

**DARE COUNTY TOURISM BOARD**

**FINANCIAL STATEMENTS**

**For the fiscal year ended  
June 30, 2018**

**DARE COUNTY TOURISM BOARD OFFICERS**

**Myra Ladd-Bone, Chair  
Wally Overman, Vice-Chair  
Tonia Cohen, Secretary  
Patricia Weston, Treasurer  
Bambos Charalambous, Assistant Treasurer**

**ADMINISTRATION & FINANCIAL STAFF**

**Lee Nettles, Executive Director  
Diane Bognich, Director of Administration  
Cheryl Hannant, Assistant Finance Officer  
Amy Wood, Administrative Specialist/Clerk to Board**

**DARE COUNTY TOURISM BOARD**  
**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Dare County Tourism Board  
Manteo, North Carolina 27954

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board, a component unit of Dare County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board'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***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 to 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

MEMBERS OF AICPA AND NCACPA

### *Opinions*

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board as of June 30, 2018, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the general and special revenue funds 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 on pages 4 through 13, and Other Post Employment Benefit's Schedule of Changes in the Total OPEB Liability and Related Ratios on page 47, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions on pages 45 and 46 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. 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dare County Tourism Board's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the

To the Board of Directors  
Dare County Tourism Board  
Page Three

basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

JOHNSON, MIZELLE, STRAUB, & MURPHY, LLP  
Certified Public Accountants

*Johnson, Mizelle, Straub & Murphy, LLP*

Kitty Hawk, North Carolina  
November 13, 2018

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

As management of The Outer Banks Visitors Bureau, we offer readers of The Dare County Tourism Board's financial statements this narrative overview and analysis of the financial activities of The Dare County Tourism Board for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Board's financial statements, which follow this narrative.

### **Financial Highlights**

The assets and deferred outflows of resources of The Dare County Tourism Board exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,379,806 (*net position*), which represents an increase of \$1,686,941 over the prior fiscal year.

As of the close of the current fiscal year, The Dare County Tourism Board's governmental funds reported combined ending fund balances of \$14,827,377 an increase of \$1,446,844 in comparison with the prior year. Of this amount \$ 8,385,178 (56.6%) is restricted. The restricted amount includes \$ 6,955,918 that is to be used for services or programs needed due to the impact of tourism on the county.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,242,693 or 98.4 percent of total general fund expenditures for the fiscal year.

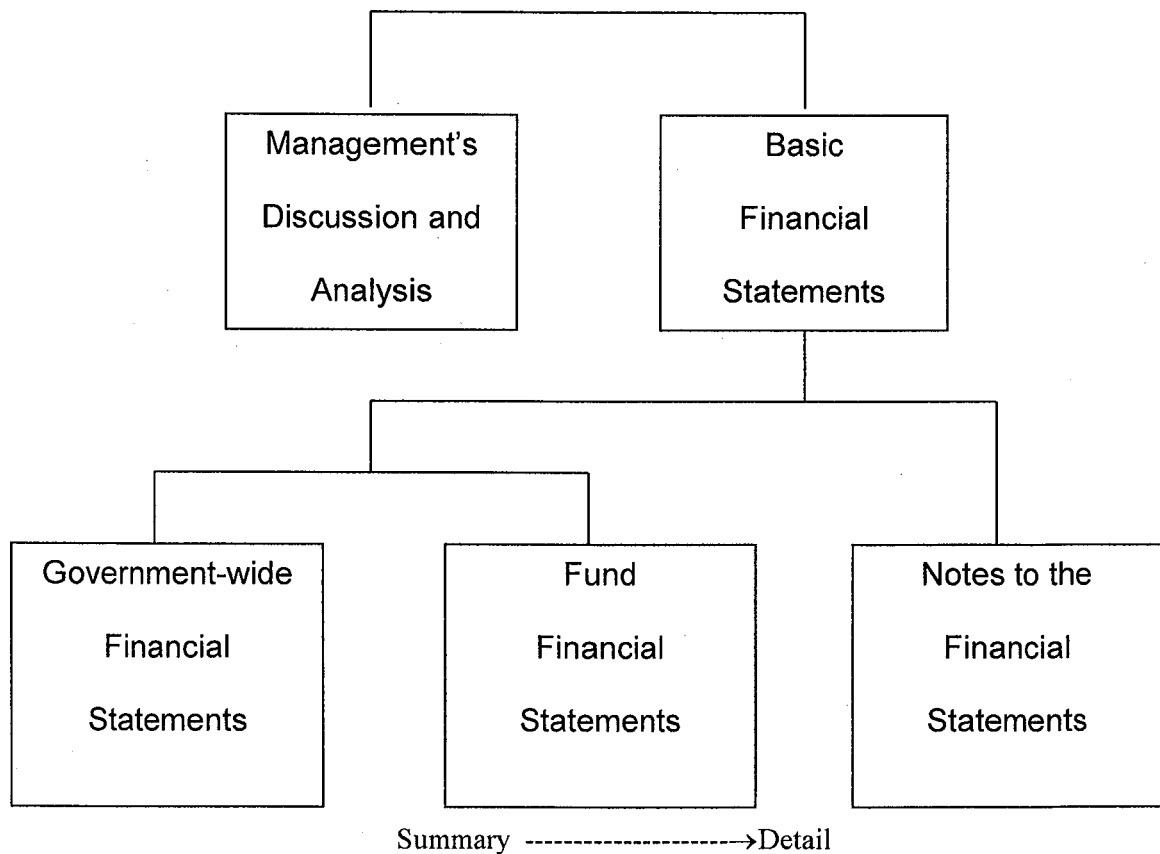
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, increased \$ 335,439 or 4.7% over the prior year for a total amount collected of \$ 7,497,599.

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

This discussion and analysis are intended to serve as an introduction to Dare County Tourism Board's basic financial statements. The Board's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Board through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of The Dare County Tourism Board.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Board's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Board's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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. After the notes, **supplemental information** is provided to show details about the Board's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Board'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 Board's financial status as a whole.

The two government-wide statements report the Board's net position and how they have changed. Net position is the difference between the Board's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Board's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include the Board's basic service which is to promote tourism in Dare County. Occupancy taxes and prepared food and beverage taxes finance most of these activities. The business-type activities are those that the Board charges for rental of the Outer Banks Event Site. The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the Board'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 Dare County Tourism Board, 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 or the Board's budget ordinance. All of the funds of Dare County Tourism Board can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Board'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 or her determine if there are more or less financial resources available to finance the Board'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 a part of the fund financial statements.

The Dare County Tourism Board adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Board, the management of the Board, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Board to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Board complied with the budget ordinance and whether or not the Board 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 using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the original budget as adopted by the board; 2) the actual resources, charges to appropriations, and ending balances



in the General Fund; and 3) the difference or variance between the final budget and the 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.

A project ordinance was adopted for the Event Site Capital Project Fund.

**Proprietary Funds** – Dare County Tourism Board has one kind of proprietary fund.

*Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Dare County Tourism Board uses an enterprise fund to account for rental income, maintenance and other expenses of the Outer Banks Event Site. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 25 through 44 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Supplementary information can be found beginning on page 45 of this report.

## Government-Wide Financial Analysis

### The Dare County Tourism Board's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 14,901,832	\$ 13,442,103	\$ 125,764	\$ 118,797	\$ 15,027,596	\$ 13,560,900
Capital assets	14,195,767	13,784,403	-	-	14,195,767	13,784,403
Deferred outflows of resources	163,411	238,558	-	-	163,411	238,558
Total assets and deferred outflows of resources	29,261,010	27,465,064	125,764	118,797	29,386,774	27,583,861
Current liabilities	74,455	78,712	1,326	1,250	75,781	79,962
Long-term liabilities	867,386	784,008	-	-	867,386	784,008
Deferred inflows of resources	63,801	27,026	-	-	63,801	27,026
Total liabilities and deferred inflows of resources	1,005,642	889,746	1,326	1,250	1,006,968	890,996
Net position:						
Net investment in capital assets	14,195,767	13,784,403	-	-	14,195,767	13,784,403
Restricted	8,385,178	7,081,908	-	-	8,385,178	7,081,908
Unrestricted	5,674,423	5,709,007	124,438	117,547	5,798,861	5,826,554
Total net position	\$ 28,255,368	\$ 26,575,318	\$ 124,438	\$ 117,547	\$ 28,379,806	\$ 26,692,865

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of The Dare County Tourism Board exceeded liabilities and deferred inflows by \$28,379,806 as of June 30, 2018. Of the total net position, \$14,195,767, or 50.0%, reflects the Board's net investment in capital assets (e.g. buildings, land and furniture and equipment). The Dare County Tourism Board uses these capital assets to provide services to citizens and visitors to Dare County; consequently, these

assets are not available for future spending. An additional portion of the Board's net position, \$ 8,385,178, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 5,798,861 is unrestricted.

**Figure 3**

**Dare County Tourism Board Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	Total
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 203,294	\$ 175,295	\$ 12,037	\$ 10,700	\$ 215,331	\$ 185,995
General revenues:						
Occupancy taxes	4,945,508	4,700,425			4,945,508	4,700,425
Prepared food and beverage tax	2,552,091	2,461,735			2,552,091	2,461,735
Investment earnings	143,001	60,397	264	315	143,265	60,712
Total revenues	7,843,894	7,397,852	12,301	11,015	7,856,195	7,408,867
<b>Expenses:</b>						
Governing Body	23,190	23,627			23,190	23,627
Promotion and General	5,405,110	4,870,346			5,405,110	4,870,346
Welcoming Function	248,170	274,613			248,170	274,613
Event Site			144,160	131,781	144,160	131,781
Projects	206,311	478,295			206,311	478,295
Total expenses	5,882,781	5,646,881	144,160	131,781	6,026,941	5,778,662
Increase in net position before transfers	1,961,113	1,750,971	(131,859)	(120,766)	1,829,254	1,630,205
Fund transfers	(138,750)	(159,950)	138,750	159,950	-	-
Increase in net position	1,822,363	1,591,021	6,891	39,184	1,829,254	1,630,205
Net position, July 1, previously reported	26,575,318	24,984,297	117,547	78,363	26,692,865	25,062,660
Net position, beginning, restated	26,433,005	24,984,297	117,547	78,363	26,550,552	25,062,660
Net position, June 30	<u>\$28,255,368</u>	<u>\$26,575,318</u>	<u>\$ 124,438</u>	<u>\$ 117,547</u>	<u>\$28,379,806</u>	<u>\$26,692,865</u>

**Governmental activities.** Governmental activities increased the Board's net position by \$1,822,363, thereby accounting for 99.6 percent of the total growth of net position. Of this amount \$ 1,656,691 is reserved for encumbrances. Tax collections increased \$ 335,439 (4.7%) from the prior year, showing a continued growth in the tourism industry. During the year, an additional piece of property was purchased in the Town of Nags Head to increase parking capacity at the Event Site in the amount of \$ 704,798. This accounts for the majority of the increase in capital assets and net position. Expenses were planned conservatively and well managed within the budget.

**Business-type activities:** Business-type activities increased the Board's net position by \$ 6,891. The Event Site Fund accounts for the operating expenses of the Outer Banks Event Site. Rental prices have been kept low to encourage the use of the property and have not covered the maintenance and other managerial expenses of the land. A transfer from General

Fund will be used to fund activities from the site until rental revenues begin to offset the cost of maintaining the site.

### **Financial Analysis of the Board's Funds**

As noted earlier, The Dare County Tourism Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of The Dare County Tourism Board's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing The Dare County Tourism Board's financing requirements.

The general fund is the chief operating fund of The Dare County Tourism Board. At the end of the current fiscal year, the Board's fund balance available was \$5,242,693, while total fund balance was \$7,871,459. The Board has determined that management should maintain an available fund balance of 60% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Board. The Board currently has an available fund balance of 98.4 percent of general fund expenditures while total fund balance is 147.7 percent of the same amount.

At June 30, 2018, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$14,827,377, a 10.8 percent increase over last year. This increase is mostly due to higher than expected taxes collected and conservative spending.

**General Fund Budgetary Highlights:** During the fiscal year, the Board revised the budget on several occasions. 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; and 3) increases in appropriations that become necessary to maintain services.

Several budget revisions were made during the year to reallocate line item expenses to better manage line items. There was a budget amendment to increase appropriations in order to accommodate an increase in advertising when Hatteras Island experienced an unexpected evacuation due to a cut power line on the construction of the new bridge over Oregon Inlet and another amendment to increase grant funding for local events.

The occupancy and prepared meals tax revenues were more than budget due to the conservative approach taken during the budgeting process. Dare County experienced a strong growth in travel expenditures, despite the evacuation of Hatteras Island for electricity in July and a second evacuation order for Hurricane Maria. The summer months (approximately 71% of the Board's revenue) experienced growth of 3.09 percent over the prior year. These revenues are subjected to many external factors beyond our control including the national economy and the threat of inclement weather. Therefore a conservative budget allows the Board to anticipate any unexpected decreases in revenue.

Promotional and general expenses were less than budgeted amounts, primarily due to several large grants and some marketing being encumbered and not paid out until the next fiscal year. Other factors include production projects that were done in house and saved money, no unforeseen legal issues, less postage and building maintenance than was budgeted, less marketing for events than was expected and not hiring summer interns.

**Proprietary Funds.** The Dare County Tourism Board's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Proprietary Funds at the end of the fiscal year amounted to \$124,438. The total increase in net position was \$ 6,891.

The Event Site Fund posted an increase of net position in the amount of \$ 6,891. The Board agreed to use the land in Nags Head to try to promote events that drive overnight visitation. The Board continues to believe that events will help to drive overnight visitation and has consciously kept the costs associated with renting the Outer Banks Event Site low for potential rentals. However, as a result of the improvements done to the site through the construction of Phase I, the Board changed the rental structure. There was an increase in the rental rate and the ability to negotiate longer term rentals was included in the agreements. Once again, the most successful event was the Outer Banks Seafood Festival held in October. Other events that returned to the site were a Brewtäg Festival, a Jeep Mutiny and a carnival. The Outer Banks Visitor Bureau sponsored the Food Truck Showdown on the site for the first time to promote event development. The main expense is for landscaping and maintenance. The remaining fund balance is for future use in maintaining the land as an event site.

### **Capital Assets**

**Capital assets.** The Dare County Tourism Board's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$14,195,767 (net of accumulated depreciation). These assets include land, buildings and furniture and equipment.

#### **Dare County Tourism Board Capital Assets**

**Figure 4**  
**(net of depreciation)**

	<u><b>Governmental Activities</b></u>
Land	\$10,087,382
Buildings	1,189,988
Event Site	2,791,135
Intangible Assets	43,205
Computer equipment	30,256
Furniture and Equipment	53,801
Total	<u>\$14,195,767</u>

Additional information on the Board's capital assets can be found in note 3.A.4. of the Basic Financial Statements.

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

Dare County tourism continues to grow, despite challenges both manmade and natural.

The industry once again surpassed \$1.1 billion in direct tourism spending in 2017, supporting jobs for every one-in-three of Dare County residents. While we did see visitor spending increase for the Outer Banks, Asheville's dramatic expansion of lodging inventory over the last few years helped propel Buncombe County into the #4 spot among the state's 100 counties, a position previously held by Dare.

The fiscal year whipsawed early with positive and negative national news media coverage. First, the good. In late June and leading into the 4<sup>th</sup> of July weekend, the public's fascination

was stoked by media coverage of the emergence of Shelly Island, an impromptu sandbar island which had appeared off of Cape Point on Hatteras Island. Visitor calls and social media interest were significant.

And then just a few weeks later, good turned to bad as a company working on the Bonner bridge replacement inadvertently severed lines providing power to both Hatteras and Ocracoke islands. Both islands suffered a sustained power outage, prompting a weeklong visitor evacuation on Hatteras and prolonged negative media coverage. The fragility of the barrier islands was once again tested in September of 2017 by hurricanes Jose and Maria. Their highest winds remained offshore, but still impacted the Outer Banks with ocean over-wash on Hatteras Island. Road closures were brief, however, and the media's concentration on other more damaged areas prevented any sustained perception issues.

Meanwhile, the physical infrastructure of the Outer Banks improved with the opening of the Richard Etheridge bridge on Pea Island, the expected completion of the Bonner bridge replacement by the end of 2018 and the start of the "jug handle" bridge leading into Rodanthe which will bypass the S-Curves hotspot. Infrastructure was further stabilized with the completion of beach nourishment projects in Duck, Southern Shores, Kitty Hawk, Kill Devil Hills and Buxton.

The Dare County Tourism Board also took steps to enhance infrastructure; following the completion of the 2<sup>nd</sup> phase of construction at The Soundside event site, the Board acquired property across the street (previously, South Beach Grille). The additional property expands the parking available for larger events. The Board is currently considering options to further expand the site footprint and/or to construct a building. The Visitors Bureau has continued to gain experience in renting and managing the site and developing its own events, most notably the Food Truck Showdown.

This fiscal year represented a transitional period where the Established Event Developer (EED) grant was phased out and the Event grant was utilized to service both old and new events. The transition went well, with 33 Event grants awarded. Considering all applications side-by-side and eliminating the multi-year commitment of the EED allows for the program to be managed in a more sustainable and effective manner.

In terms of marketing, the Visitors Bureau made key improvements to existing initiatives. Functionality was added to the website with the integration of a 360-degree viewing platform, YouVisit, and the itinerary-building software, Utrip. Both additions were intended to increase the user's site engagement and make outerbanks.org even more useful for travel planning. Perhaps not coincidentally, these enhancements and a renewed dedication to search engine optimization helped to reverse a previous trend of declining site visitation and return year-over-year traffic patterns to positive territory.

Social media remains an important connection to potential visitors, as the recommendations and reviews of individuals often have higher credibility than the claims made by the brand/destination. Social media influencers, with their large bases of trusting followers, still factor into the Bureau's marketing efforts; however, during FY '17-18, the Visitors Bureau broke new ground when it developed one of the industry's first tools to measure influencer return on investment. In doing so, the Bureau was able to more accurately evaluate and compare the offerings of various influencers.

The Bureau has expanded its use of paid social media to counteract Facebook's reduction of organic reach and maintains strong levels of engagement and growth with other social channels like Instagram.

Important marketing relationships were developed during FY '17-18. The first of which was with the advertising agency, Boone/Oakley. The agency was asked to develop creative for a cooperative ad program through VisitNC, the state's tourism office, involving transit and buses in the Washington DC area. The resulting effort produced the BOX|OBX campaign, highlighting the contrast between city congestion and Outer Banks open spaces. The simplicity of the campaign was powerful and has since been adapted to television, online ads and direct mail.

The Bureau also started working with a data analytics firm called Buxton. Through the analysis of GPS data (mobile pings) in Dare County over the course of a year, Buxton was able to build a sophisticated profile of actual Outer Banks visitors. From there, the company developed three predictive models to identify households throughout the country representing the absolute best prospects for the Outer Banks. The Bureau started marketing to these leads in the fall of 2018. If the results provide the expected higher return on investment, future marketing spending could heavily skew toward this approach and away from traditional mass marketing.

### **Budget Highlights for the Fiscal Year Ending June 30, 2019**

The budget for Fiscal Year '18-19 assumes an increase of 4% for occupancy and meals tax collections when compared to the amended budget from the last fiscal year. Website advertising and the income generated from interest reflect significant growth within this year's budget.

Despite the aforementioned challenges in FY '17-18 – hurricanes and the power outage – the Outer Banks saw increases in occupancy gross sales year-over-year in 10 out of 12 months. Similarly, gross sales for meals increased in 9 out of 12 months. As with FY '17-18, though, we have started this new fiscal year with two hurricanes, Hurricanes Florence and Michael. The former caused little physical damage here, but a weeklong visitor evacuation and the extensive damage reported in other coastal NC areas caused a drag on perceptions for Dare County's Outer Banks. The Visitors Bureau responded with heavy advertising, news media relations and social media in an attempt to ensure a speedy business recovery.

The FY '18-19 budget includes increased dollars for marketing: print, online and television advertising. The budget for grants shows a shift from the Established Event Developer line-item and into Event grants as the EED is phased out.

Other Professional Services reflects an increase to conduct an Other Post-Employment Benefits study and also to fund some of the design work related to renovations within the administrative office of the Roanoke Island welcome center, a facility that hasn't been updated since its construction in 2003.

Although prospects are good for the upcoming budget year, we are mindful of the potential for business disruption by natural causes, such as hurricanes, or through the actions of individuals. Within the last year, two separate legislative actions were posed which would have dramatically affected the operation of the Visitors Bureau and/or the Tourism Board.

Despite the resiliency and consistency of the tourism industry, the past success of our organization does not guarantee its future relevance. We must continue to innovate, strengthen relationships and demonstrate value.

### **Requests for Information**

This report is designed to provide an overview of the Board'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 Director of Finance, Dare County Tourism Board, One Visitors Center Circle, Manteo, NC 27954-9707. You may also call (252)-473-2138, visit our website at [www.outerbanks.org](http://www.outerbanks.org) or send an email to [Bognich@outerbanks.org](mailto:Bognich@outerbanks.org) for more information.

**Dare County Tourism Board**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 6,912,157	\$ 125,764	\$ 7,037,921
Miscellaneous accounts receivable	6,130	-	6,130
Due from other governmental units	1,339,623	-	1,339,623
Accrued interest receivable	14,755	-	14,755
Inventories	19,022	-	19,022
Restricted cash and cash equivalents	6,610,145	-	6,610,145
Total current assets	14,901,832	125,764	15,027,596
Non-current assets:			
Capital assets (Note 1):			
Land	10,087,382	-	10,087,382
Event Site, net of depreciation	2,791,135	-	2,791,135
Other capital assets, net of depreciation	1,317,250	-	1,317,250
Total capital assets	14,195,767	-	14,195,767
Total assets	29,097,599	125,764	29,223,363
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	145,915	-	145,915
Other post employment benefits deferrals	17,496	-	17,496
Total deferred outflows of resources	163,411	-	163,411
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	74,455	626	75,081
Unearned revenue	-	700	700
Total current liabilities	74,455	1,326	75,781
Long-term liabilities:			
Accrued vacation and comp	52,567	-	52,567
Net pension liability	198,146	-	198,146
Other postemployment benefits	616,673	-	616,673
Total long-term liabilities	867,386	-	867,386
Total liabilities	941,841	1,326	943,167
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	23,127	-	23,127
Other post employment benefits deferrals	40,674	-	40,674
Total deferred inflows of resources	63,801	-	63,801
<b>NET POSITION</b>			
Net investment in capital assets	14,195,767	-	14,195,767
Restricted for:			
Stabilization by State Statute	8,385,178	-	8,385,178
Unrestricted	5,674,423	124,438	5,798,861
Total net position	\$ 28,255,368	\$ 124,438	\$ 28,379,806

The notes to the financial statements are an integral part of this statement.



**Dare County Tourism Board  
Statement of Activities  
For the Year Ended June 30, 2018**

**Program Revenues**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary government:</b>		
Governmental Activities:		
Governing Body	\$ 23,190	\$ -
Promotion and General	5,405,110	203,294
Welcoming Function	248,170	-
Projects	206,311	-
Total governmental activities (See Note 1)	<u>5,882,781</u>	<u>203,294</u>
Business-type activities:		
Event Site	144,160	12,037
Total business-type activities	<u>144,160</u>	<u>12,037</u>
Total primary government	<u>\$ 6,026,941</u>	<u>\$ 215,331</u>

Component units:

General revenues:

    Taxes:

        Other taxes

    Transfers

    Investment earnings

        Total general revenues, special items, and transfers  
        Change in net position

Net position-beginning, previously reported

Restatement

Net position, beginning

Net position-ending

The notes to the financial statements are an integral part of this statement.

Exhibit 2

Net (Expense) Revenue and Changes in Net Postion		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (23,190)	\$ -	\$ (23,190)
(5,201,816)	-	(5,201,816)
(248,170)	-	(248,170)
(206,311)	-	(206,311)
(5,679,487)	-	(5,679,487)
-	(132,123)	(132,123)
-	(132,123)	(132,123)
(5,679,487)	(132,123)	(5,811,610)
7,497,599	-	7,497,599
(138,750)	138,750	-
143,001	264	143,265
7,501,850	139,014	7,640,864
1,822,363	6,891	1,829,254
26,575,318	117,547	26,692,865
(142,313)	-	(142,313)
26,433,005	117,547	26,550,552
\$ 28,255,368	\$ 124,438	\$ 28,379,806

**Dare County Tourism Board  
Balance Sheet  
Governmental Funds  
June 30, 2018**

	Major Funds			Total Governmental Funds
	General	Soundside Event Site	Special Revenue	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,912,157	-	-	\$ 6,912,157
Restricted cash and cash equivalents		\$ -	\$ 6,610,145	6,610,145
Miscellaneous accounts receivable	6,130	-	-	6,130
Due from other governmental units	1,004,717	-	334,906	1,339,623
Accrued interest receivable	3,888	-	10,867	14,755
Inventory	19,022	-	-	19,022
Total assets	<u>\$ 7,945,914</u>	<u>\$ -</u>	<u>\$ 6,955,918</u>	<u>\$ 14,901,832</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 74,455	\$ -	\$ -	\$ 74,455
Total liabilities	<u>74,455</u>	<u>-</u>	<u>-</u>	<u>74,455</u>
<b>FUND BALANCES</b>				
Non Spendable				
Inventories	19,022	-	-	19,022
Restricted				
Stabilization by State Statute	1,429,260	-	6,955,918	8,385,178
Assigned				
Designated for subsequent year's expenditures	1,180,484	-	-	1,180,484
Unassigned	5,242,693	-	-	5,242,693
Total fund balances	<u>\$ 7,871,459</u>	<u>\$ -</u>	<u>\$ 6,955,918</u>	<u>14,827,377</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 14,195,767
Deferred outflows of resources related to pensions are not reported in the funds	145,915
Deferred outflows of resources related to OPEB are not reported in the funds	17,496
Pension deferrals reported as deferred inflows of resources are not reported in the funds	(23,127)
OPEB deferrals reported as deferred inflows of resources are not reported in the funds	(40,674)
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds:	
Accrued liabilities	(52,567)
Net pension liability	(198,146)
Net OPEB liability	(616,673)
Net position of governmental activities	<u>\$ 28,255,368</u>

The notes to the financial statements are an integral part of this statement.

**Dare County Tourism Board**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	Major Funds			Total Governmental Funds
	General Fund	Soundside Event Site	Special Revenue Fund	
<b>REVENUES</b>				
Tax Revenues				
Occupancy	\$ 3,709,131	\$ -	\$ 1,236,377	\$ 4,945,508
Prepared Food and Beverage	1,914,068	-	638,023	2,552,091
Website advertising	87,680	-	-	87,680
Ad sales - Travel Guide	80,065	-	-	80,065
Sale of merchandise	32,187	-	-	32,187
Other Revenues	3,362	-	-	3,362
Investment income	72,317	105	70,579	143,001
Total revenues	5,898,810	105	1,944,979	7,843,894
<b>EXPENDITURES</b>				
Current:				
Governing Body	23,190	-	-	23,190
Promotion and General	5,048,042	-	1,875	5,049,917
Welcoming Function	248,056	-	-	248,056
Projects	-	-	206,311	206,311
Capital outlay	13,778	17,500	704,798	736,076
Total expenditures	5,333,066	17,500	912,984	6,263,550
Excess (deficiency) of revenues over expenditures	565,744	(17,395)	1,031,995	1,580,344
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(138,750)	(81,056)	81,056	(138,750)
Sales of assets	5,250	-	-	5,250
Total other financing sources (uses)	(133,500)	(81,056)	81,056	(133,500)
Net change in fund balance	432,244	(98,451)	1,113,051	1,446,844
Fund balances-beginning	7,439,215	98,451	5,842,867	13,380,533
Fund balances-ending	\$ 7,871,459	\$ -	\$ 6,955,918	\$ 14,827,377

The notes to the financial statements are an integral part of this statement.

**Exhibit 4**  
**(continued)**

**Dare County Tourism Board**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

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

Net changes in fund balances - total governmental funds	\$ 1,446,844
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:	443,684
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	58,092
OPEB benefit payments made in the current fiscal year are not included on the Statement of Activities	17,496
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 governmental funds.	
Other post-retirement benefits	-
Loss on sale of assets	(32,320)
Pension expense	(60,377)
OPEB plan expense	(46,126)
Compensated absences	(4,930)
Total changes in net position of governmental activities	<u>\$ 1,822,363</u>

The notes to the financial statements are an integral part of this statement.

**Dare County Tourism Board**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	<b>General Fund</b>			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Occupancy tax	\$ 3,122,840	\$ 3,235,715	\$ 3,709,131	\$ 473,416
Prepared Food and Beverage	1,619,206	1,624,006	1,914,068	290,062
Website advertising revenue	60,000	60,000	87,680	27,680
Ad Sales - Travel Guide	82,340	82,340	80,065	(2,275)
Merchandise sales	34,400	34,400	32,187	(2,213)
Other	1,000	1,000	3,362	2,362
Investment earnings	25,280	25,280	72,317	47,037
Total revenues	4,945,066	5,062,741	5,898,810	836,069
<b>Expenditures:</b>				
Current:				
Governing Body	29,739	29,739	23,190	6,549
Promotional and General	5,813,737	6,026,612	5,060,941	965,671
Welcoming	284,430	289,230	248,935	40,295
Projects	-	-	-	-
Total expenditures	6,127,906	6,345,581	5,333,066	1,012,515
Revenues over (under) expenditures	(1,182,840)	(1,282,840)	565,744	1,848,584
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(138,750)	(138,750)	(138,750)	-
Sale of capital assets	-	-	5,250	5,250
Appropriated Fund Balance	1,321,590	1,421,590	-	(1,421,590)
Total other financing sources (uses)	1,182,840	1,282,840	(133,500)	(1,416,340)
Revenues and other sources over (under) expenditures and other uses	-	-	432,244	432,244
Fund balances, beginning of year	-	-	7,439,215	
Fund balances, end of year	\$ -	\$ -	\$ 7,871,459	

The notes to the financial statements are an integral part of this statement.

Exhibit 5

Special Revenue Fund			
Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 1,040,946	\$ 1,078,571	\$ 1,236,377	\$ 157,806
539,736	541,336	638,023	96,687
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
17,500	17,500	70,579	53,079
1,598,182	1,637,407	1,944,979	307,572
-	-	-	-
1,875	1,875	1,875	-
-	-	-	-
7,062,032	7,101,257	911,109	6,190,148
7,063,907	7,103,132	912,984	6,190,148
(5,465,725)	(5,465,725)	1,031,995	6,497,720
-	-	81,056	81,056
-	-	-	-
-	-	-	-
5,465,725	5,465,725	-	(5,465,725)
5,465,725	5,465,725	81,056	(5,384,669)
-	-	1,113,051	1,113,051
-	-	5,842,867	
\$ -	\$ -	\$ 6,955,918	

**Dare County Tourism Board**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<b>Non-Major Event Site</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 125,764	\$ 125,764
Accounts receivable	-	-
Inventory	-	-
Total current assets	<u>125,764</u>	<u>125,764</u>
Total assets	<u>\$ 125,764</u>	<u>\$ 125,764</u>
<b>LIABILITIES</b>		
Current liabilities:		
Site Damage Deposits	\$ 700	\$ 700
Accounts payable	626	626
Total current liabilities	<u>1,326</u>	<u>1,326</u>
Total liabilities	<u>1,326</u>	<u>1,326</u>
<b>NET POSITION</b>		
Unrestricted	124,438	124,438
Total net position	<u>\$ 124,438</u>	<u>\$ 124,438</u>
Total liabilities and net position	<u>\$ 125,764</u>	<u>\$ 125,764</u>

The notes to the financial statements are an integral part of this statement.



Dare County Tourism Board  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2018

	Non-Major Event Site	Total
<b>OPERATING REVENUES</b>		
Lease income	\$ 12,037	12,037
Other operating revenues	-	-
Total operating revenues	<u>12,037</u>	<u>12,037</u>
<b>OPERATING EXPENSES</b>		
Event development & marketing	7,729	7,729
Insurance	300	300
Utilities	6,706	6,706
Repairs and maintenance	118,914	118,914
Other operating expenses	<u>10,511</u>	<u>10,511</u>
Total operating expenses	<u>144,160</u>	<u>144,160</u>
Operating income (loss)	<u>(132,123)</u>	<u>(132,123)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	264	264
Total nonoperating revenue	<u>264</u>	<u>264</u>
(expenses)	<u>264</u>	<u>264</u>
Income (loss) before contributions and transfers	<u>(131,859)</u>	<u>(131,859)</u>
Transfer from General Fund	<u>138,750</u>	<u>138,750</u>
Change in net position	6,891	6,891
Total net position - beginning	<u>117,547</u>	<u>117,547</u>
Total net position - ending	<u>\$ 124,438</u>	<u>124,438</u>

The notes to the financial statements are an integral part of this statement.

**Dare County Tourism Board  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018**

	<b>Non-Major Event Site</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 11,487	\$ 11,487
Cash paid for goods and services	(143,534)	(143,534)
Net cash provided (used) by operating activities	<u>(132,047)</u>	<u>(132,047)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfer from General Fund	138,750	138,750
Net cash provided (used) by noncapital financing activities	<u>138,750</u>	<u>138,750</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	264	264
Net increase (decrease) in cash and cash equivalents	6,967	6,967
Balances-beginning of the year	118,797	118,797
Balances-end of the year	<u>\$ 125,764</u>	<u>\$ 125,764</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ (132,123)	\$ (132,123)
Increase (decrease) in accounts payable	626	626
Increase (decrease) in site damage deposits	(550)	(550)
Total adjustments	76	76
Net cash provided by operating activities	<u>\$ (132,047)</u>	<u>\$ (132,047)</u>

The notes to the financial statements are an integral part of this statement.

# **DARE COUNTY TOURISM BOARD**

## **Notes to Financial Statements**

**June 30, 2018**

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Dare County Tourism Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

#### **A. Reporting Entity**

The Dare County Tourism Board is a public authority under the Local Government Budget and Fiscal Control Act. The Board was created for the purpose of promoting year-round travel and tourism in Dare County.

#### **Organization of the Dare County Tourism Board**

The Dare County Board of Commissioners adopted a resolution levying an additional room occupancy tax of one percent of gross receipts derived from rental of accommodations, and a prepared food and beverage tax of one percent, to be effective January 1, 1992. Both taxes are defined and authorized by Chapter 177 of House Bill 225, ratified by the North Carolina General Assembly in 1991. Dare County also adopted a resolution creating a Dare County Tourism Board, a public authority under the Local Government Budget and Fiscal Control Act. The composition and duties of the Board, and the use of the occupancy and meals taxes, are outlined in the House Bill noted above.

The Dare County Tourist Bureau, Inc. (a non-profit corporation) was formed in 1952 to promote tourism in Dare County, and received most of its funding from the County of Dare. The organization engaged in numerous tourism promotional activities and operated the Dare County Tourist Bureau in Manteo and The Aycock Brown Welcome Center in Kitty Hawk. The responsibility for these promotional and welcoming activities for Dare County was passed on to the Dare County Tourism Board in 1992.

The thirteen member Tourism Board is appointed to two-year terms by the Dare County Board of Commissioners. These members are selected from nominees of various tourist-related organizations including the Outer Banks Chamber of Commerce, the Dare County Restaurant Association, the Dare County Hotel/Motel Association and the Dare County Board of Realtors and municipalities including Duck, Southern Shores, Kitty Hawk, Kill Devil Hills, Nags Head and Manteo from their respective governing boards, plus one Dare County Commissioner, and two members "at-large" from Dare County. The Tourism Board designates its own management. The Board's most significant funding is a one percent occupancy tax and a one percent prepared food and beverage tax levied by Dare County. The County is not responsible for the debts or entitled to the surpluses of the Board. The Board has the power to approve its own budget and maintains 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. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the Tourism Board. Governmental activities generally are financed through taxes and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Tourism Board and for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a program or

**DARE COUNTY TOURISM BOARD**  
**Notes to Financial Statements**  
**June 30, 2018**

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function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the Board's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

The Tourism Board reports the following major governmental funds:

**General Fund.** The general fund is the general operating fund for the Board. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. The primary revenue sources are the Dare County one percent occupancy and prepared food and beverage taxes. The primary expenditures are for promotion and welcoming.

**Special Revenue Funds.** Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Board has one special revenue fund, the Special Revenue Fund, used to account for twenty-five percent of the occupancy and prepared food and beverage taxes collected, required to be used for services or programs needed due to the impact of tourism on the County. Expenditures are subject to approval by the Dare County Board of Commissioners.

**Capital Project Funds.** The Board has one capital project fund which is used to account for the construction of an Event Site.

The Tourism Board reports the following non-major enterprise fund:

**Enterprise Funds.** Enterprise funds are used to account for those operations that are (a) financed and operated in manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; (b) or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Event Site Fund accounts for rental income from events held on the site and expenses related to property which is jointly owned with the Town of Nags Head.

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

In accordance with North Carolina General Statutes, all funds of the Tourism Board are maintained during the year using the modified accrual basis of accounting.

**Government-wide and Proprietary Fund Financial Statements.** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The

# **DARE COUNTY TOURISM BOARD**

## **Notes to Financial Statements**

**June 30, 2018**

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government-wide and proprietary fund 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. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include occupancy taxes and prepared food and beverage taxes.

**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 general 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 general long-term debt and acquisitions under capital leases are reported as other financing sources. All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total position.

The Board considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are occupancy and prepared food and beverage taxes collected and held by the County at year-end on behalf of the Board.

### **D. Budgetary Data**

The Board's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Special Revenue Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. A project ordinance was adopted for the Event Site Capital Project Fund. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions. Budgetary control is exercised in all funds. Appropriations are made at the department level and are amended as necessary by the governing board. The finance officer is authorized to transfer appropriations between line item expenditures within a department, and may transfer items between departments, up to \$5,000. The amended budget as of June 30, 2018, is included in the financial statements.

### **E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity**

#### **1. Deposits and Investments**

All deposits of the Board are made in board-designated official depositories and are secured as required by State Law (G.S. 159-31). The Board may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. The Board may also establish time deposit accounts, such as NOW and SuperNow, 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 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

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

June 30, 2018

commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

### 2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

### 3. Restricted Assets

The assets in the Special Revenue Fund and the Capital Project Fund are classified as restricted because their use is restricted by House Bill 225 for services or programs needed due to the impact of tourism on the County.

### 4. Inventory

The inventories of the Board are valued at cost (first-in, first-out), which approximates market. The Board's General Fund inventory consists of materials held for subsequent use. The cost of these inventories is expensed when held for resale rather than when purchased.

### 5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs for all asset classes is \$1,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	10 – 40 years
Event Site	10 – 20 years
Furniture and equipment	5 – 10 years
Computers	5 years

### 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

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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not be recognized as an expense or expenditure until then. The Board has two items that meets this criterion, pension deferrals and other post-employment benefits deferrals for the 2018 fiscal year. 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 Board has two items that meets this criterion, deferrals of pension expense and other post-employment benefits that result from the implementation of GASB Statement 68 and GASB Statement 75.

### 7. Compensated Absences

The Dare County Tourism Board's personnel policy provides for the accumulation of vacation leave not to exceed thirty days, or as allowed by contractual arrangement. Vacation leave is fully vested when earned, up to the maximum amount. A provision for the amount vested as of June 30, 2018 is included in the accompanying financial statements as a liability in the governmental activities.

The Dare County Tourism Board's personnel policy provides for an unlimited accumulation of sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### 8. Net Position/Fund Balances

#### Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

#### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for services or programs – portion of fund balance that is restricted by House Bill 225 for services or programs due to the impact of tourism on the County.

# **DARE COUNTY TOURISM BOARD**

## **Notes to Financial Statements**

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**Committed Fund Balance** – This classification contains the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Dare County Tourism Board. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

**Assigned fund balance** – This classification is the portion of fund balance that Dare County Tourism Board intends to use for specific purposes.

**Subsequent year's expenditures** – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the budget officer to transfer appropriations as contained under the following conditions:

- a) He/she may transfer amounts between line item expenditures within a department without limitation and without a report being required. These changes should not result in increases in recurring obligations such as salaries.
- b) He/she may transfer amounts up to \$5,000 between departments, including contingency appropriations, within the same fund. He/she must make an official report on such transfers at the next regular meeting of the Governing Board.
- c) He/she may not transfer any amounts between funds, except as approved by the Governing Body in the Budget Ordinance as amended.

**Unassigned fund balance** – This classification is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Board has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Executive Director has authority to deviate from this policy if it is in the best interest of the Board.

The Board has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Board in such a manner that available fund balance is at least equal to or greater than 60% of budgeted expenditures. Any portion of the general fund balance in excess of 60% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Board in a future budget.

### **9. Pensions**

For purposes of measuring the net pension asset, 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 Dare County Tourism Board's employer contributions are recognized when due and the Dare County Tourism Board 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.



**DARE COUNTY TOURISM BOARD**  
**Notes to Financial Statements**  
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**NOTE 2. DETAILED NOTES ON ALL FUNDS**

**A. ASSETS**

**1. Deposits**

All of the Board deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the Board's agent in the Board'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 Board, these deposits are considered to be held by the Board's agent in the Board'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 Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board 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 Board has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce the standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Board complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. As a means of monitoring risk, the Board works to keep not more than 60% of funds in one depository and no more than 25% in a single investment.

At June 30, 2018, the Board's deposits had a carrying amount of \$ 7,668,634 and a bank balance of \$ 7,800,246. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$ 6,550,246 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2018, the Board had cash on hand of \$ 400.

**2. Restricted Assets**

Money in the Special Revenue Fund and Capital Project Fund is classified as restricted assets because its use is restricted to services or programs needed due to the impact of tourism on the county per North Carolina General Assembly House Bill 225.

Dare County Tourism Board Restricted Cash

Governmental Activities	
Special Revenue Fund:	\$6,610,145
Capital Project Fund:	\$ 0
Total	\$6,610,145

**DARE COUNTY TOURISM BOARD**  
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**3. Investments**

At June 30, 2018, the Board's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/18	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 3,191,048	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	2,787,984	.09 years <sup>a</sup>	Unrated
Total		\$ 5,979,032		

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. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

<sup>a</sup> *This is the duration for the Term Portfolio.*

**Interest Rate Risk:** The Board has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Board's internal investment policy limits investment in instruments maturing beyond two years to 15% of total portfolio balance.

**Credit Risk:** The Board has no formal policy regarding credit risk, but has internal management procedures that limit the Board's investments to provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Board's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The Board's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina G.S. 159-30 as amended.

**4. Due from Other Governmental Units**

The Board has recognized an amount due from other governmental units which is comprised of the June, 2018 occupancy tax receipts in the amount of \$ 953,287 and the meals tax receipts of \$ 386,336 for a total receivable of \$1,339,623.

**DARE COUNTY TOURISM BOARD**  
**Notes to Financial Statements**  
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**5. Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 9,382,584	\$ 704,798	\$ -	\$ 10,087,382
Total capital assets not being depreciated	9,382,584	704,798	-	10,087,382
<b>Capital assets being depreciated:</b>				
Buildings	1,973,661	-	-	1,973,661
Event Site	3,278,013	17,500	43,093	3,252,420
Intangible assets	85,950	-	-	85,950
Computer equipment	165,385	12,729	6,569	171,545
Furniture and equipment	295,529	1,049	-	296,578
Total capital assets being depreciated	5,798,538	31,278	49,662	5,780,154
<b>Less accumulated depreciation for:</b>				
Buildings	740,862	42,811	-	783,673
Event Site	261,121	210,937	10,773	461,285
Intangible assets	28,855	13,890	-	42,745
Computer equipment	134,517	13,341	6,569	141,289
Furniture and equipment	231,364	11,413	-	242,777
Total accumulated depreciation	1,396,719	292,392	17,342	1,671,769
Total capital assets being depreciated, net	4,401,819	(261,114)	32,320	4,108,385
<b>Governmental activity capital assets, net</b>	<u>\$13,784,403</u>	<u>\$ 443,684</u>	<u>\$ 32,320</u>	<u>\$14,195,767</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Promotion and General \$ 292,392

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**B. LIABILITIES**

**1. Pension Plan Obligations**

**a. North Carolina Local Governmental Employees' Retirement System**

*Plan Description.* Dare County Tourism Board 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, 3512 Bush Street, Raleigh, North Carolina, 27609, 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. Dare County Tourism Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Dare County Tourism Board's contractually required contribution rate for the year ended June 30, 2018, was 7.50% 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 Dare County Tourism Board were \$58,092 for the year ended June 30, 2018.

*Refunds of Contributions* – Board 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.

**DARE COUNTY TOURISM BOARD**  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2018, the Board reported a liability of \$198,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board'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, 2017, the Board's proportion was 0.0129%, which was a decrease of .00044 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Board recognized pension expense of \$60,377. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,415	\$ 5,610
Changes of assumptions	28,298	-
Net difference between projected and actual earnings on pension plan investments	48,110	-
Change in proportion and differences between Board contributions and proportionate share of contributions	-	17,517
Board contributions subsequent to the measurement date	58,092	-
Total	\$ 145,915	\$ 23,127

\$ 58,092 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2019	\$ 3,615
2020	52,043
2021	25,286
2022	(16,247)
2023	-
Thereafter	-
Total	\$ 64,697

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2017 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	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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.

## DARE COUNTY TOURISM BOARD

### Notes to Financial Statements

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**Discount rate.** The discount rate used to measure the total pension liability was 7.20%. 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 Board's proportionate share of the net pension asset to changes in the discount rate.** The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Board'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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Board's proportionate share of the net pension liability (asset)	\$ 594,838	\$ 198,146	\$ (132,967)

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

#### b. Other Post-Employment Benefits

##### Health Care Benefits

**Plan Description.** According to a Dare County Tourism Board resolution, the Board provides post-retirement health care benefits to retirees of the Board. The Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**Benefits Provided.** Prior to June 30, 2008, employees who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the Board are eligible for full coverage health care paid 100% by the Board for the retiree. For all employees hired on or after June 30, 2008, the Board provides post-retirement health care benefits to retirees who participate in the System and have 20 years of creditable service. When a retiree becomes eligible for Medicare, the Board will pay up to \$400 per month for the cost of supplementary health care policy if the retiree was hired prior to July 1, 2016. Employees hired after July 1, 2016, are not eligible for Medicare Supplements. All employees have the option of purchasing dental or vision for themselves at the Board's rates.

Membership of the plan consisted of the following at June 30, 2018:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet Receiving benefits	0
Active plan members	<u>11</u>
Total	15

**DARE COUNTY TOURISM BOARD**  
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**Total OPEB Liability**

The Board's total OPEB liability of \$616,673 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5-7.75 percent, average, including inflation
Discount rate, prior to measurement date	3.01 percent
Discount rate, at measurement date	3.56 percent
Healthcare cost trend	
Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2023
Medicare	5.50 percent for 2017 decreasing to an ultimate rate of 5.00 percent by 2020

The discount rate was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1/2017</b>	<b>\$ 623,399</b>
<b>Changes for the year</b>	
Service cost	34,484
Interest	18,582
Changes of benefit terms	-
Differences between expected and actual experience	(6,341)
Changes in assumptions or other inputs	(41,273)
Benefit payments	(12,178)
<b>Net changes</b>	<b>\$ (6,726)</b>
<b>Balance at 6/30/2018</b>	<b>\$ 616,673</b>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:



**DARE COUNTY TOURISM BOARD**  
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Discount Rate Sensitivity			
	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 694,582	\$ 616,673	\$ 550,269

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Health Care Cost Trend Rate Sensitivity			
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 581,341	\$ 616,673	\$ 657,283

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the Board recognized OPEB expense of \$46,126. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences		\$ 5,417
Changes of assumptions		35,257
Benefit payments made subsequent to the measurement date	\$ 17,496	
Total	\$ 17,496	\$ 40,674

\$17,496 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2018	\$	(6,940)
2019		(6,940)
2020		(6,940)
2021		(6,940)
2022		(6,940)
Thereafter		(5,974)

## DARE COUNTY TOURISM BOARD

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#### 2. Other Employment Benefits

**Death Benefit Plan.** The Board has elected to provide death benefits to employees through the Death Benefit Retirement Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$ 50,000. All death benefit payments are made by the Death Benefit Plan and not by the Board. The Board does not determine the number of eligible participants. The Board has no liability beyond the payment of monthly contributions, which were \$308 for the fiscal year ended June 30, 2018. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

#### 3. Deferred Outflows and Inflows of Resources

The Board has the following deferred outflows of resources:

Contributions to pension plan in current fiscal year	\$ 58,092
Benefit payments for OPEB made subsequent to the measurement date	17,496
Differences between expected and actual experience - pension plan	11,415
Changes of assumptions – pension plan	28,298
Net difference between projected and actual on pension plan investments	<u>48,110</u>
Total	\$ 163,411

The Board has the following deferred inflows of resources

Differences between expected and actual experience:	
Pension plan	\$ 5,609
OPEB benefits	5,417
Changes of assumptions – OPEB benefits	35,257
Changes in proportion and difference between employer contributions and proportionate share of contributions – pension plan	<u>17,518</u>
Total	\$ 63,801

#### 4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in three self-funded risk financing pools administered by the Risk Management Agency of the North Carolina League of Municipalities. Through these pools, the Board obtains general liability and auto liability coverage of \$ 1 million per occurrence, property coverage up to the total insurance values of the property policy and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the

**DARE COUNTY TOURISM BOARD**  
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**June 30, 2018**

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NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Board upon request.

The Board carries commercial insurance coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Board carries flood insurance through the National Flood Insurance Plan (NFIP). The Board has purchased \$500,000 of coverage for its building and contents through NFIP because the property is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

In accordance with G.S. 159-29, the Board's employees that have access to \$100 or more at any given time of the Board's funds are covered under a blanket bond in the amount of \$25,000. The finance officer and deputy finance officer are individually bonded for \$50,000.

#### **4. Long-Term Obligations**

The following is a summary of the changes in general long-term debt for the year ended June 30, 2018:

Governmental Activities:	Beginning Balance, as restated	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 47,637	\$ 4,930	\$ -	\$ 52,567	\$ -
Net pension liability	284,605	-	86,459	198,146	-
Other postemployment benefits	<u>623,399</u>	<u>53,066</u>	<u>59,792</u>	<u>616,673</u>	<u>-</u>
Total long-term liabilities	<u>\$ 955,641</u>	<u>\$ 57,996</u>	<u>\$ 146,251</u>	<u>\$ 867,386</u>	<u>\$ -</u>

#### **C. INTERFUND BALANCES AND ACTIVITY**

Transfers to/from other funds at June 30, 2018, consist of the following:

From the Capital Project Fund to the Special Revenue Fund:	\$ 81,056
From the General Fund to the Event Site Operating Fund:	\$138,750

During the 2018 fiscal year, the Board completed Phase II of the Event Site construction on the land held jointly with the Town of Nags Head. The project was slightly under budget and the remaining funds from the Capital Project Fund were transferred back to the Special Revenue Fund.

The Board also moved unrestricted revenues to the Event Site Operating Fund to finance operations at the site.

**DARE COUNTY TOURISM BOARD**  
**Notes to Financial Statements**  
**June 30, 2018**

**D. EXPENDITURES**

**Operating Leases**

In October 2016, the Board upgraded its mailing machine and postage meter and bought out the previous lease and entered into a new lease for a period of forty-eight months, with quarterly payments of \$ 5,674. During 2018, \$22,698 was paid in rent expense.

In April 2014, the Board entered into a new copier lease and the prior lease was bought out. The new lease is for a period of 63 months with payments of \$400 per month with the option to continue on a month to month basis after the lease expires. Rent expense for 2018 was \$ 4,800.

The future minimum lease payments are as follows:

2019	27,494
2020	22,698
2011	<u>7,566</u>
	\$ 57,758

**E. NET INVESTMENT IN CAPITAL ASSETS**

	<b>Governmental Funds</b>
Capital Assets	\$14,195,767
Less: Long-term Debt	0
Net Investment in Capital Assets	\$14,195,767

**F. FUND BALANCE**

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

<b><i>Total fund balance-General Fund</i></b>	<b><i>\$ 7,871,459</i></b>
<b>Less:</b>	
<b>Inventories</b>	19,022
<b>Stabilization by State Statute</b>	1,429,260
<b>Appropriated Fund Balance in 2018 budget</b>	1,180,484
<b>Working Capital / Fund Balance Policy</b>	3,991,448
<b>Remaining Fund Balance</b>	<b>\$ 1,251,245</b>

The Board has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Board in such a manner that available fund balance is at least equal to or greater than 60% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund encumbrances are included in the Stabilization by State Statute amount above.

<b><i>Encumbrances</i></b>	<b><i>General Fund</i></b>	<b><i>Special Revenue Fund</i></b>
	\$ 414,525	\$ 1,242,166

**DARE COUNTY TOURISM BOARD**  
**Notes to Financial Statements**  
**June 30, 2018**

**Special Revenue Fund-Reserve For Future Capital Projects**

Though the entire fund balance in the Special Revenue Fund is restricted by state statute, the Board designates 70% of the 25% of the amount of occupancy and meals tax transferred to the special revenue fund for future capital projects. During the current year \$1,279,882 was transferred for future capital projects. Additionally, all interest earnings in the special revenue fund are designated for "green space" acquisition. During the current year there was \$ 62,216 of interest revenue designated for "green space" acquisition. During 2006, the designations for natural, historic and cultural resources and infrastructure were capped at \$500,000.

Activity for future capital projects was as follows during the year ended June 30, 2018:

<u>Project</u>	<u>Balance July 1, 2017</u>	<u>Current Year Additions</u>	<u>Current Year Expenses/Transfers/ Adjustments</u>	<u>Balance June 30, 2018</u>
Multi-purpose Facility	\$ 2,420,557	\$ 1,151,894	\$ (623,742)	\$ 2,948,709
Natural, historic, cultural	191,388	127,988	(93,636)	225,740
Infrastructure	361,170	-	100,000	461,170
Green Space	133,134	62,216	650,000	845,350
Dredging OI & HI	1,000,000		(1,000,000)	-
Total	\$ 4,106,249	\$ 1,342,098	\$ (967,378)	\$ 4,480,969

**NOTE 3. COMMITMENTS**

In October 2010, the Board entered into a contract with MMGY Worldwide to provide internet advertising services beginning October 1, 2010 and ending December 31, 2011. The contract may be automatically renewed for successive one-year terms thereafter. The contract was renewed until December 31, 2018. MMGY Worldwide will receive an 11% commission on all gross media purchases and a monthly charge of \$1,000 for a custom measurement process.

On May 22, 2017, the Board entered into an agreement with The Ground Guys for landscaping and irrigation services at the event site. The term of the contract is from July 1, 2017 until June 30, 2019. Monthly payments for fiscal year 2017-2018 are \$6,648 and in 2018-2019 are \$6,925.

On June 28, 2018, the Board entered into a contract with AirDNA, LLC to provide research. The agreement begins July 1, 2018 for a period of twelve months in the amount of \$8400 to be paid monthly.

On June 12, 2018, the Board entered into a contract with Martin Armes to provide public relations assistance for the period July 2018-June 2019 in the amount of \$25,000 to be paid quarterly.

**NOTE 4. JOINT VENTURES**

On April 12, 2007, the Board purchased a piece of property with the Town of Nags Head to be held for future use. On November 14, 2009, the Board purchased an adjoining two parcels with the Town of Nags Head. The Board owns 65.2% and 82.1% of the properties, respectively.

On April 1, 2015, the parties entered into a new memorandum of understanding which designated the site as the Outer Banks Event Site for a period of approximately ten years which began in late 2012. The parties agree that the Dare County Tourism Board shall make all decisions relating to the Site's management and will be responsible for collecting rental proceeds from users of the property and for paying expenses related to the property. The Board accounts for these monies in an Enterprise

## **DARE COUNTY TOURISM BOARD**

### **Notes to Financial Statements**

**June 30, 2018**

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Fund. The parties agreed that any transfer of their interests in the property can only be made to the other party based on a value determined in accordance with the memorandum of agreement.

The site is currently being developed as an event site. The Dare County Tourism Board is financially responsible for the development. Phase I of development was completed during the summer of 2015 and Phase II was completed in June 2017.

#### **NOTE 5. SUMMARY OF EFFECTS OF SUBSEQUENT EVENTS**

The Board acts as an in-house advertising agency and for the fiscal year July 1, 2018-June 30, 2019 the Board has entered into advertising insertion orders with various media totaling \$1,055,023.

The Board contracts on a yearly renewal basis with SimpleView for website hosting fees and related licenses and reporting information. The total fees for July 1, 2018-June 30, 2019 are \$129,900 paid quarterly.

The Board contracts on a yearly renewal basis with Ignite Social Media for social media management and advertising services. The total fees for July 1, 2018-June 30, 2019 are \$349,280 paid monthly.

The Board contracts on a yearly renewal basis with YouVisit, LLC for virtual reality website experience hosting services. The total fees for July 1, 2018-June 30, 2019 are \$27,972 paid monthly.

On September 8, 2018 the Dare County Tourism Board reached an agreement with Quad Graphics for the printing of 400,000 copies of The 2019 Travel Guide and related materials for the total cost of \$160,442 plus freight and tax.

#### **NOTE 6. RESTATEMENTS**

The Board implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Board to record beginning total OPEB liability and the effects on net positions of benefit payments and administrative expenses paid by the Board related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$142,313.

## Required Supplementary Financial Data

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This section contains additional information required by generally accepted accounting principles.

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- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in the Total OPEB Liability and Related Ratios

**Dare County Tourism Board**  
**Board's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Five Fiscal Years \***

**Local Government Employees' Retirement System**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Board's proportion of the net pension liability (asset) (%)	0.01290%	0.01341%	0.01436%	0.01442%	0.01430%
Board's proportion of the net pension liability (asset) (\$)	\$ 198,146	\$ 284,604	\$ 64,447	\$ (85,041)	\$ 172,370
Board's covered-employee payroll	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571	\$ 700,595
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.72%	36.93%	8.72%	( 11.80%)	24.60%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.



**Dare County Tourism Board  
Board's Contributions  
Required Supplementary Information  
Last Five Fiscal Years**

**Local Government Employees' Retirement System**

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 58,092	\$ 56,368	\$ 49,687	\$ 50,945	\$ 49,532
Contributions in relation to the contractually required contribution	58,092	56,368	49,687	50,945	49,532
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571	\$ 700,595
Contributions as a percentage of covered-employee payroll	7.54%	7.31%	6.72%	7.07%	7.07%

**Dare County Tourism Board**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**June 30, 2018**

	<u><b>2018</b></u>
<b>Total OPEB Liability</b>	
Service cost	\$ 34,484
Interest	18,582
Changes of benefit terms	-
Differences between expected and actual experience	(6,341)
Changes of assumptions	(41,273)
Benefit payments	(12,178)
<b>Net change in total OPEB liability</b>	<u>\$ (6,726)</u>
<b>Total OPEB liability - beginning, as restated</b>	<u>623,399</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 616,673</u></u>
 <b>Covered payroll</b>	 739,549
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>83.39%</b>

**Notes to Schedule**

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of

<u><b>Fiscal year</b></u>	<u><b>Rate</b></u>
2018	3.56%

## Individual Fund Statements and Schedules

**Dare County Tourism Board  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
<b>Revenues:</b>				
Tax Revenues:				
Occupancy	\$ 3,235,715	\$ 3,709,131	\$ 473,416	\$ 3,525,319
Prepared Food and Beverage	1,624,006	1,914,068	290,062	1,846,301
Total	4,859,721	5,623,199	763,478	5,371,620
Other Revenues:				
Merchandise Revenue	34,400	32,187	(2,213)	31,385
Sale of Advertising - Travel Guide	82,340	80,065	(2,275)	78,140
Website Advertising	60,000	87,680	27,680	64,996
Other	1,000	3,362	2,362	774
Total	177,740	203,294	25,554	175,295
Investment earnings	25,280	72,317	47,037	35,235
Total revenues	5,062,741	5,898,810	836,069	5,582,150
<b>Expenditures:</b>				
Governing Body:				
Director compensation		16,400		15,750
Payroll taxes		1,254		1,375
Travel		2,014		2,995
Director & Officers' Insurance		3,145		3,096
Miscellaneous items		377		411
Total	29,739	23,190	6,549	23,627
Promotional and General				
Personnel:				
Salaries - full time		738,428		692,471
Salaries - part time		67,342		83,378
Payroll taxes		59,463		58,190
Employee insurance		139,289		142,643
Retirement		57,152		53,549
401(k) match		6,345		4,152
Workman's compensation		2,219		2,084
Employee relations		566		986
Training		6,274		3,415
Total Personnel	1,121,029	1,077,078	43,951	1,040,868
Services:				
Audit		5,625		5,625
Legal		6,578		9,070
Contract Services		15,541		15,606
Other Professional Services		500		2,800
Administrative Advertising		16		338
Total Services	46,950	28,260	18,690	33,439
Travel Guide:				
Travel Guide production and printing		136,993		131,849
Travel Guide freight		30,138		25,620
Total Travel Guide	174,700	167,131	7,569	157,469

**Dare County Tourism Board  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	2018		Variance	2017
	Budget	Actual	Positive (Negative)	Actual
Merchandise:				
Merchandise purchases		16,767		16,979
Office supplies		132		-
Credit card bank charges		1,178		1,154
Total Travel Guide	22,244	18,077	4,167	18,133
Other:				
Research		50,000		12,500
Advertising - printed		936,890		875,062
Advertising - production fee		65,155		38,423
Adversting - events		55,499		34,382
Advertising - electronic		1,730,644		1,430,527
Advertising - internet agency fee		-		141,007
Community relations		2,000		11,884
Legal notices		86		1,094
Brochures/production & printing		19,430		8,559
Promotional aids		5,740		4,960
Familiarization tours		57,317		47,693
Group sales		13,698		15,906
Community appreciation		-		14,229
Event Grant program		168,676		137,701
Established Event Developer Grant		244,959		178,665
Tousim Summit		15,533		13,717
Postage		163,326		164,410
Travel		33,505		33,753
Vehicle maintenance		908		2,607
Registrations		26,879		26,959
Travel show exhibit		1,366		3,425
Dues and subscriptions		30,457		26,243
Insurance		15,088		14,048
Telephone		21,974		27,236
Expendable equipment		1,251		1,271
Technical support		6,225		874
Utilities		9,315		8,265
Cleaning/maintenance supplies		102		171
Building maintenance		6,310		4,847
Equipment service contracts		961		1,554
Equipment rental		31,687		25,181
Equipment repairs		-		348
Office supplies		10,751		13,194
Web Site/Internet		31,764		20,541
Capital Outlay		12,899		24,964
Total Other	4,661,689	3,770,395	891,294	3,366,200
Total Promotional & General	6,026,612	5,060,941	965,671	4,616,109

**Dare County Tourism Board  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Welcoming				
Aycock Brown Welcome Center				
Personnel:				
Salaries - full time		-		38,528
Salaries - part time		86,659		64,863
Payroll taxes		6,911		8,062
Employee insurance		4,383		3,092
Retirement		940		2,819
Workman's Compensation		395		400
Employee Relations		120		263
Training		211		406
Total Personnel	107,313	99,619	7,694	118,433
Services:				
Contracted Services		7,260		7,920
Total Services	7,920	7,260	660	7,920
Other:				
Uniforms		-		-
Postage		99		49
Travel		53		22
Dues and subscriptions		303		335
Insurance		2,110		2,065
Telephone		8,063		8,350
Expendable Equipment		-		179
Utilities		4,504		4,375
Cleaning/maintenance supplies		283		349
Building maintenance		2,142		2,332
Equipment repairs		264		128
Office supplies		3,772		3,690
Capital Outlay		-		-
Total Other	27,248	21,593	5,655	21,874
Total Welcoming - Aycock Brown Center	142,481	128,472	14,009	148,227
Roanoke Island Welcome Center				
Personnel:				
Salaries - part time		96,862		103,399
Payroll taxes		7,532		8,090
Worker's compensation		395		415
Employee relations		296		-
Training		213		733
Total	124,144	105,298	18,846	112,637
Services:				
Contracted services		1,823		1,850
Total services	2,200	1,823	377	1,850

**Dare County Tourism Board  
General Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Fiscal Year Ended June 30, 2018**

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
Other:				
Uniforms		349		295
Travel		644		389
Insurance		2,110		2,060
Telephone		5,711		5,690
Expendable Equipment		346		1,073
Utilities		796		622
Cleaning/maintenance supplies		47		143
Building maintenance		1,311		174
Equipment maintenance		-		-
Office supplies		1,149		719
Capital Outlay		879		-
Total	20,405	13,342	7,063	11,165
Total Welcoming - Roanoke Island	146,749	120,463	26,286	125,652
Total Welcoming	289,230	248,935	40,295	273,879
Total expenditures	6,345,581	5,333,066	1,012,515	4,913,615
Revenues over (under) expenditures	(1,282,840)	565,744	1,848,584	668,535
Other financing sources (uses):				
Transfers (to) from other funds:				
Event Site	(138,750)	(138,750)	-	(159,950)
Sale of assets	-	5,250		
Appropriated Fund Balance	1,421,590	-	(1,421,590)	-
Total	\$ 1,282,840	\$ (133,500)	\$ (1,421,590)	\$ (159,950)
Revenues and other financing sources over expenditures and other financing uses	-	432,244	426,994	508,585
Fund balances:				
Beginning of year, July 1		7,439,215		6,930,630
End of year, June 30		<u>\$ 7,871,459</u>		<u>\$ 7,439,215</u>

**Dare County Tourism Board  
Proprietary Fund  
Non-Major Event Site Fund  
Schedule of Revenues and Expenditures  
Budget and Actual (Non - GAAP)  
For the Fiscal Year Ended June 30, 2018**

	2018			2017
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Operating revenues:				
Lease income	\$ 7,600	\$ 12,037	\$ 4,437	\$ 10,450
Event ticket income	-	-	-	-
Other income	200	-	(200)	250
Unappropriated Funds	32,850	-	(32,850)	-
Interest income	270	264	(6)	315
Total	<u>40,920</u>	<u>12,301</u>	<u>(28,619)</u>	<u>11,015</u>
Total revenues	<u>40,920</u>	<u>12,301</u>	<u>(28,619)</u>	<u>11,015</u>
<b>Expenditures:</b>				
Event development & marketing	40,000	7,729	32,271	37,011
Insurance	700	300	400	400
Utilities	8,100	6,706	1,394	4,299
Repairs and maintenance	119,800	118,914	886	87,022
Office expenses	270	-	270	97
Unappropriated other expenses	11,200	10,511	689	2,952
Total	<u>180,070</u>	<u>144,160</u>	<u>35,910</u>	<u>131,781</u>
Revenues over expenditures	(139,150)	(131,859)	7,291	(120,766)
Other financing (uses):				
Transfers from General Fund	139,150	138,750	(400)	159,950
Total other financing (uses)	<u>139,150</u>	<u>138,750</u>	<u>(400)</u>	<u>159,950</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>6,891</u>	<u>\$ 6,891</u>	<u>39,184</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Net income		<u>\$ 6,891</u>		<u>\$ 39,184</u>



**Dare County Tourism Board  
Capital Projects Fund - Soundside Event Site  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2018**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Event Site Project:					
Investment earnings	670	5,043	105	5,148	4,478
Total revenues	<u>670</u>	<u>5,043</u>	<u>105</u>	<u>5,148</u>	<u>4,478</u>
<b>Expenditures</b>					
Event Site Project:					
Phase 1 North Side/Entrance/Parking					
Capital outlay:	2,902,220	2,665,933	-	2,665,933	236,287
Phase 2 South Side Parking/Electric					
Capital outlay	1,238,750	1,173,163	17,500	1,190,663	48,087
Total expenditures	<u>4,140,970</u>	<u>3,839,096</u>	<u>17,500</u>	<u>3,856,596</u>	<u>284,374</u>
Revenues under expenditures	<u>(4,140,300)</u>	<u>(3,834,053)</u>	<u>(17,395)</u>	<u>(3,851,448)</u>	<u>288,852</u>
<b>Other Financing Sources</b>					
Event Site Project :					
Transfers from other funds:					
Special Revenue Fund	3,866,092	3,932,504	(81,056)	3,851,448	(14,644)
Appropriated fund balance	<u>274,208</u>		-	-	(274,208)
Total other financing sources	<u>4,140,300</u>	<u>3,932,504</u>	<u>(81,056)</u>	<u>3,851,448</u>	<u>(288,852)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 98,451</u>	<u>(98,451)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, beginning			98,451		
Fund Balance, Ending			<u>\$ -</u>		