

**Rowan County Tourism  
Development Authority  
Salisbury, North Carolina**

**Independent Auditor's Reports  
Basic Financial Statements  
And  
Information Accompanying the  
Basic Financial Statements**

**For the year ended  
June 30, 2020**

Rowan County Tourism Development Authority

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June 30, 2020

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Independent Auditor's Report

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental and each major fund activities of the Rowan County Tourism Development Authority (a component unit of the County of Rowan), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## *Opinions*

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Rowan County Tourism Development Authority, as of June 30, 2020, and the respective changes in financial position 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and LGERS Pension Information page 3-9 and 25-26, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated October 5, 2020 on my consideration of the Rowan County Tourism Development Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Rowan County Tourism Development Authority's internal control over financial reporting and compliance.

### *Emphasis of Matter*

As discussed in Note IV to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter.



Eddie Carrick, CPA  
Lexington, NC  
November 5, 2020

# VISIT ROWAN COUNTY

NORTH CAROLINA

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## ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY

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### Management's Discussion and Analysis

As management of the Rowan County Tourism Development Authority, we offer the readers of the Rowan County Tourism Development Authority's financial statements this narrative overview and analysis of the financial activities of the Rowan County Tourism Development Authority for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

#### Financial highlights

- The assets and deferred outflow of resources of the Rowan County Tourism Development Authority exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$2,673,190 (*net position*).
- The government's total net position increased by \$50,419, primarily due to decreased collections of occupancy tax and expenditures due to Covid-19.
- As of the close of the current fiscal year, Rowan County Tourism Development Authority's governmental fund reported ending fund balance of \$200,201 with a net increase of \$22,808 in fund balance. Approximately 39% of this total amount, or \$79,555, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$120,646, or 11% of total general fund expenditures for the fiscal year.
- The debt increased by \$35,815 due to advances on interlocal agreement of \$30,708, an increase in pension liability of \$1,512 and an increase in compensated absences of \$3,595.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Rowan County Tourism Development Authority's basic financial statements. As discussed in footnote B of the financial statements, the Authority is a special purpose entity operating for the single purpose of promoting tourism for Rowan County. As such, the Authority has opted to present its government-wide financial statements and fund statements together. The basic financial statements present two different views of the Authority through the government-wide financial statements and fund financial statements.

#### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements report the government-wide financial statements and fund financial statements using a columnar format, with a reconciliation column between the two. The government-wide financial statement column provides both short and long-term information about the Authority's financial status.

Management Discussion and Analysis  
Rowan County Tourism Development Authority

The next statement (Exhibit C) represents the budgetary comparison of the fund financial statements, which is required by General Statutes.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

### 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 governmental activities include all of the Authority's services. Occupancy taxes finance most of these activities.

### Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Rowan County Tourism Development Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as General Statutes or the Authority's budget ordinance. The sole fund of Rowan County Tourism Development Authority is a governmental (general) fund.

**Governmental Funds** – Government funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 determine if there are more or less financial resources available to finance the Authority's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

Management Discussion and Analysis  
Rowan County Tourism Development Authority

The Rowan County Tourism Development Authority adopts an annual budget for the General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the county, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance the current period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented in the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board 2) the final budget as amended by the board 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the differences or variance between the final budget and actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Notes to the Financial Statements** – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

**Interdependence with Other Entities:** The Authority receives no funds from the Federal Government or the State of North Carolina. Rowan County acts as the collecting agent for the tourism occupancy tax.

Government-Wide Financial Statements

Rowan County Tourism Development Authority - Net Position

	<i>Governmental Activities</i>		
	2020	2019	2018
Current and other assets	\$ 202,252	\$ 179,185	\$ 149,007
Capital assets	2,838,174	2,773,317	2,520,277
Deferred outflow of resources	14,337	15,848	7,319
Total assets	<u>3,054,763</u>	<u>2,968,350</u>	<u>2,676,603</u>
Long-term liabilities	379,522	343,707	17,755
Other liabilities	2,051	1,792	40,544
Deferred inflow of resources	-	80	6,782
Total liabilities	<u>381,573</u>	<u>345,579</u>	<u>65,081</u>
Net position:			
Net investment in capital assets	2,488,174	2,454,025	2,520,277
Restricted	79,555	110,305	84,919
Unrestricted	105,461	58,441	6,326
Total net position	<u>\$ 2,673,190</u>	<u>\$ 2,622,771</u>	<u>\$ 2,611,522</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflow of resources of the Authority exceeded liabilities and deferred inflow of resources by \$2,673,190 as of June 30, 2020. The Authority's net position increased by \$50,419 for the fiscal year ended June 30, 2020. However, the largest portion (93%) reflects the Authority's net investment in capital assets (equipment and vehicular equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of the Authority's net position, \$79,555, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$105,461 is unrestricted.

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

- Covid-19 severely affected room rentals after March 15, 2020.

Management Discussion and Analysis  
 Rowan County Tourism Development Authority

**Rowan County Tourism Development Authority - Changes in Net Position**

	Governmental Activities		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:			
Occupancy taxes	\$ 925,093	\$ 1,032,038	\$ 866,369
Rental and shared expense revenues	104,607	104,649	71,558
Other	136,199	162,894	138,140
Total revenues	<u>1,165,899</u>	<u>1,299,581</u>	<u>1,076,067</u>
Expenses:			
Building expenses	72,828	84,982	76,181
Tourism development	1,042,652	1,203,350	955,715
Total expenses	<u>1,115,480</u>	<u>1,288,332</u>	<u>1,031,896</u>
Increase in net position	50,419	11,249	44,171
Net position, July 1	<u>2,622,771</u>	<u>2,611,522</u>	<u>-</u>
Net position, June 30	<u>\$ 2,673,190</u>	<u>\$ 2,622,771</u>	<u>\$ 44,171</u>

**Governmental activities.** Governmental activities increased the Authority's net position by \$50,419. Key elements of this increase are as follows:

- Covid-19 reduced occupancy tax received
- The TDA reduced tourism expenses

**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.

The general fund is the only fund of the Authority. At the end of the current fiscal year, the Authority's fund balance available in the General Fund was \$120,646, while total fund balance reached \$200,201. The Authority currently has available fund balance of 11% of total General Fund expenditures, while total fund balance represents 18% of that same amount.

Management Discussion and Analysis  
 Rowan County Tourism Development Authority

At June 30, 2020, the governmental funds of the Authority reported a combined fund balance of \$200,201 with a net increase in fund balance of \$22,808. Included in this change in fund balance are increases in fund balance in the General Fund.

**General Fund Budgetary Highlights:** During the fiscal year, the Authority made no revisions to the 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.

**Capital Assets and Debt Administration**

**Capital assets.** The Authority's investment in capital assets for its governmental activities as of June 30, 2020, totals \$2,838,174 (net of accumulated depreciation). These assets include a building, construction in progress, computers, furniture and fixtures, office equipment, and trolleys.

The major acquisitions during the year were building improvements of \$155,691.

Rowan County Tourism Development Authority's  
 Capital Assets (net of depreciation)

	<i>Governmental Activities</i>		
	<i>2020</i>	<i>2019</i>	<i>2018</i>
Land and CIP	\$ 250,604	\$ 613,407	\$ 290,515
Building	2,445,177	1,985,937	2,027,668
Equipment	9,697	11,789	10,422
Trolleys	132,696	162,184	191,672
	<u>\$ 2,838,174</u>	<u>\$ 2,773,317</u>	<u>\$ 2,520,277</u>

Additional information on the Authority's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

**Long-term Debt**

Rowan County Tourism Development Authority's Outstanding Debt (Figure 5)

	<i>Governmental Activities</i>			<i>Total</i>		
	<i>2020</i>	<i>2019</i>	<i>2018</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
Compensated absences	\$ 12,590	\$ 8,995	\$ 7,519	\$ 12,590	\$ 8,995	\$ 7,519
Railwalk Interlocal Agreement	350,000	319,292	-	350,000	319,292	-
Net pension liability(LGERS)	16,932	15,420	10,236	16,832	15,420	10,236
	<u>\$ 379,522</u>	<u>\$ 343,707</u>	<u>\$ 17,755</u>	<u>\$ 379,422</u>	<u>\$ 343,707</u>	<u>\$ 17,755</u>

### **Economic Factors and Next Year's Budgets**

The Tourism Authority Board of Directors voted in 2013 to contract marketing functions, programming, professional and visitor services and operations through the Salisbury-Rowan County Convention and Visitors Bureau, a NC 501(c), (6) not-for-profit. The Convention and Visitors Bureau (CVB) also manages the Rowan County Arts Council on behalf of the Rowan County Tourism Authority and the Tourism Authority's Trolley System. The Authority continues to manage the Gateway Office Building operations as owner of the property. The Tourism Authority seeks to maximize available resources for tourism marketing, branding and visitors services through its contracted relationship with the Salisbury-Rowan County Convention and Visitors Bureau, (CVB) by directing available resources to the CVB to fulfill the Authority's purpose.

### **Economic Factors and Fiscal Year 2020-21 Budget**

The following key economic indicators will have a negative impact on the Authority's budget if they result in a decrease in occupancy tax revenues below budget:

- Continued impacts of the COVID pandemic in the United States and the adverse impacts on travel
- Decrease in business travel from a slowdown in the United States due to COVID
- Elimination of events and large gatherings that recruit visitors to the community and drive overnight lodging due to the COVID pandemic
- Executive Orders shutting down portions of the economy due to COVID.

The following key economic indicators may have a positive impact on the Authority's budget and may result in an increase in occupancy tax revenues above budget:

- Accelerated growth in occupancy tax from the lowest part of the COVID pandemic and an increases in consumer confidence
- Return of business travel as the economy recovers from the COVID pandemic
- Reduction of COVID in the United States resulting in decreased restrictions potentially with the release of an effective COVID vaccine

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

- Occupancy Tax revenues are projected to equal \$800,000 for Fiscal Year 2020-2021 and are based on FY 2016-2017 occupancy tax collections
- Revenues from Gateway Building operations are expected to equal \$80,000, down from the previous fiscal year due to a decrease in meeting room rentals related to the COVID pandemic
- Total revenues and expenses to the Rowan County Tourism Authority for FY 2020-2021 are budgeted for \$960,000 respectively.

### **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 James Meacham, 204 East Innes Street, Salisbury, NC 28144 (704) 638-3100, or by e-mail at ([meacham@visitsalisburync.com](mailto:meacham@visitsalisburync.com))

## ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY

## GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2020

(With Comparative Net Position for June 30, 2019)

	General Fund	Adjustments (Note B)	2020	2019
			Statement of Net Position	
<b>ASSETS</b>				
Cash and investments	\$ 122,697	\$ -	\$ 122,697	\$ 57,771
Accounts receivable, net	79,555	-	79,555	110,305
Prepaid	-	-	-	11,109
Capital assets, net of accumulated depreciation		2,838,174	2,838,174	2,773,317
Total assets	<u>\$ 202,252</u>	<u>2,838,174</u>	<u>3,040,426</u>	<u>2,952,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension outflows		14,337	14,337	15,848
Total deferred outflows of resources		<u>14,337</u>	<u>14,337</u>	<u>15,848</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 2,051	-	2,051	1,792
Long-term liabilities				
Pension liability	-	16,932	16,932	15,420
Railwalk interlocal agreement	-	350,000	350,000	319,292
Compensated absences	-	12,590	12,590	8,995
Total liabilities	<u>2,051</u>	<u>379,522</u>	<u>381,573</u>	<u>345,499</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals		-	-	80
Total deferred inflows of resources		<u>-</u>	<u>-</u>	<u>80</u>
<b>FUND BALANCE / NET POSITION</b>				
Fund Balances:				
Stabilization by State Statute	79,555	(79,555)	-	-
Unassigned	120,646	(120,646)	-	-
Total fund balance	<u>200,201</u>	<u>(200,201)</u>	<u>-</u>	<u>-</u>
Total liabilities deferred inflows and fund balance	<u>\$ 202,252</u>	179,321	<u>381,573</u>	<u>345,579</u>
Net position:				
Net invested in capital assets		-	2,488,174	2,454,025
Restricted by State Statute		-	79,555	110,305
Unrestricted		-	105,461	58,441
Total net position		<u>\$ 2,673,190</u>	<u>\$ 2,673,190</u>	<u>\$ 2,622,771</u>

Notes to the financial statements are an integral part hereof

## ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES / STATEMENT OF NET ACTIVITIES

For the fiscal year ended June 30, 2020

(With Comparative Statement of Net Activities for Year Ended June 30, 2019)

	General Fund	Adjustments (Note B)	Statement of Activities	
			2020	2019
<b>REVENUES</b>				
Occupancy taxes - current	\$ 925,093	\$ -	\$ 925,093	\$ 1,032,038
Rental and shared expense revenues	104,607	-	104,607	104,649
Trolley revenues	50,881	-	50,881	41,196
Holiday Caravan	51,125	-	51,125	-
Partner services	23,361	-	23,361	70,476
Other income	10,832	-	10,832	51,222
Total revenues	<u>1,165,899</u>	<u>-</u>	<u>1,165,899</u>	<u>1,299,581</u>
<b>EXPENDITURES</b>				
Destination marketing, travel and development	51,418	-	51,418	486,185
CVB tourism staff and branding	688,093	-	688,093	461,252
Holiday Caravan expense	43,228	-	43,228	-
Partner services expenses	27,173	-	27,173	-
Building expenses	72,828	-	72,828	84,982
Salaries and wages	67,435	-	67,435	70,541
Employee health and retirement	34,082	-	34,082	35,234
Professional	9,906	-	9,906	30,919
Trolley expense	1,881	-	1,881	28,589
Visitors center	3,070	-	3,070	6,962
Payroll taxes	4,899	-	4,899	5,119
Other operating costs	8,750	-	8,750	7,979
Marketing supplies	5,345	-	5,345	5,828
Less, change in pension deferrals	-	2,943	2,943	(10,047)
Capital outlay	124,983	(124,983)	-	-
Compensated absences	-	3,595	3,595	1,476
Depreciation	-	90,834	90,834	73,313
Total expenditures / expenses	<u>1,143,091</u>	<u>(27,611)</u>	<u>1,115,480</u>	<u>1,288,332</u>
Revenues over (under) expenditures	<u>22,808</u>	<u>27,611</u>	<u>50,419</u>	<u>11,249</u>
Change in fund balance	22,808			
Change in net position			50,419	11,249
Beginning of year	<u>177,393</u>		<u>2,622,771</u>	<u>2,611,522</u>
End of year	<u>\$ 200,201</u>		<u>\$ 2,673,190</u>	<u>\$ 2,622,771</u>

Notes to the financial statements are an integral part hereof

## ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -

## GENERAL FUND

For the fiscal year ended June 30, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Occupancy taxes - current			\$ 925,093	
Rental and shared expense revenues			104,607	
Trolley revenues			50,881	
Holiday Caravan			51,125	
Partner services			23,361	
Other income			10,832	
Total revenues	\$ 1,326,000	\$ 1,326,000	1,165,899	\$ (160,101)
<b>EXPENDITURES</b>				
Destination marketing, travel and development			51,418	
CVB tourism staff and branding			688,093	
Holiday Caravan expense			43,228	
Partner services expenses			27,173	
Building expenses			72,828	
Salaries and wages			67,435	
Employee health and retirement			34,082	
Professional			9,906	
Trolley expense			1,881	
Visitors center			3,070	
Payroll taxes			4,899	
Other operating costs			8,750	
Marketing supplies			5,345	
Capital outlay			124,983	
Total expenditures / expenses	1,326,000	1,326,000	1,143,091	182,909
Revenues over (under) expenditures			22,808	
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	-	-	-	-
Total financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	22,808	\$ 22,808
Fund balance - beginning of year			177,393	
Fund balance - end of year			\$ 200,201	

Notes to the financial statements are an integral part hereof

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based  
On An Audit Of Financial Statements Performed In Accordance With *Government Auditing  
Standards*

Independent Auditor's Report

To the Board of directors  
Rowan County Tourism Development Authority  
Salisbury, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Rowan County Tourism Development Authority, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Rowan County Tourism Development Authority's basic financial statements, and have issued my report thereon dated November 5, 2020

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Rowan County Tourism Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rowan County Tourism Development Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rowan County Tourism Development Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in the accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eddie Carrick, CPA

A handwritten signature in black ink that reads "Eddie Carrick, CPA". The signature is written in a cursive, flowing style.

Lexington, North Carolina  
November 5, 2020