

Report to the Board of Directors of the  
**Jackson County**  
**Tourism Development Authority**

June 30, 2013



**DIXON HUGHES GOODMAN<sup>LLP</sup>**

*positively unique*



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To the Board of Directors of the  
Jackson County Tourism Development Authority

We have audited the financial statements of Jackson County Tourism Development Authority (the “Authority”) for the period from January 1, 2013 to June 30, 2013, and have issued our report thereon dated November 26, 2013. 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 letters to you dated April 12 and July 26, 2013. Professional standards also require that we communicate to you the following information related to our audit.

## **Significant Audit Findings**

### **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.

We noted no transactions entered into by the Authority during the period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

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

### **Management Consultations with Other Independent 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 auditor's 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 Audit 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 the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Asheville, North Carolina  
November 26, 2013

*Dixon Hughes Goodman LLP*





## 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 2013 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>2013</u>       |
|----------------------------------------------------------------------|-------------------|
| Total fund balance                                                   | \$ 295,899        |
| Less:                                                                |                   |
| Restricted: Stabilization by State Statute                           | <u>(93,690)</u>   |
| Fund balance available for appropriation                             | <u>\$ 202,209</u> |
| Total annualized expenditures                                        | <u>\$ 569,466</u> |
| Available fund balance as a percentage<br>of annualized expenditures | <u>36%</u>        |

The Local Government Commission recommends maintaining an available fund balance equal to at least 8% of expenditures.





DIXON HUGHES GOODMAN LLP

## Appendix A – Management Representation Letter



Report to the Board of Directors of the  
Jackson County Tourism Development Authority





# JACKSON COUNTY FINANCE OFFICE

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November 26, 2013

Dixon Hughes Goodman LLP  
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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 respective financial position of the governmental activities and the major fund as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (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) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by U.S. GAAP to be included in the financial reporting entity.
- 2) 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 April 12, 2013 for the preparation and fair presentation of the financial statements in accordance with the applicable criteria.

- 3) 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The following have been properly recorded and disclosed in the financial statements:
  - a) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, guarantees and amounts receivable from or payable to related parties.
  - b) Guarantees, whether written or oral, under which the Board is contingently liable.
  - c) Other liabilities or gain or loss contingencies.
- 6) 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.
- 7) Significant assumptions we used in making accounting estimates, including estimates of fair value, are reasonable.
- 8) There are no uncorrected financial statement misstatements that are material, both individually and in the aggregate, to the financial statements for each opinion unit.
- 9) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

***Information Provided***

- 10) 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 and all audit or relevant monitoring reports, if any, received from funding sources.
  - 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 the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

- 11) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) 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.
- 13) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a) Management.
  - b) Employees who have significant roles in internal control.
  - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, or others.
- 15) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the Authority's related parties and all the related party 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, liabilities, or net assets/fund balances.
- 19) 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.
- 20) 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.

- 21) We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 22) We have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

***Government Specific***

- 23) 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.
- 24) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 25) 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.
- 26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 27) The financial statements properly classify all funds and activities.
- 28) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 29) Components of net position (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance components (non-spendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 30) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

- 31) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal and transfers.
- 32) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 33) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 34) 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.
- 35) We acknowledge our responsibility for the required supplementary information ("RSI"). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 36) In regard to the nonattest services that you have provided or will provide as outlined in the engagement letter dated April 12, 2013, we will:
  - a) Assume all management responsibilities.
  - b) Designate an individual with suitable skill, knowledge, or experience to oversee the services.
  - c) Evaluate the adequacy and results of the services to be performed,
  - d) Accept responsibility for the results of the services.

To the best of our knowledge and belief, no events, including instances of noncompliance, 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 or in the schedule of findings and questioned costs that is not already disclosed.

Signed:   
Title: Finance Director

Signed:   
Title: County Manager