the GTDA had five revisions to their original budget. 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. The original budget and the revised budget can be seen on Exhibit 5 of this document (page 12).

Economic Factors & Next Year's Budget

- Granville County is experiencing an unemployment rate of 3.8%, lower than the state average of 5.9%, according to August 2021 AccessNC data.
- The GCTDA 's hotel/lodging accommodation net occupancy taxes were \$252,370, \$220,406, and \$288,384 for the 2020, 2021 and 2022 fiscal years, respectively.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities - FY 22-23 budget revenues decreased from \$224,620 to \$219,500, on an anticipated recovery in occupancy tax revenue collections with the end of the COVID-19 pandemic. The FY 22-23 expenditure budget is \$219,500.

Request for Information

This report is designed to provide an overview of the Granville County Tourism Development 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 Director of Granville County Tourism Development Authority, 124 Hillsboro Street, Oxford, North Carolina, 27565.

Basic Financial Statements

Government-wide Financial Statements

Granville County Tourism Development Authority
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 476,667
Due from primary government	28,739
Total assets	505,406
LIABILITIES	
Current liabilities:	
Accounts payable	918
Total liabilities	918
NET POSITION	
Restricted for:	
Stabilization by State Statute	28,739
Tourism related capital development	284,416
Unrestricted	191,333
Total net position	\$ 504,488

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

Granville County Tourism Development Authority
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 218,016	\$ -	\$ -	\$ -	\$ (218,016)
Total governmental activities	218,016	-	-	-	(218,016)
Total primary government	<u>\$ 218,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(218,016)</u>
General revenues:					
Taxes:					
Other taxes					<u>288,384</u>
Total general revenues					<u>288,384</u>
Change in net position					70,368
Net Position:					
Beginning of year - July 1					<u>434,120</u>
End of year - June 30					<u>\$ 504,488</u>

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

Fund Financial Statements

Granville County Tourism Development Authority
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund
ASSETS	
Cash and investments	\$ 476,667
Due from primary government	28,739
Total assets	505,406
LIABILITIES	
Accounts payable	918
Total liabilities	918
FUND BALANCES	
Restricted	
Stabilization by State Statute	28,739
Tourism related capital development	284,416
Unassigned	191,333
Total fund balances	504,488
Total liabilities and fund balances	\$ 505,406

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

Granville County Tourism Development Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	General Fund
REVENUES	
Occupancy tax	\$ 288,384
Total revenues	288,384
EXPENDITURES	
Tourism development	123,471
Administrative/professional services	94,545
Total expenditures	218,016
Excess (deficiency) of revenues over expenditures	70,368
Net change in fund balance	70,368
Fund balances, beginning	434,120
Fund balances, ending	\$ 504,488

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

Granville County Tourism Development Authority
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy tax	\$ 217,500	\$ 217,500	\$ 288,384	\$ 70,884
Investment earnings	2,000	2,000	-	(2,000)
NCTIA Grant	-	-	-	-
Total revenues	<u>219,500</u>	<u>219,500</u>	<u>288,384</u>	<u>68,884</u>
Expenditures:				
Tourism Development	127,070	127,070	123,471	3,599
Administrative/Professional Services				
Professional services	78,950	78,950	77,334 ✓	1,616
Office rent	7,200	7,200	7,200 ✓	-
Advertising, supplies, printing & travel	8,900	8,900	7,589	1,311
Gas, Oil & Tires	2,500	2,500	2,422 ✓	78
Total Administrative/Professional Services	<u>97,550</u>	<u>97,550</u>	<u>94,545</u>	<u>3,005</u>
Total expenditures	<u>224,620</u>	<u>224,620</u>	<u>218,016</u>	<u>6,604</u>
Revenues (under) over expenditures	<u>(5,120)</u>	<u>(5,120)</u>	<u>70,368</u>	<u>75,488</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>70,368</u>	<u>\$ 70,368</u>
Fund balances, beginning			<u>434,120</u>	
Fund balances, ending			<u>\$ 504,488</u>	

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

Notes to the Financial Statements

Granville County Tourism Development Authority
Notes to the Financial Statements
June 30, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Authority was established on September 18, 2000 by the Granville County Board of Commissioners to promote the use and development of Granville County recreational, historic, and tourism resources. Under the authority of House Bill 1748, and by resolution of the Granville County Board of Commissioners, Granville County shall on a quarterly basis, remit the net proceeds of the 3% occupancy tax to the Granville County Tourism Development Authority. This Bill was amended in 2007 to increase the occupancy tax rate to a maximum of 6% of the gross receipts derived from rental accommodations.

The Granville County Tourism Development Authority is governed by a seven-member Board of Directors. Session Law 2008-45 enacted on July 3, 2008 increased the number of board members from five to seven. Four of the members are appointed by the County, of which two must be hotel/motel owners, one each selected by the Oxford City Council, Creedmoor City Council, and Butner Town Council.

The Authority, which has a June 30 year-end, is included as a component unit in the Granville County financial statements.

B. Basis of Presentation

Government-wide Statements : The statement of net position and the statement of activities display information about the primary government (The Authority). These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements : The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major governmental funds.

The Tourism Development Authority reports the following major governmental fund:

General Fund. This is the Authority's primary operating fund. It accounts for all financial resources of the general government. The primary revenue source is the Granville County six percent occupancy tax. The primary expenditures are for promotion of travel in Granville County and tourism-related expenditures.

C. Measurement Focus, 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 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 are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include occupancy taxes. Revenue from grants, entitlements, and donations is 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. The Authority considers revenues as available if they are collected within 90 days after year-end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Budgetary data

The Authority's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. Annual appropriations lapse at the fiscal year-end.

The annual budget is prepared on the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the annually budgeted general fund. Amendments are required for any revisions that alter total expenditures of the general fund or that change functional appropriations by more than \$1,000. The governing board must approve all amendments. 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 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 non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Authority does not have any investments at June 30, 2022.

2. Cash and Cash Equivalents

The Authority's cash deposits are held in trust by Granville County, North Carolina. The County pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements is classified as net investment in capital assets 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 law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of three 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:

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 maintain 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 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.

Restricted for Tourism Related Capital Development - portion of fund balance that is restricted for tourism related capital development [S.L. 2007-331].

Assigned fund balance - portion of fund balance that Granville County Tourism Development Authority intends to use for specific purposes.

Subsequent year's expenditures -portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Granville County Tourism Development Authority.

II. Detail Notes on all Fonds

A. Assets

1. Deposits

All of the Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in this unit'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 their agents in the entity's 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 with 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 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 Tourism Development Authority does not have a policy regarding custodial credit risk for deposits.

At June 30, 2022, the Authority's deposits had a carrying amount of \$476,667 and a bank balance of \$476,741. Since Granville County Tourism Development Authority's deposits are pooled with those of Granville County, none of the bank balance was covered by federal depository insurance. All of the bank balance was covered by collateral held under the Pooling Method.

B. Liabilities

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omission, and natural disasters.

The Authority is covered under a commercial insurance policy carried by Granville County for these risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G. S. I 59-29, the Granville County Tourism Development Authority's employees that have access to \$100 or more at any given time of the Granville County Tourism Development Authority's funds are performance bonded through a commercial surety bond. The Fiscal Agent is individually bonded for \$60,000. The County's Accounts Receivable Specialist and Accounts Payable Specialist that have access to the Authority's funds, are each individually bonded for \$10,000.

C. Fund Balance

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

<i>Total Fund balance-General Fund</i>	\$ 504,488
Less:	
Stabilization by State Statute	28,739
Tourism Related Capital Development	284,416
Remaining Fund Balance	191,333

III. Significant Effects of Subsequent Events

The Authority has evaluated events and transactions that occurred between June 30, 2022 and November 11, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events found to be disclosed.