

**HAYWOOD COUNTY  
TOURISM DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF HAYWOOD COUNTY)**



**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A Component Unit of Haywood County, North Carolina)**

**Basic Financial Statements**  
**For the Year Ended June 30, 2025**

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**Authority Members**

Jim Owens, Board Chair  
Mike Huber  
Bridget Shaughnessy  
Scot Blair  
Chuck Dickson  
Gail Mull  
Jeremy Boone  
Angela Frisbee  
Shelley White  
Jeff Hillis  
Natalie Hawkins  
Chad King  
Jennifer Best, ex-officio member  
Kristian Owen, ex-officio member  
Hannah White, ex-officio member

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**GOULD KILLIAN  
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Board of Directors  
Haywood County Tourism Development Authority  
Lake Junaluska, North Carolina

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Haywood County Tourism Development Authority, a component unit of Haywood County, as of and for the year ended June 30, 2025, 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Haywood County Tourism Development Authority as of June 30, 2025, and the changes in financial position and budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Haywood County Tourism Development Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Haywood County Tourism Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Haywood County Tourism Development Authority's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability and Contributions, 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.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
December 31, 2025

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

As management of Haywood County Tourism Development Authority (the “Authority”), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2025. This information should be read in conjunction with the financial statements that follow this section.

### **Financial Highlights**

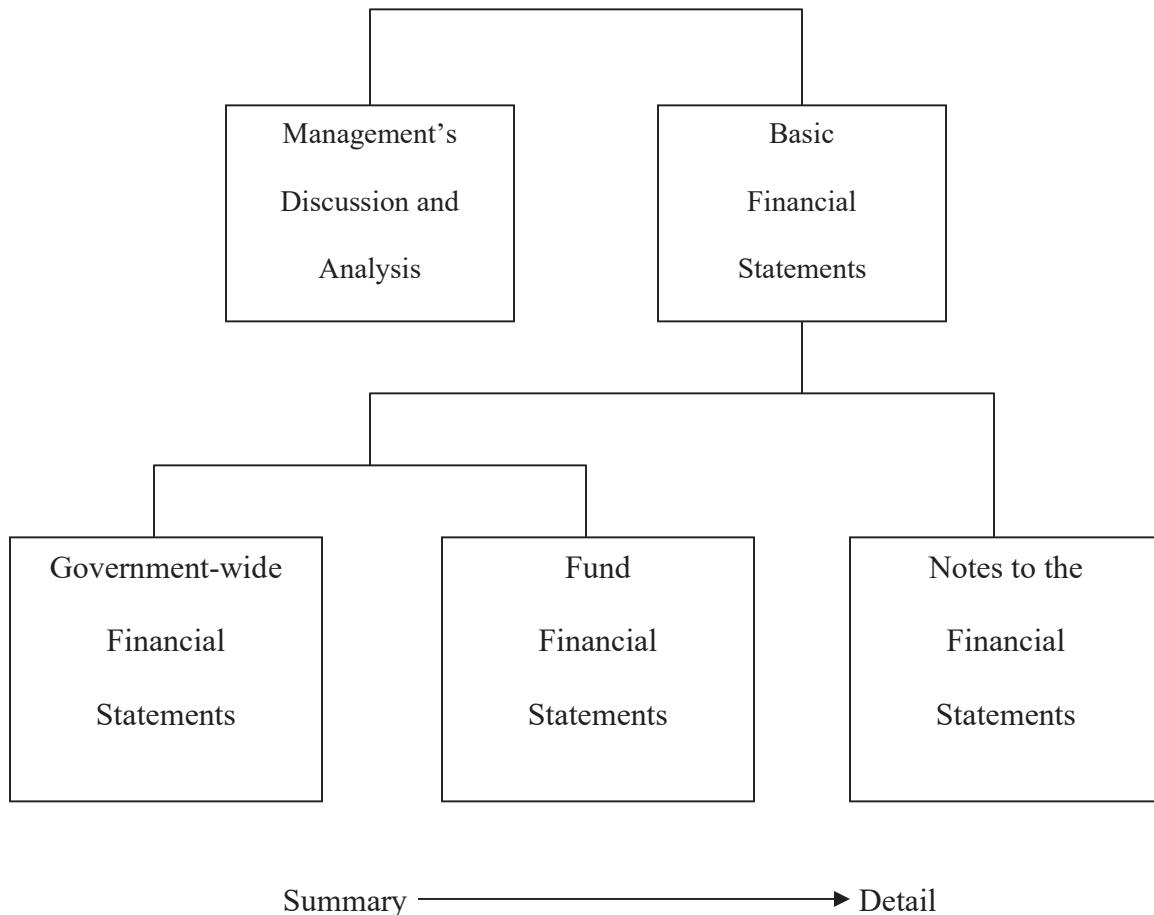
- The assets of the Authority exceeded its liabilities at the close of the year ended June 30, 2025 by \$4,879,896 (*Net Position*).
- The Authority’s total Net Position increased by \$717,829 during the fiscal year. This increase reflects continued strength in visitation during the early portion of the fiscal year, combined with disciplined expenditure management in response to emerging economic uncertainty later in the year.
- As of the close of the fiscal year, the Authority’s governmental fund reported an ending fund balance of \$5,013,556, an increase of \$762,182. \$2,199,026 is available for spending at the Authority’s discretion (*Unassigned Fund Balance*).
- Occupancy tax collections decreased by approximately \$329,000 or 10% from the prior fiscal year. While visitation and average daily rates remained strong during the first quarter of the fiscal year, collections were negatively impacted beginning in late September 2024 due to Hurricane Helene and its resulting disruption to travel, infrastructure, and lodging availability across Haywood County and the surrounding region.

### **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. 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 the 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 fund 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 deferred outflows of resources, and the total liabilities and deferred inflows of resources. 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 combined statements.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees.

## Government-Wide Financial Analysis

### Haywood County Tourism Development Authority Statement of Net Position Governmental Activities

**Figure 2**

|   | <u>2025</u>         | <u>2024</u>         |
|---|---------------------|---------------------|
| <b>Assets:</b>                            |                     |                     |
| Total current assets                      | \$ 5,093,968        | \$ 4,428,563        |
| Capital assets, net                       | 26,234              | 29,907              |
| Right to use leased asset, net            | 2,151               | 7,317               |
| <u>Total assets</u>                       | <u>5,122,353</u>    | <u>4,465,787</u>    |
| <br><b>Deferred Outflows of Resources</b> | <br>130,419         | <br>174,162         |
| <br><b>Liabilities:</b>                   |                     |                     |
| Total current liabilities                 | 82,339              | 182,884             |
| Total noncurrent liabilities              | 262,243             | 292,448             |
| <u>Total liabilities</u>                  | <u>344,582</u>      | <u>475,332</u>      |
| <br><b>Deferred Inflows of Resources</b>  | <br>28,294          | <br>2,550           |
| <br><b>Net Position:</b>                  |                     |                     |
| Net investment in capital assets          | 26,458              | 29,702              |
| Restricted                                | 2,078,382           | 1,718,910           |
| Unrestricted                              | 2,775,056           | 2,413,455           |
| <u>Total net position</u>                 | <u>\$ 4,879,896</u> | <u>\$ 4,162,067</u> |

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 \$4,879,896 as of June 30, 2025. The Authority's net position increased by \$717,829 during the fiscal year ended June 30, 2025.

**Haywood County Tourism Development Authority**  
**Changes in Net Position**  
**Governmental Activities**

**Figure 3**

|                               | <u>2025</u>         | <u>2024</u>         |
|-------------------------------|---------------------|---------------------|
| <b>Revenues:</b>              |                     |                     |
| Occupancy tax                 | \$ 2,898,637        | \$ 3,227,306        |
| Other                         | <u>295,132</u>      | <u>262,847</u>      |
| Total revenues                | <u>3,193,769</u>    | <u>3,490,153</u>    |
| <b>Expenses:</b>              |                     |                     |
| Economic development          | <u>2,475,940</u>    | <u>2,384,301</u>    |
| Total expenses                | <u>2,475,940</u>    | <u>2,384,301</u>    |
| <b>Change in Net Position</b> | 717,829             | 1,105,852           |
| Net Position, July 1          | <u>4,162,067</u>    | <u>3,056,215</u>    |
| Net Position, June 30         | <u>\$ 4,879,896</u> | <u>\$ 4,162,067</u> |

**Governmental Fund Financial Analysis**

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

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, available fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the operating fund of the Authority. At the end of the fiscal year, the Authority reported an ending fund balance of \$5,013,556 an increase of \$762,182 compared to the previous year. Approximately 44% of this total amount (\$2,199,026) represents unassigned fund balance, which is available for spending at the Authority's discretion. A small portion of the fund balance is non-spendable because it is represented by prepaid items (\$39,768). Another portion of the fund balance is restricted. \$1,512,165 is restricted as to the zip code within the County that the funds are required to benefit and \$566,217 has been restricted to comply with the provisions of the North Carolina General Statutes. The remaining portion of fund balance (\$696,380) has been appropriated as part of the fiscal year 2026 budget. The increase in fund balance reflects continued strong visitation and lodging performance during the early portion of the fiscal year, combined with the Authority's conservative expenditure strategy during the latter part of the year. This approach helped offset revenue volatility following Hurricane Helene and contributed to continued growth in net position.

In response to the storm, the Authority intentionally limited discretionary spending, including a temporary reduction in planned advertising expenditures, as active destination marketing was not appropriate during the initial recovery period. The Authority also deferred spending on certain planned initiatives to preserve financial flexibility.

In addition, \$150,000 in approved capital grant funding remained unspent at year-end due to storm-related project delays. These funds will be carried forward and disbursed in a subsequent fiscal year upon project completion. Overall, the Board's decision to limit spending on significant projects during recovery, while positioning the organization to advance Destination Master Plan priorities as conditions stabilize, contributed to the increase in fund balance.

### **General Fund Budgetary Highlights**

The 2024–2025 fiscal year began with positive momentum, with occupancy tax collections during the first quarter trending slightly above the prior year. However, Hurricane Helene, which impacted Western North Carolina in late September 2024, resulted in significant short-term disruption to the tourism economy, including lodging closures, reduced accessibility, and canceled travel. In response, the Authority adopted a proactive and fiscally conservative approach, reducing projected revenues and closely monitoring expenditures for the remainder of the fiscal year. This approach allowed the Authority to maintain financial stability while preserving capacity to respond to longer-term recovery and investment needs.

### **Capital Assets**

At June 30, 2025, the Authority had \$28,385 (net of accumulated depreciation/amortization) invested in capital assets that included signage, equipment, and a vehicle. Information on the Authority's capital assets can be found in Note 2 of the financial statements.

### **Economic Factors and Budget Highlights for the Fiscal Year Ending June 30, 2026**

In developing the fiscal year 2025–2026 budget, the Authority assumed flat to conservative occupancy tax revenues in light of ongoing recovery from Hurricane Helene and continued uncertainty regarding travel patterns and infrastructure impacts. While the short-term rental market remains an important component of Haywood County's visitor economy, the Authority continues to monitor trends closely and adjust spending as necessary. The Board remains committed to conservative financial management while positioning the organization to support long-term tourism recovery and implementation of the Destination Master Plan.

### **Requests for Information**

This financial report is designed to provide a general 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 the Haywood County Tourism Development Authority Executive Director, 91 North Lakeshore Drive, Suite 2, Lake Junaluska, NC 28745. You can also call (828) 944-0761, visit our website at [www.HaywoodTDA.com](http://www.HaywoodTDA.com) or send an e-mail to [info@visithaywood.com](mailto:info@visithaywood.com) for more information.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HAYWOOD COUNTY, NORTH CAROLINA)**

Statement of Net Position  
 June 30, 2025

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>  |                                    |
| Current assets:  |                                    |
| Cash and cash equivalents, unrestricted                  | \$ 2,975,818                       |
| Cash and cash equivalents, restricted                    | 1,512,165                          |
| Due from other governments                               | 566,217                            |
| Prepaid expenses   | 39,768                             |
| Total current assets                                     | <u>5,093,968</u>                   |
| Noncurrent assets:                                       |                                    |
| Capital assets, net of depreciation                      | 26,234                             |
| Right to use leased asset, net of amortization           | 2,151                              |
| Total noncurrent assets                                  | <u>28,385</u>                      |
| Total assets   | <u>5,122,353</u>                   |
| <b>DEFERRED OUTFLOW OF RESOURCES</b>                     |                                    |
| Pension deferrals  | 86,186                             |
| Contributions to pension plan in the current fiscal year | 44,233                             |
| Total deferred outflow of resources                      | <u>130,419</u>                     |
| <b>LIABILITIES</b>                                       |                                    |
| Current liabilities:                                     |                                    |
| Accounts payable and accrued expenses                    | 80,412                             |
| Lease liability - current portion                        | 1,927                              |
| Total current liabilities                                | <u>82,339</u>                      |
| Noncurrent liabilities:                                  |                                    |
| Net pension liability                                    | <u>262,243</u>                     |
| Total liabilities  | <u>344,582</u>                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                                    |
| Pension deferrals  | <u>28,294</u>                      |
| <b>NET POSITION</b>                                      |                                    |
| Net investment in capital assets                         | 26,458                             |
| Restricted for:  |                                    |
| Economic development                                     | 1,512,165                          |
| Stabilization by State statute                           | 566,217                            |
| Unrestricted   | 2,775,056                          |
| Total net position                                       | <u>\$ 4,879,896</u>                |

The accompanying notes are an integral part of these financial statements.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HAYWOOD COUNTY, NORTH CAROLINA)**

Statement of Activities  
 For the year ended June 30, 2025

| <b>Functions/Programs</b> | <b>Expenses</b>            | <b>Program<br/>Revenues</b>     | <b>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</b> |
|---------------------------|----------------------------|---------------------------------|--|
|                           |                            | <b>Charges for<br/>Services</b> | <b>Total<br/>Governmental<br/>Activities</b>                         |
| Economic development      | \$ 2,475,691               | \$ 91,029                       | \$ (2,384,662)   |
| Interest expense          | <u>249</u>                 | <u>-</u>                        | <u>(249)</u>   |
| <b>Total</b>              | <b><u>\$ 2,475,940</u></b> | <b><u>\$ 91,029</u></b>         | <b><u>(2,384,911)</u></b>  |
| General revenues:         |                            |                                 |  |
| Occupancy tax, net        |                            |                                 | 2,898,637  |
| Interest earned           |                            |                                 | 168,526  |
| Miscellaneous revenue     |                            |                                 | <u>35,577</u>  |
| Total general revenues    |                            |                                 | <u>3,102,740</u>   |
| Change in net position    |                            |                                 | 717,829  |
| Net position, beginning   |                            |                                 | <u>4,162,067</u>   |
| Net position, ending      |                            |                                 | <b><u>\$ 4,879,896</u></b>   |

The accompanying notes are an integral part of these financial statements.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HAYWOOD COUNTY, NORTH CAROLINA)**

Balance Sheet  
 Governmental Fund  
 June 30, 2025

|  | <b>General<br/>Fund</b>    |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and cash equivalents, unrestricted  | \$ 2,975,818               |
| Cash and cash equivalents, restricted  | 1,512,165                  |
| Due from other governments   | 566,217                    |
| Prepaid expenses   | 39,768                     |
| Total assets   | <u><u>\$ 5,093,968</u></u> |
| <b>LIABILITIES</b>   |                            |
| Accounts payable and accrued expenses  | <u><u>\$ 80,412</u></u>    |
| <b>FUND BALANCE</b>  |                            |
| Non-spendable:   |                            |
| Prepaid items  | 39,768                     |
| Restricted:  |                            |
| Economic development   | 1,512,165                  |
| Stabilization for State Statute  | 566,217                    |
| Assigned   |                            |
| Subsequent year's expenditures   | 696,380                    |
| Unassigned:  |                            |
| Total fund balance   | <u><u>5,013,556</u></u>    |
| Total liabilities and fund balance   | <u><u>\$ 5,093,968</u></u> |
| Amounts reported for governmental activities in the statement of net position are different because:                             |                            |
| Total fund balance   | \$ 5,013,556               |
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.          |                            |
| Capital assets, at cost  | 98,025                     |
| Less accumulated depreciation  | <u>(71,791)</u>            |
| Net capital assets   | 26,234                     |
| Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.     | 2,151                      |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds.                      | (1,927)                    |
| Net pension liability  | (262,243)                  |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 44,233                     |
| Deferred outflows of resources related to pensions are not reported in the funds   | 86,186                     |
| Deferred inflows of resources related to pensions are not reported in the funds  | <u>(28,294)</u>            |
| Net position of governmental activities  | <u><u>\$ 4,879,896</u></u> |

The accompanying notes are an integral part of these financial statements.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HAYWOOD COUNTY, NORTH CAROLINA)**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund

For the year ended June 30, 2025

|                               | <b>General<br/>Fund</b> |
|-------------------------------|-------------------------|
| <b>REVENUES</b>               |                         |
| Occupancy revenue             | \$ 2,898,637            |
| Advertising sales             | 91,029                  |
| Investment earnings           | 168,526                 |
| Miscellaneous revenue         | 35,577                  |
| Total revenues                | <u>3,193,769</u>        |
| <b>EXPENDITURES</b>           |                         |
| Economic development:         |                         |
| Salaries and benefits         | 477,961                 |
| Administration and operations | 166,181                 |
| Marketing and sales           | 1,445,337               |
| Expenditures - 1% fund        | 327,622                 |
| Capital outlay                | 8,642                   |
| Total economic development    | <u>2,425,743</u>        |
| Debt service:                 |                         |
| Principal                     | 5,595                   |
| Interest                      | 249                     |
| Total debt service            | <u>5,844</u>            |
| Total expenditures            | <u>2,431,587</u>        |
| Revenues over expenditures    | 762,182                 |
| Fund balance, beginning       | <u>4,251,374</u>        |
| Fund balance, ending          | <u>\$ 5,013,556</u>     |

The accompanying notes are an integral part of these financial statements.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HAYWOOD COUNTY, NORTH CAROLINA)**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund

For the year ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

|  |                          |
|--|--------------------------|
| Net change in fund balance - governmental fund   | \$ 762,182               |
| Capital outlay expenditures which are capitalized and not included in the Statement of Activities  | 12,865                   |
| Depreciation expense is the allocation of the cost of capital assets over their useful lives that is recorded on the Statement of Activities but not in the fund statements.   | (16,538)                 |
| Amortization expense for intangible assets   | (5,166)                  |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities   | 44,233                   |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. |                          |
| Principal payments on long-term debt (lease liability)   | 5,595                    |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in the governmental funds:   |                          |
| Pension expense  | <u>(85,342)</u>          |
| Total change in net position of governmental activities  | <u><u>\$ 717,829</u></u> |

The accompanying notes are an integral part of these financial statements.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A COMPONENT UNIT OF HAYWOOD COUNTY)**

General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
 For the year ended June 30, 2025

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Positive/<br/>(Negative)</u> |
|------------------------------------|----------------------------|-------------------------|---------------------|--|
| <b>REVENUES</b>                    |                            |                         |                     |  |
| Occupancy tax                      | \$ 3,100,000               | \$ 2,605,500            | \$ 2,898,637        | \$ 293,137                                   |
| Advertising sales                  | 90,000                     | 100,000                 | 91,029              | (8,971)                                      |
| Investment earnings                | 90,000                     | 133,000                 | 168,526             | 35,526                                       |
| Miscellaneous                      | -                          | 82,000                  | 35,577              | (46,423)                                     |
| Total revenues                     | <u>3,280,000</u>           | <u>2,920,500</u>        | <u>3,193,769</u>    | <u>273,269</u>                               |
| <b>EXPENDITURES</b>                |                            |                         |                     |  |
| Economic development:              |                            |                         |                     |  |
| Salaries and benefits              | 545,000                    | 545,000                 | 477,961             | 67,039                                       |
| Administration and operations      | 281,700                    | 210,361                 | 166,181             | 44,180                                       |
| Marketing and sales                | 1,292,000                  | 1,530,200               | 1,445,337           | 84,863                                       |
| Product development                | 700,000                    | 430,000                 | -                   | 430,000                                      |
| Expenditures - 1% fund             | 764,750                    | 641,742                 | 327,622             | 314,120                                      |
| Capital outlay                     | 7,500                      | 10,303                  | 8,642               | 1,661  |
| Debt service:                      |                            |                         |                     |  |
| Principal                          | -                          | 5,595                   | 5,595               | -  |
| Interest                           | -                          | 249                     | 249                 | -  |
| Total expenditures                 | <u>3,590,950</u>           | <u>3,373,450</u>        | <u>2,431,587</u>    | <u>941,863</u>                               |
| Revenues over (under) expenditures | (310,950)                  | (452,950)               | 762,182             | 1,215,132                                    |
| <b>OTHER FINANCING SOURCES</b>     |                            |                         |                     |  |
| Appropriated fund balance          | <u>310,950</u>             | <u>452,950</u>          | <u>-</u>            | <u>(452,950)</u>                             |
| Net change in fund balance         | <u>\$ -</u>                | <u>\$ -</u>             | <u>762,182</u>      | <u>\$ 762,182</u>                            |
| <b>FUND BALANCE</b>                |                            |                         |                     |  |
| Fund balance, beginning            |                            |                         | <u>4,251,374</u>    |  |
| Fund balance, ending               |                            |                         | <u>\$ 5,013,556</u> |  |

The accompanying notes are an integral part of these financial statements.

**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**  
**(A Component Unit of Haywood County)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Haywood County Tourism Development Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The North Carolina General Legislature enacted a law which authorized Haywood County (the "County") to levy a room occupancy and tourism development tax, and the Board of Commissioners adopted a resolution levying this tax on October 14, 1983. The Board of Commissioners created the Haywood County Tourism Development Authority (the "Authority") as a public authority under the Local Government Budget and Fiscal Control Act. The Authority is a component unit of Haywood County. In August 2007, the General Assembly of North Carolina enacted administrative changes to the law that changed the makeup of the board from nine voting members to 15 members - one chairman who only votes to break a tie, eleven full-time voting members, and three non-voting ex-officio members, all who serve without compensation. The twelve voting members are appointed by the Board of Commissioners. The three ex-officio members are comprised of a member of the Board of Commissioners, the County finance officer and the executive director of the County's Economic Development Commission. Quarterly reports are to be made to the Board of Commissioners. The Authority may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel, tourism and conventions for Haywood County. The Authority operates within the County's boundaries for the benefit of the County's residents. The County is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designate its own management and maintain its own accounting system.

**B. Basis of Presentation**

*Government-wide Statements.* The statement of net position and the statement of activities display information about the primary government of 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 reports the following major governmental fund:

General Fund. This is the Authority's operating fund. It accounts for all financial resources of the general government.

### **C. Measurement Focus, Basis of Accounting**

In accordance with North Carolina General Statutes, the fund of the Authority is 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. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include occupancy taxes. On an accrual basis, revenue from occupancy taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 60 days after year end.

### **D. Budgetary Data**

As required by the Local Government Budget and Fiscal Control Act (G.S. 159, Article 3), the governing board must adopt an annual balanced budget ordinance for all funds by July 1<sup>st</sup> each year.

The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions, as required by G.S. 159-26(c). All annual appropriations lapse at the fiscal year-end. Budgetary control is exercised at the functional level. Appropriations are made at the functional level and are amended as necessary by the governing Board.

**E. 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.

**F. Assets, Liabilities and Fund Equity****1. Deposits and Investments**

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.

State law [G.S. 159-30(C)] authorizes the Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Authority's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**2. Restricted Assets**

Restricted assets include monies or other resources, the use of which is restricted by legal or contractual requirements. 1% Occupancy taxes collected by the Authority are restricted for spending in the zip-codes in which they are collected. As of June 30, 2025, the Authority has a restricted cash balance of \$1,512,165.

**3. Occupancy Tax 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 or remitted by the County is considered receivable by the Authority.

**4. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide and governmental fund financial statements and expensed as the items are used.

## 5. Capital Assets

Purchased or constructed capital assets are reported at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$1,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Authority's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Authority reports a lease (only applies when the Authority is the lessee) in accordance with the requirements of GASB 87.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

Capital assets of the Authority are depreciated on a straight-line basis over the following estimated useful lives:

|                         |         |
|-------------------------|---------|
| Furniture and equipment | 5 years |
| Computers               | 3 years |
| Website development     | 5 years |

Useful life will be determined by management on a case by case basis for any assets that do not belong in a category listed above.

## 6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has only two items that meet this criterion: pension related deferrals and contributions made to the plan subsequent to the measurement date. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has only one item that meets the criterion for this category – pension related deferrals.

## 7. Net Position/Fund Balance

### *Net Position*

Net position in the government-wide financial statements is classified as investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are imposed by law through State statute.

### ***Fund Balance***

In the governmental fund financial statements, fund balance is composed of four 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 –The 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.

Prepaid items – Portion of fund balance not available for appropriation because it presents the year-end balance of prepaid items that are not expendable available resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for economic development – portion of fund balance that is restricted for purposes of promoting travel and tourism in specific zip codes of Haywood County. Restrictions by zip code are as follows (shown by the municipality associated with the zip code):

#### Restricted for Economic Development

|                |       |           |
|----------------|-------|-----------|
| Canton         | \$    | 96,154    |
| Clyde          |       | 123,955   |
| Lake Junaluska |       | 100,703   |
| Maggie Valley  |       | 638,910   |
| Waynesville    |       | 552,443   |
|                | <hr/> | <hr/>     |
|                | \$    | 1,512,165 |

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Assigned Fund Balance – This classification includes amounts that have been budgeted for by the Authority's governing board.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified as restricted fund balance. The governing board approves the appropriation and any change to appropriations by resource must be approved by the governing board.

Unassigned Fund Balance – This classification includes the portion of fund balance that has not been restricted or assigned to specific purposes or other funds.

The Authority does not have a formal revenue spending policy. However, it is the Authority's practice to use resources in the following hierarchy: occupancy tax revenues and local Authority funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in the order by assigned fund balance and, lastly, unassigned fund balance.

## **8. Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

### **Note 2 – Detail Notes on All Funds**

#### **A. Deposits**

All of the Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority'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 the Authority's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Authority under the Pooling Method, the potential exists for under-collateralization, 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 risk 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, 2025, the Authority's deposits had a carrying amount of \$251,393 and a bank balance of \$364,992. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered under the pooling method. At June 30, 2025, the Authority's petty cash fund totaled \$200.

## B. Investments

At June 30, 2025, the Authority's investment balances were as follows:

| Investments by Type                                | Valuation Measurement Method | Book Value at 6/30/25 | Maturity | Rating |
|--|------------------------------|-----------------------|----------|--------|
| NC Capital Management Trust - Government Portfolio | Fair Value Level 1           | \$4,236,390           | N/A      | AAAm   |

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk – The Authority has no formal investment policy regarding interest rate risk.

Credit Risk – The Authority has no formal policy regarding credit risk, but has internal management procedures that limits the City's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible rating whenever particular types of securities are rated.

## C. Receivables

Total receivable balances at June 30, 2025 were \$566,217. Haywood County collects occupancy taxes that are applicable to the fiscal year in which they are levied. The entire balance of the outstanding receivables represents unremitted net occupancy tax collections on room nights through June 30, 2025.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2025 was as follows:

|   | Beginning<br>Balances | Increases | Decreases | Ending<br>Balances |
|---|-----------------------|-----------|-----------|--------------------|
| Governmental activities:                    |                       |           |           |                    |
| Improvements                                | \$ 25,121             | \$ -      | \$ -      | \$ 25,121          |
| Equipment and furniture                     | 34,136                | 12,865    | -         | 47,001             |
| Vehicles                                    | 25,903                | -         | -         | 25,903             |
| Total capital assets being depreciated      | 85,160                | 12,865    | -         | 98,025             |
| Less accumulated depreciation for:          |                       |           |           |                    |
| Improvements                                | (10,999)              | (3,541)   | -         | (14,540)           |
| Equipment and furniture                     | (25,366)              | (5,982)   | -         | (31,348)           |
| Vehicles                                    | (18,888)              | (7,015)   | -         | (25,903)           |
| Total accumulated depreciation              | (55,253)              | (16,538)  | -         | (71,791)           |
| Total capital assets being depreciated, net | 29,907                |           |           | 26,234             |
| Right to use asset                          |                       |           |           |                    |
| Equipment                                   | 20,662                | -         | -         | 20,662             |
| Less accumulated amortization for:          |                       |           |           |                    |
| Equipment                                   | (13,345)              | (5,166)   | -         | (18,511)           |
| Right to use assets, net                    | 7,317                 | (5,166)   | -         | 2,151              |
| Governmental activity capital assets, net   | \$ 37,224             |           |           | \$ 28,385          |

Depreciation expense amounting to \$16,538 was charged to the economic development function. Amortization expense amounting to \$5,166 was charged to the economic development function.

**E. Pension Plan****Local Government Employees' Retirement System**

*Plan Description.* The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2025 was 13.60% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$44,233 for the year ended June 30, 2025.

*Refunds of Contributions.* Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2025, the Authority reported a liability of \$262,243 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025 (measured as of June 30, 2024), the Authority's proportion was 0.00389%, a decrease of 0.00050% from its proportion as of June 30, 2024 (as measured at June 30, 2023).

For the year ended June 30, 2025, the Authority recognized pension expense of \$85,342. At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
|  | \$                                | \$                               |
| Differences between expected and actual experience   | 45,955                            | 309                              |
| Net difference between projected and actual earnings on pension plan investments                               | 35,652                            | -                                |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 4,579                             | 27,985                           |
| Authority contributions subsequent to the measurement date   | 44,233                            | -                                |
| <b>Total</b>   | <b>\$ 130,419</b>                 | <b>\$ 28,294</b>                 |

\$44,233 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

|      | Year ended<br>June 30: |
|------|------------------------|
| 2026 | \$ 17,582              |
| 2027 | 44,898                 |
| 2028 | (556)                  |
| 2029 | (4,032)                |
|      | <hr/>                  |
|      | <b>\$ 57,892</b>       |

*Actuarial Assumptions.* The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.5 percent   |
| Salary increases          | 3.25 percent to 8.5 percent, including inflation and productivity factor  |
| Investment rate of return | 6.50 percent, net of pension plan investment expense, including inflation |

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study as of December 31, 2019.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed Income         | 33.0%                    | 2.4%  |
| Global Equity        | 38.0%                    | 6.9%  |
| Real Estate          | 8.0%                     | 6.0%  |
| Alternatives         | 8.0%                     | 8.6%  |
| Credit               | 7.0%                     | 5.3%  |
| Inflation Protection | 6.0%                     | 4.3%  |
| <b>Total</b>         | <b>100%</b>              |   |

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate* – The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Authority's proportionate share of the net pension asset to changes in the discount rate* – The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

|  | 1%<br>Decrease<br>(5.50%) | Discount<br>Rate<br>(6.50%) | 1%<br>Increase<br>(7.50%) |
|--|---------------------------|-----------------------------|---------------------------|
| Authority's proportionate share of the net pension liability (asset) | \$ 464,702                | \$ 262,243                  | \$ 95,692                 |

*Pension plan fiduciary net position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

### Note 3 – Long Term Obligation

#### A. Leases

The Authority has entered into agreements to lease a building and certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

In October 2021, the Authority entered into a lease agreement for a copier until November 2025. Monthly payments began at \$487. The lease liability is measured at a discount rate of 5%. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$2,151 at June 30, 2025. The right to use asset is discussed in more detail in the right to use asset section.

The following is a summary of future minimum payments on the Authority's lease obligation as of June 30, 2025:

| Year Ending<br>June 30 | Principal<br>Payments | Interest<br>Payments | Total    |
|------------------------|-----------------------|----------------------|----------|
| 2026                   | \$ 1,927              | \$ 20                | \$ 1,947 |

#### B. Long Term Obligation Activity

The following is a summary of changes in the Authority's long-term obligations for the fiscal year ended June 30, 2025:

|                                 | Beginning<br>Balances | Increases | Decreases | Ending<br>Balances | Current Portion<br>of Balance |
|---------------------------------|-----------------------|-----------|-----------|--------------------|-------------------------------|
| <b>Governmental activities:</b> |                       |           |           |                    |                               |
| Leases                          | \$ 7,522              | \$ -      | \$ 5,595  | \$ 1,927           | \$ 1,927                      |
| Net Pension Liability (LGERS)   | 290,621               | \$ -      | 28,378    | 262,243            | -                             |
| Total governmental activities   | \$ 298,143            | \$ -      | \$ 33,973 | \$ 264,170         | \$ 1,927                      |

**Note 4 – Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past three fiscal years. Because the Authority owns no real property, they do not carry flood insurance.

In accordance with G.S. 159-29, the Authority's employees that have access to \$100 or more of the Authority's funds at any given time are performance bonded through a commercial surety bond. The Executive Director and Finance Officer are each individually bonded for \$350,000. The remaining employees that have access to funds are bonded under a blanket bond for \$70,000.

**Note 5 – Fund Balance**

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

|   |                         |
|---|-------------------------|
| Total fund balance - General Fund             | \$ 5,013,556            |
| Less:   |                         |
| Prepaid items                                 | 39,768                  |
| Restricted for Stabilization by State Statute | <u>566,217</u>          |
| <br>Fund Balance Available for Appropriation  | <br><u>\$ 4,407,571</u> |

**Note 6 – Related Party Transactions**

The County deducts a percentage of the occupancy tax collected as administrative fees and then remits the net proceeds to the Authority. In compliance with the administrative changes by the North Carolina General Assembly in August 2007, the County deducted 3% of the first \$500,000 of gross revenue and 1% of the remaining gross revenue. Total gross revenue collected by Haywood County was \$2,938,017, administrative fees of \$39,380 were deducted, and the remainder of \$2,898,637 was remitted to the Authority for the 2025 fiscal year.

## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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- Local Government Employees' Retirement System – Schedule of Authority's Proportionate Share of Net Pension Liability
- Local Government Employees' Retirement System – Schedule of Authority's Contributions

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**HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY**

**AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**LAST SEVEN FISCAL YEARS**

## Local Government Employees' Retirement System

|   | 2025       | 2024       | 2023       | 2022      | 2021       | 2020       | 2019      |
|---|------------|------------|------------|-----------|------------|------------|-----------|
| Authority's proportionate share of the net pension liability (%)                                    | 0.00389%   | 0.00439%   | 0.00437%   | 0.00446%  | 0.00392%   | 0.00374%   | 0.00319%  |
| Authority's proportion of the net pension liability (\$)  | \$ 262,243 | \$ 290,621 | \$ 246,530 | \$ 68,398 | \$ 140,078 | \$ 102,136 | \$ 75,678 |
| Authority's covered payroll   | 326,332    | 355,922    | 322,913    | 313,040   | 346,867    | 246,760    | 222,417   |
| Authority's proportionate share of the net pension liability as a percentage of its covered payroll | 80.36%     | 81.65%     | 76.35%     | 21.85%    | 40.38%     | 41.39%     | 34.03%    |
| Plan fiduciary net position as a percentage of the total pension liability                          | 83.30%     | 82.49%     | 84.14%     | 95.51%    | 88.61%     | 90.86%     | 92.00%    |

\* The Authority adopted GASB 68 during the year ended June 30, 2018.

## HAYWOOD COUNTY TOURISM DEVELOPMENT AUTHORITY

SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST SEVEN FISCAL YEARS

## Local Government Employees' Retirement System

|   | 2025          | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution                                 | \$ 44,233     | \$ 41,934     | \$ 43,067     | \$ 36,651     | \$ 31,774     | \$ 31,045     | \$ 19,124     |
| Contribution in relation to the contractually required contribution | <u>44,233</u> | <u>41,934</u> | <u>43,067</u> | <u>36,651</u> | <u>31,774</u> | <u>31,045</u> | <u>19,124</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>   |
| Authority's covered payroll   | \$ 325,264    | \$ 326,332    | \$ 355,922    | \$ 322,913    | \$ 313,040    | \$ 346,867    | \$ 246,760    |
| Contributions as a percentage of covered payroll                    | 13.60%        | 12.85%        | 12.10%        | 11.35%        | 10.15%        | 8.95%         | 7.75%         |