

**Report to the
Board of Directors**

Jackson County Tourism Development Authority

November 6, 2019

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Contacts

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Communications with Those Charged with Governance

November 6, 2019

Board of Directors
Jackson County Tourism Development Authority
Sylva, North Carolina

We have audited the financial statements of Jackson County Tourism Development Authority (the "Authority") for the year ended June 30, 2019, and have issued our report thereon dated November 6, 2019. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 18, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events, and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates affecting the financial statements to report.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not note any uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audits.

Management Representations

We have requested certain written representations from management that are included in the management representation letter included at Appendix A.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Matters, Findings, or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Jackson County Tourism Development Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to express our appreciation for the assistance and cooperation given our representatives during our audit. Should you have any questions concerning the matters presented herein, we would be pleased to discuss them with you further at your convenience.

Sincerely,

Dixon Hughes Goodman LLP

Summary of Professional Services

Services Performed

- Audit of basic financial statements
- Report to management on observations and recommendations for improvements.
- Attendance at Board meetings as requested.
- Consultation on accounting matters as requested.
- Assistance in the preparation of basic financial statements.

Summary of Audit Results

Our report for the 2019 audit expresses an **unmodified opinion** on the fair presentation of the financial statements, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

The following is a summary of the General Fund's fund balance:

	<u>2019</u>	<u>2018</u>
Total fund balance	\$ 541,937	\$ 535,808
Less:		
Restricted: Stabilization by State Statute	<u>(135,143)</u>	<u>(144,802)</u>
Fund balance available for appropriation	<u>\$ 406,794</u>	<u>\$ 391,006</u>
Total expenditures	<u>\$ 1,191,957</u>	<u>\$ 1,149,754</u>
Available fund balance as a percentage of expenditures	<u>34%</u>	<u>34%</u>

The Local Government Commission recommends maintaining an available fund balance equal to at least 8% of expenditures for governments with taxing authority.

Appendix A

Management Representation Letter



**JACKSON COUNTY TOURISM
DEVELOPMENT AUTHORITY**

November 6, 2019

Dixon Hughes Goodman LLP
500 Ridgefield Court
Asheville, North Carolina 28806

This representation letter is provided in connection with your audits of the financial statements of Jackson County Tourism Development Authority (the "Authority"), which comprise the balance sheet as of June 30, 2019 [and prior year end date, if applicable], and the related statements of [operations, comprehensive income, stockholders' equity and cash flows] for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter and the LGC Form 205, Contract to Audit Accounts, dated June 18, 2019, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. The following have been properly accounted for and disclosed in the financial statements:
 - a. Related-party relationships and transactions, including revenues, expenditures/expense, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties
 - b. Guarantees, whether written or oral, under which the Authority is contingently liable
 - c. Other liabilities or gain or loss contingencies
5. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the Authority vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
6. Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in

accordance with U.S. GAAP.

8. There are no uncorrected financial statement misstatements or omitted disclosures that are material, both individually and in the aggregate, to the financial statements, for each opinion unit.

Information Provided

9. We have provided you with:
- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. All transactions have been recorded in the accounting records and are reflected in the financial statements .
11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
12. We have no knowledge of any fraud or suspected fraud affecting the Authority involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others when the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
14. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
15. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
16. There are no regulatory examinations currently in progress for which we have not received examination reports.
17. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
18. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Government Specific

19. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
21. The Authority has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
22. In regards to the assistance in the preparation of the financial statements that was performed by you, we have:

- a. Assumed all management responsibilities.
 - b. Overseen the service by designating an individual within senior management, who possesses suitable skill, knowledge, or experience.
 - c. Evaluated the adequacy and results of the services performed.
 - d. Accepted responsibility for the results of the services.
 - e. Evaluated and maintained internal controls, including monitoring ongoing activities.
23. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
25. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
26. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
27. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
28. Components of net position (restricted and unrestricted) and fund balance components (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
29. Deposits, investment securities, and derivative instruments are properly classified as to risk and are properly disclosed.
30. We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
31. We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements except as made known to you and as disclosed in the financial statements.

Jackson County Tourism Development Authority



Nick Breedlove, Jackson County TDA Executive Director



Darlene Fox, Jackson County Finance Officer