

**TOWN OF SEVEN DEVILS TOURISM  
DEVELOPMENT AUTHORITY**  
(A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA)

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**Authority Members**

Anne Fontaine, Chairman  
Rick Blonshine  
Alejandra Fernandez  
Leigh Sasse

Misty D Watson, CPA, PA  
PO Box 2122  
Boone, NC 28607

**TOWN OF SEVEN DEVILS TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA)**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Town of Seven Devils Tourism Development Authority Board  
Seven Devils, North Carolina

**Report on the Audit of Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Seven Devils Tourism Development Authority (the "Authority"), a component unit of the Town of Seven Devils, North Carolina, as of and for the year ended June 30, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Seven Devils Tourism Development Authority, as of June 30, 2023, and the respective changes in financial position and cash flows, where appropriate, thereof 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Seven Devils 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 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 Town of Seven Devils 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but it 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 judgement made by a reasonable user based on the financial statements.

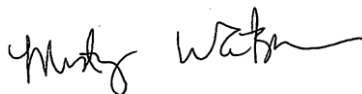
In performing an audit in accordance with GAAS we:

- 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 responsible 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 Town of Seven Devils 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Seven Devils 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 on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.



Misty D Watson, CPA, PA  
Boone, NC 28607  
August 22, 2023

## **Management's Discussion and Analysis**

As management of the Town of Seven Devils Tourism Development Authority (A Component Unit of the Town of Seven Devils, North Carolina) (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities 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**

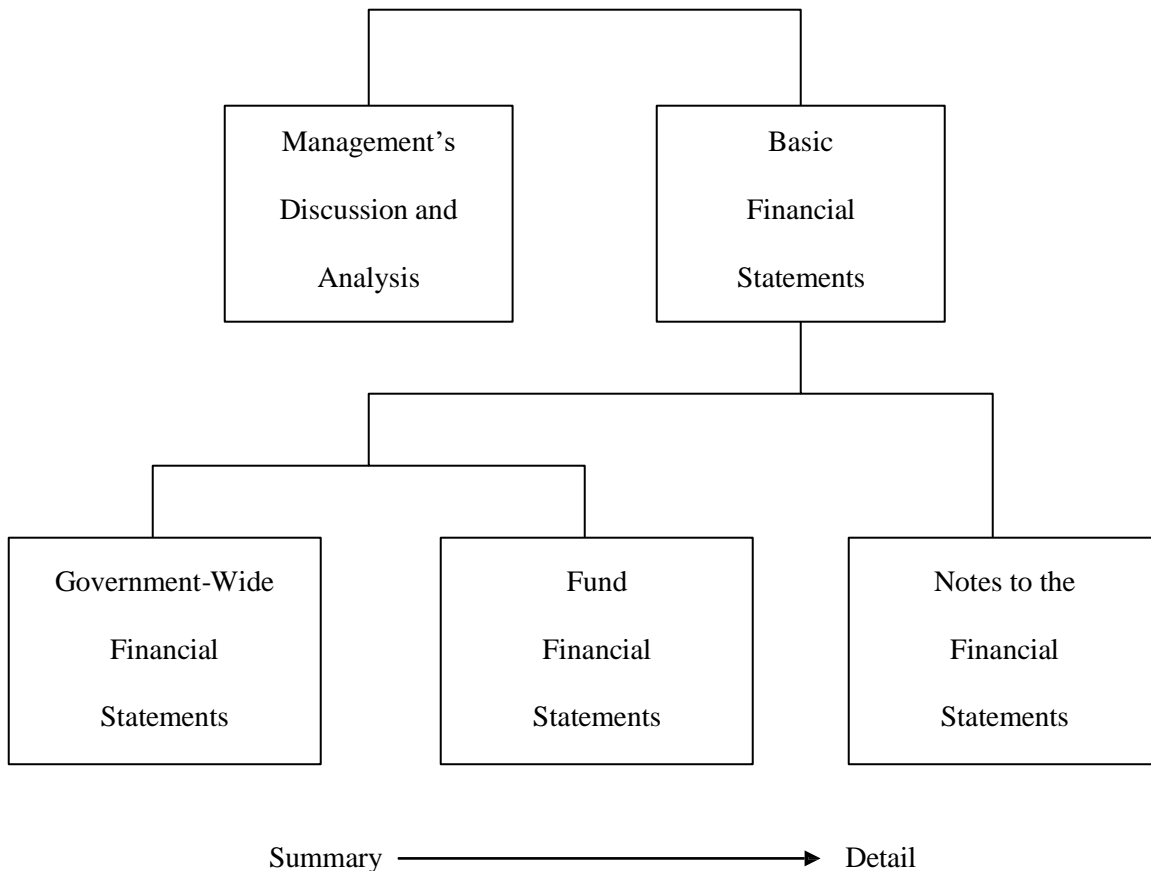
- The assets of the Authority exceeded its liabilities at the close of the fiscal year by \$302,654 (*net position*). The Authority's total net position increased by \$100,093.
- As of the close of the current fiscal year, available fund balance for the General Fund was \$277,201.
- 

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the 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 Authority is considered a special purpose government rather than a general government. In addition, the Authority engages only in governmental activities and operates only one program.

## 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 (Exhibits 3 through 5) 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 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 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 government-wide statements are comprised of a single category: governmental activities. 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 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 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 of North Carolina or the Authority's budget ordinance. All of the funds of the Authority belong in one category: governmental funds.

**Governmental Funds.** Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The Authority's activities 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 the current financial resources focus and the modified accrual basis of accounting. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps to determine if there are more or less financial resources available to finance the Authority's programs.

The Authority adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document. The budget authorizes the Authority to obtain funds from identified sources to finance current period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance.

**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 14 through 19 of this report.

## Government-Wide Financial Analysis

### Town of Seven Devils Tourism Development Authority's Net Position

Figure 2

	<b>Governmental Activities</b>	
	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
<b>Assets:</b>		
Current and other assets	\$ 305,078	203,461
Total assets	305,078	203,461
<b>Liabilities:</b>		
Accounts payable	2,424	900
<b>Total liabilities</b>	2,424	900
<b>Net Position:</b>		
Restricted:		
Stabilization by State statute	25,453	32,916
Tourism	277,201	169,645
Total net position	\$ 302,654	202,561

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of the Authority exceeded liabilities by \$302,654 as of June 30, 2023. The Authority's net position increased by \$100,093 during the fiscal year ended June 30, 2023.

- Occupancy tax revenues continue to remain strong.



**Town of Seven Devils Tourism Development Authority  
Changes in Net Position**

**Figure 3**

	<b>Governmental Activities</b>	
	<b><u>June 30, 2023</u></b>	<b><u>June 30, 2022</u></b>
<b>Revenues:</b>		
General revenues:		
Room occupancy tax	\$ 389,731	419,077
Interest earnings, unrestricted	1,214	-
Total revenues	390,945	419,077
<b>Expenses:</b>		
Tourism and promotion expenses	274,252	363,846
Administrative costs	16,600	2,900
Total expenses	290,852	366,746
Change in net position	100,093	52,331
<b>Net Position:</b>		
Beginning of year - July 1	202,561	150,230
End of year - June 30	\$ 302,654	202,561

**Governmental Activities.** Governmental activities increased the Authority's net position by \$100,093, or 49.4 percent. Key elements of this increase are as follows:

- Occupancy tax revenues continue to remain strong and the Authority continues to closely monitor spending.

**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. Specifically, fund balance available for appropriation 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 chief operating fund of the Authority. At the end of the current fiscal year, the Authority's fund balance available in the General Fund was \$277,201, while total fund balance was \$302,654. The Authority currently has available fund balance of 95.3 percent of total General Fund expenditures while total fund balance is 104 percent of that amount.

**General Fund Budgetary Highlights.** During the fiscal year, the Authority had several budget revision. 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.

### **Economic Factors**

The following key indicators directly impact the Authority:

- Weather greatly impacts tourism given the Town's proximity to several ski resorts
- Occupancy tax revenues continue to remain stable

### **Budget Highlights for the Fiscal Year Ending June 30, 2024**

- Occupancy tax revenues are expected to remain strong for fiscal year 2024.

### **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 Town of Seven Devils Tourism Development Authority, 157 Seven Devils Road, Seven Devils, North Carolina 28604.

**Town of Seven Devils Development Authority**  
A Component Unit of the Town of Seven Devils  
Statement of Net Position  
June 30, 2023

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 279,625
Due from other governments	<u>25,453</u>
Total Assets	<u>305,078</u>
Liabilities:	
Accounts payable	<u>2,424</u>
Total Liabilities	<u>2,424</u>
Net Position:	
Restricted	
Stabilization by State Statute	25,453
Tourism promotion	<u>277,201</u>
Total Net Position	\$ <u><u>302,654</u></u>

The accompanying notes are an integral part of these financial statements

**Town of Seven Devils Tourism Development Authority**  
A Component Unit of the Town of Seven Devils  
Statement of Activities  
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Economic and physical development	290,852	-	-	\$ (290,852)
Total	<u>\$ 290,852</u>	<u>-</u>	<u>-</u>	<u>\$ (290,852)</u>
General revenues:				
Occupancy tax				389,731
Investment earnings				<u>1,214</u>
Total general revenues				390,945
Revenues over (under) expenditures				100,093
Net position-beginning				<u>202,561</u>
Net position-ending				<u>\$ 302,654</u>

The accompanying notes are an integral part of these financial statements

**Town of Seven Devils Tourism Development Authority**  
A Component Unit of the Town of Seven Devils  
Balance Sheet - Governmental Funds  
June 30, 2023

	<u><b>General Fund</b></u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 279,625
Due from other governments	<u>25,453</u>
Total current assets	<u><u>305,078</u></u>
Liabilities:	
Accounts payable	<u>2,424</u>
Total Liabilities	<u><u>2,424</u></u>
Fund balances:	
Restricted	
Stabilization by State Statute	25,453
Tourism promotion	<u>277,201</u>
Total fund balance	\$ <u><u>302,654</u></u>

The accompanying notes are an integral part of these financial statements

**Town of Seven Devils Tourism Development Authority**  
A Component Unit of the Town of Seven Devils  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds  
For the Year Ended June 30, 2023

	<u><b>General Fund</b></u>
<b>Revenues:</b>	
Occupancy tax revenue	\$ 389,731
Interest earned	<u>1,214</u>
Total revenues	<u>390,945</u>
 <b>Expenditures:</b>	
Economic and physical development	<u>290,852</u>
Total expenditures	<u>290,852</u>
 Net change in fund balance	 100,093
 Fund Balances:	
Fund balance - beginning	<u>202,561</u>
Fund balance - ending	\$ <u><u>302,654</u></u>

The accompanying notes are an integral part of these financial statements

**Town of Seven Devils Tourism Development Authority**  
A Component Unit of the Town of Seven Devils  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund  
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance Positive- (Negative)
	Original	Final		
<b>Revenues:</b>				
Occupancy tax	\$ 395,000	\$ 395,000	\$ 389,731	\$ (5,269)
Investment earnings	-	-	1,214	1,214
Total revenues	395,000	395,000	390,945	(4,055)
<b>Expenditures:</b>				
Tourism related expenditures	120,000	95,425	84,840	10,585
Promotion of travel and tourism	258,825	282,417	189,412	93,005
Administration	16,175	17,158	16,600	558
Total expenditures	395,000	395,000	290,852	104,148
Net change in fund balance	\$ -	\$ -	100,093	\$ 100,093
Fund balance-beginning			202,561	
Fund balance-ending			\$ 302,654	

The accompanying notes are an integral part of these financial statements

**TOWN OF SEVEN DEVILS**  
**TOURISM DEVELOPMENT AUTHORITY**  
(A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**1. Summary of Significant Accounting Policies**

The accounting policies of the Town of Seven Devils Tourism Development Authority (A Component Unit of the Town of Seven Devils, North Carolina) (the “Authority”) conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The Town of Seven Devils Tourism Development Authority (the “Authority”) was created on September 12, 2005 by resolution of the Town of Seven Devils, North Carolina, under the authority of the North Carolina General Assembly. The Authority is responsible for promoting travel and tourism in the Seven Devils area. The Authority receives revenue through a six percent occupancy tax, which is levied and collected by the Town of Seven Devils. The Town remitted 3% of the occupancy taxes collected for the year to the Town to cover administrative costs. The members of the Authority’s Board are appointed by the Board of the Town of Seven Devils, North Carolina. The Authority is included as a discretely presented component unit in the reporting entity section of the Town of Seven Devils as required by GASB Statement 61. In addition, the Town provides some administrative functions for the Authority including the Authority’s accounting function and the labor force necessary for the Authority to carry out its mission of promoting tourism.

**B. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements.* The Statement of Net Position and the Statement of Activities display information about the primary government (the “Authority”). The entity only has governmental activities financed through taxes and other non-exchange transactions. The statement of activities presents direct expenses and general revenues of the Authority. 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 fees and charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues, including occupancy 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 Authority has the following major governmental fund:

The General Fund is the general operating fund of the Authority. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The General Fund is the Authority’s only major fund.



**TOWN OF SEVEN DEVILS**  
**TOURISM DEVELOPMENT AUTHORITY**  
**((A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA))**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**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 accrual basis of accounting.

*Government-Wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using 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.

*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.

The Authority recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (or from) another party without receiving (or giving) equal or nearly equal value in return. The Authority considers all revenues available if they are collected within 90 days after year end.

**D. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**E. Budgetary Data**

Budgets are adopted as required by State statute. An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. 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. Any amendments that alter total expenditures of any fund must be approved by the governing board. 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.

**TOWN OF SEVEN DEVILS**  
**TOURISM DEVELOPMENT AUTHORITY**  
(A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**F. Assets, Liabilities, and Fund Equity Deposits**

All deposits of the Authority are made in Board-designated official depositories and are collateralized 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.

**Cash and Cash Equivalents**

All bank deposits are essentially demand deposits and are considered cash and cash equivalents.

**Accounts Receivable**

The Authority's revenue comes from the collection of a hotel occupancy tax. The tax is paid in the month following the retail sales. Therefore, any tax on hotel stays through June 30 that has not been collected by the County is considered receivable by the Authority.

**Net Position/Fund Balances Net**

**Position**

Net position in the 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 (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through State statutes.

**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:

**Non-Spendable 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.

**TOWN OF SEVEN DEVILS**  
**TOURISM DEVELOPMENT AUTHORITY**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

*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* – portion of fund balance restricted by revenue for tourism purposes.

Committed Fund Balance – portion of fund balance that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that 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 or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town of Seven Devils Tourism Development Authority intends to use for specific purposes.

Unassigned Fund Balance - portion of total fund balance available for appropriation that is uncommitted at year-end.

The Authority does not have a revenue-spending policy that provides guidance for programs with multiple revenue sources.

The Authority has not adopted a fund balance policy.

**TOWN OF SEVEN DEVILS**  
**TOURISM DEVELOPMENT AUTHORITY**  
**((A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA))**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Fund Balance Available for Appropriation**

The following schedule provides management and citizens with information on the portion of fund balance available for appropriation.

Total fund balance – General Fund	\$277,201
<b>Less:</b>	
Stabilization by State statute	<u>25,453</u>
Total available fund balance	<u><u>\$302,654</u></u>

**2. Detail Notes on All Funds**

**A. Assets 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 the 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 the Authority's agent in its 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 amounts 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 Authority has no policy regarding custodial credit risks 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 depositories and verifying the deposits are properly secured.

At June 30, 2023, the Authority's deposits had a carrying amount of 279,625 and a bank balance of \$313,929. Of the bank balance, \$250,000 was covered by federal depository insurance.

**B. Receivables**

The receivable balance at June 30, 2023 was \$25,453. The Town of Seven Devils collects occupancy taxes that are applicable to the fiscal year in which they are levied. The outstanding receivable represents unremitted net occupancy tax collections on room nights through June 30, 2023. In management's opinion, an allowance for uncollectible amounts is not required.

**TOWN OF SEVEN DEVILS**  
**TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF THE TOWN OF SEVEN DEVILS, NORTH CAROLINA)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**C. Liabilities**

**Risk Management**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are handled through commercial insurance coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Authority's 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. The Finance Officer is individually bonded for \$50,000.

**D. Occupancy Taxes**

The Authority, in accordance with State law (S.L. 1998-112), collects the proceeds of a room occupancy tax of six percent of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the Town that is subject to sales tax imposed by the State under G.S. 105- 164.4(a)(3). This tax is in addition to any State or local sales tax.

The occupancy tax, along with related penalties and interest, collected by the Authority represents substantially all revenues and other financing sources of the Authority.

**E. Related Party Transactions**

During the fiscal year, the Authority contributed to the Town of Seven Devils \$166,067 for Town infrastructure and parks and recreation costs. The Authority paid the Town of Seven Devils an administrative fee equal to 3 percent of collected occupancy taxes. The administrative fee totaled \$11,692 for the year ended June 30, 2023.