

October 23, 2017

Budget and Finance Committee for the
Dare County Tourism Board
One Visitors Center Circle
Manteo, North Carolina 27954

We have audited the financial statements of Dare County Tourism Board for the year ended June 30, 2017, and have issued our report thereon dated October 23, 2017. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 9, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with the Management

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

Management Representations

We have requested certain representation from management that are included in the management representation letter dated October 23, 2017.

MEMBERS OF AICPA AND NCACPA

Board of Directors
Dare County Tourism Board
October 23, 2017
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Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

This information is intended solely for the use of the Board of Directors and management of the Board and should not be used for any other purposes.

Very truly yours,

Johnson, Mizelle, Straub & Murphy, LLP

Johnson, Mizelle, Straub, & Murphy, LLP

DARE COUNTY TOURISM BOARD

FINANCIAL STATEMENTS

**For the fiscal year ended
June 30, 2017**

DARE COUNTY TOURISM BOARD OFFICERS

**Susie Walters, Chair
Leo Holland, Vice-Chair
Tonia Cohen, Secretary
Stuart Pack, Treasurer
Ervin Bateman, 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, 2017

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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, 2017, 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, 2017, 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 12, and Other Post Employment Benefit Schedule of Funding Progress and Employer Contributions on pages 43 and 44, 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

To the Board of Directors
Dare County Tourism Board
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prepare the 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
October 23, 2017

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, 2017. 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 \$26,692,865 (*net position*), which represents an increase of \$1,630,205 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 \$13,380,533 an increase of \$ 799,535 in comparison with the prior year. Of this amount \$ 7,081,908 (52.9%) is restricted. The restricted amount includes \$ 5,941,318 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 \$4,956,201 or 100.9 percent of total general fund expenditures for the fiscal year.

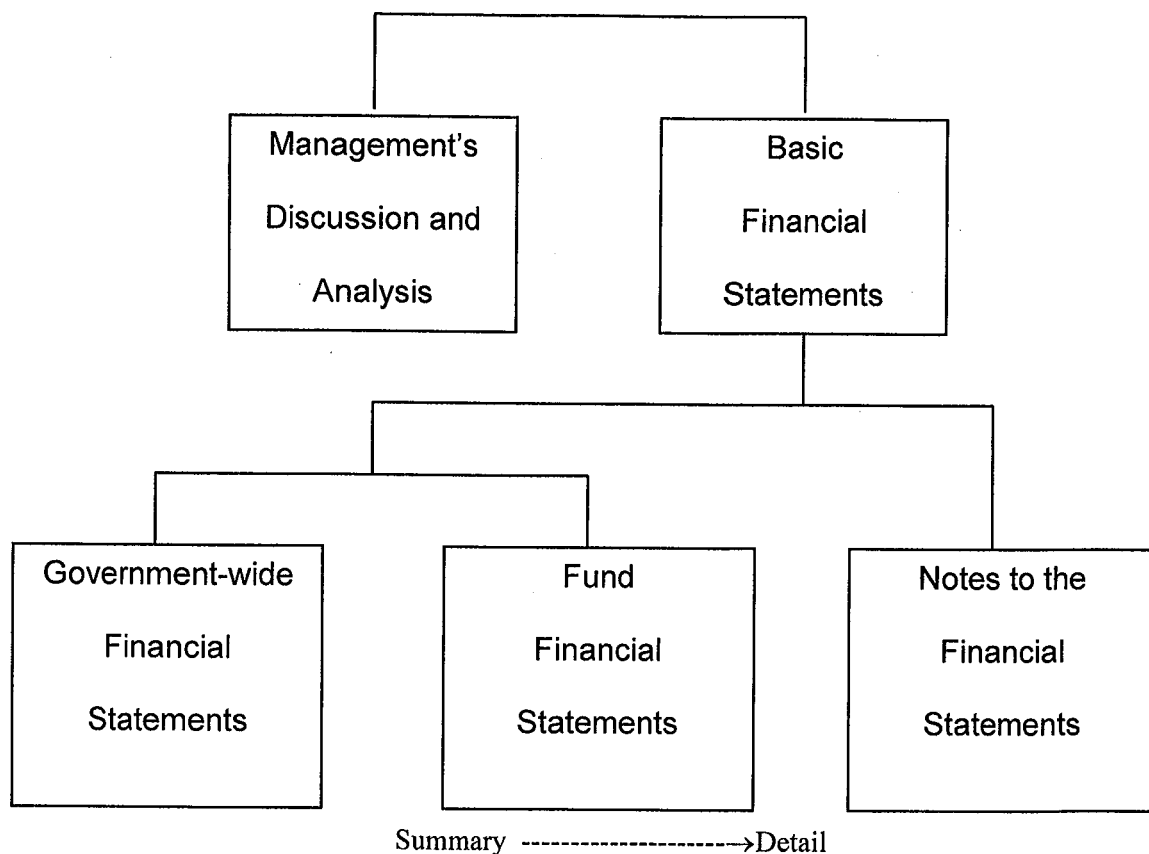
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, increased \$ 469,857 or 7.0% over the prior year for a total amount collected of \$ 7,162,160.

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 24 through 42 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 43 of this report.

Government-Wide Financial Analysis

The Dare County Tourism Board's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2106	2017	2016
Current and other assets	\$ 13,442,103	\$ 12,638,082	\$ 118,797	\$ 81,216	\$ 13,560,900	\$ 12,719,298
Capital assets	13,784,403	12,946,859	-	-	13,784,403	12,946,859
Deferred outflows of resources	238,558	49,687	-	-	238,558	49,687
Total assets and deferred outflows of resources	27,465,064	25,634,628	118,797	81,216	27,583,861	25,715,844
Current liabilities	78,712	68,876	1,250	2,853	79,962	71,729
Long-term liabilities	784,008	537,832	-	-	784,008	537,832
Deferred inflows of resources	27,026	43,623	-	-	27,026	43,623
Total liabilities and deferred inflows of resources	889,746	650,331	1,250	2,853	890,996	653,184
Net position:						
Net investment in capital assets	13,784,403	12,946,859	-	-	13,784,403	12,946,859
Restricted	7,081,908	6,702,994	-	-	7,081,908	6,702,994
Unrestricted	5,709,007	5,334,444	117,547	78,363	5,826,554	5,412,807
Total net position	\$ 26,575,318	\$ 24,984,297	\$ 117,547	\$ 78,363	\$ 26,692,865	\$ 25,062,660

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 \$26,692,865 as of June 30, 2017. Of the total net position, \$13,784,403, or 51.6%, 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, \$ 7,081,908, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 5,709,007 is unrestricted.

Figure 3

Dare County Tourism Board Changes in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 175,295	\$ 200,285	\$ 10,700	\$ 9,200	\$ 185,995	\$ 209,485
General revenues:						
Occupancy taxes	4,700,425	4,337,771			4,700,425	4,337,771
Prepared food and beverage tax	2,461,735	2,354,532			2,461,735	2,354,532
Investment earnings	60,397	29,856	315	264	60,712	30,120
Total revenues	7,397,852	6,922,444	11,015	9,464	7,408,867	6,931,908
Expenses:						
Governing Body	23,627	29,057			23,627	29,057
Promotion and General	4,870,346	4,577,231			4,870,346	4,577,231
Welcoming Function	274,613	272,238			274,613	272,238
Event Site			131,781	111,930	131,781	111,930
Projects	478,295	649,322			478,295	649,322
Total expenses	5,646,881	5,527,848	131,781	111,930	5,778,662	5,639,778
Increase in net position before transfers	1,750,971	1,394,596	(120,766)	(102,466)	1,630,205	1,292,130
Fund transfers	(159,950)	(146,520)	159,950	146,520	-	-
Increase in net position	1,591,021	1,248,076	39,184	44,054	1,630,205	1,292,130
Net position, July 1	24,984,297	23,736,221	78,363	34,309	25,062,660	23,770,530
Net position, June 30	<u>\$26,575,318</u>	<u>\$24,984,297</u>	<u>\$ 117,547</u>	<u>\$ 78,363</u>	<u>\$26,692,865</u>	<u>\$25,062,660</u>

Governmental activities. Governmental activities increased the Board's net position by \$1,591,021, thereby accounting for 97.6 percent of the total growth of net position. Of this amount \$ 494,320 is reserved for encumbrances. Tax collections increased \$ 469,857 (7.0%) from the prior year, showing a continued growth in the tourism industry. During the year, \$ 582,204 was budgeted to be used for Phase II construction at the event site. 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 \$ 39,184. 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 \$4,956,201, while total fund balance was \$7,439,215. 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 100.9 percent of general fund expenditures while total fund balance is 151.4 percent of the same amount.

At June 30, 2017, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$13,380,533, a 6.4 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 adding an additional full-time employee and more reliable fiber internet in General Fund and an additional authorization to transfer money to the Capital Project Fund – Event Site for Phase II.

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 Hurricane Hermine in September and Hurricane Matthew in October. The summer months (approximately 71% of the Board's revenue) experienced growth of 2.9 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 a research project that was under budget.

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 \$117,547. The total increase in net position was \$ 39,184.

The Event Site Fund posted an increase of net position in the amount of \$ 39,184. 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 BBQ Showdown, a Jeep Mutiny and a carnival. The Outer Banks Visitor Bureau sponsored a set of concerts 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, 2017, totals \$13,784,403 (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>Governmental Activities</u>
Land	\$ 9,382,584
Buildings	1,232,799
Event Site	3,016,892
Intangible Assets	57,095
Computer equipment	30,868
Furniture and Equipment	64,165
Total	<u>\$13,784,403</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

Tourism has once again established itself as a consistent and reliable economic engine for Dare County. Industry figures for FY '16-17 surpassed the previous year's totals and bested the billion-dollar threshold for a second straight year.

The continued growth of visitor spending, tourism jobs and the tax revenue generated by tourism were particularly noteworthy given the challenges faced by the industry. The Outer Banks experienced two hurricanes in fairly quick succession during 2016, with Hermine striking in early September and Matthew in early October. Both storms were marked by late forecast changes and greater than anticipated impacts on the islands. Fortunately, at least from a destination marketing perspective, national media attention was largely elsewhere. The business disruption was not accompanied by longer-term negative perception issues.

National traveler sentiment experienced some turbulence, as is common with a U.S. Presidential election cycle, but remains relatively high. Continued legal debate over a national travel ban has had some influence on international travel planning, but we do not see a local impact to date.

Meanwhile, the Outer Banks initiated a few key projects to enhance its fragile infrastructure. The Bonner Bridge replacement is well underway and the Pea Island permanent bridge, the Etheridge Bridge, is nearing completion. In addition, several beach nourishment projects are either completed or underway. These projects were in the towns of Duck, Southern Shores, Kitty Hawk, Kill Devil Hills, and the village of Buxton. All of which should improve the real and perceived stability of the Outer Banks and the visitor's confidence.

In some ways, the Visitors Bureau's marketing for FY '16-17 followed similar themes of shoring up infrastructure and leveraging visitor confidence. The Bureau's main vehicle, outerbanks.org, had launched in the previous year, so much of FY '16-17 was dedicated to strengthening its operation through search engine optimization, enhancements to organic listings and paid ad placements, and the expansion of videos and user generated content. A new social media agency was brought on board at the end of the previous fiscal year and the timing proved fortuitous. The world of social media had made a dramatic change with Facebook's move to monetizing audience reach. No longer could brands rely on free messaging combined with paid audience growth. In response, the Bureau shifted its strategy and focused efforts on user engagement. Other social channels continued to grow during the fiscal year.

Social media highlights the importance that consumers place on the recommendations of others. For this reason, and in addition to the Bureau's efforts on its own social media channels, we expanded our work with social media influencers who offer large audience exposure, and just as importantly, the trust equity they've established with those audiences. We also leveraged 3rd party endorsements through our work with travel writers and a multi-media promotion with Samantha Brown of the Travel Channel.

Events continue to be an important driver of shoulder season business. The second phase of development was completed at The Soundside event site, adding parking and improving power distribution throughout the site. As construction progressed and thoughts turned to next steps, the Tourism Board reassessed its priorities with regard to the site and made the decision to pursue additional real estate across US 158 rather than attempt to build a pavilion at this time.

Budget Highlights for the Fiscal Year Ending June 30, 2018

The budget for Fiscal Year '17-18 assumes an increase of 4%. The fiscal year had no sooner started, though, than the destination experienced a significant setback in the form of a Hatteras Island power outage. The accidental outage occurred when power lines traversing Oregon Inlet were damaged by a bridge construction company. The outage forced a mandatory evacuation of Hatteras Island visitors for a week during the end of July and beginning of August. In response, \$100,000 were allocated from Fund Balance for additional advertising.

Aside from this special allocation, dollars had already been increased for print and online marketing year-over-year within the FY '17-18 budget.

Significant changes to the budget include a shift in staffing, transitioning the Aycock Brown welcome center supervisor position from full-time to part-time and creating a full-time Content Coordinator position to support the increased needs for video and story features.

Another initiative involves research. The Bureau is in the midst of a “big data” research study building visitor profiles from mobile pings and precisely identifying the highest concentrations of similar audiences throughout the country.

Finally, while event grant spending is being held comparable with the previous year, the Board has recently made the decision to consolidate the Event Grant and Established Event Developer grant programs into one shared grant. Doing so allows for better and more sustainable management of the grant funds for years to come.

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 or send an email to Bognich@outerbanks.org for more information.

Dare County Tourism Board
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,600,681	\$ 118,797	\$ 6,719,478
Miscellaneous accounts receivable	300	-	300
Due from other governmental units	1,155,636	-	1,155,636
Accrued interest receivable	13,247	-	13,247
Inventories	20,834	-	20,834
Restricted cash and cash equivalents	5,651,405	-	5,651,405
Total current assets	13,442,103	118,797	13,560,900
Non-current assets:			
Capital assets (Note 1):			
Land	9,382,584	-	9,382,584
Event Site, net of depreciation	3,016,893	-	3,016,893
Other capital assets, net of depreciation	1,384,926	-	1,384,926
Total capital assets	13,784,403	-	13,784,403
Total assets	27,226,506	118,797	27,345,303
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	238,558	-	238,558
Total deferred outflows of resources	238,558	-	238,558
LIABILITIES			
Current liabilities:			
Accounts payable	61,570	-	61,570
Unearned revenue	-	1,250	1,250
Current portion of long-term liabilities	17,142	-	17,142
Total current liabilities	78,712	1,250	79,962
Long-term liabilities:			
Accrued vacation and comp	47,637	-	47,637
Net pension liability	284,605	-	284,605
Other postemployment benefits	451,766	-	451,766
Total long-term liabilities	784,008	-	784,008
Total liabilities	862,720	1,250	863,970
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	27,026	-	27,026
Total deferred inflows of resources	27,026	-	27,026
NET POSITION			
Net investment in capital assets	13,784,403	-	13,784,403
Restricted for:			
Stabilization by State Statute	7,081,908	-	7,081,908
Unrestricted	5,709,007	117,547	5,826,554
Total net position	\$ 26,575,318	\$ 117,547	\$ 26,692,865

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, 2017**

Program Revenues

Functions/Programs	Expenses	Charges for Services
Primary government:		
Governmental Activities:		
Governing Body	\$ 23,627	\$ -
Promotion and General	4,870,346	175,295
Welcoming Function	274,613	-
Projects	478,295	-
Total governmental activities (See Note 1)	<u>5,646,881</u>	<u>175,295</u>
Business-type activities:		
Event Site	131,781	10,700
Total business-type activities	<u>131,781</u>	<u>10,700</u>
Total primary government	<u>\$ 5,778,662</u>	<u>\$ 185,995</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

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 Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (23,627)	\$ -	\$ (23,627)
(4,695,051)	-	(4,695,051)
(274,613)	-	(274,613)
(478,295)	-	(478,295)
(5,471,586)	-	(5,471,586)
-	(121,081)	(121,081)
-	(121,081)	(121,081)
(5,471,586)	(121,081)	(5,592,667)
7,162,160	-	7,162,160
(159,950)	159,950	-
60,397	315	60,712
7,062,607	160,265	7,222,872
1,591,021	39,184	1,630,205
24,984,297	78,363	25,062,660
\$ 26,575,318	\$ 117,547	\$ 26,692,865

**Dare County Tourism Board
Balance Sheet
Governmental Funds
June 30, 2017**

	Major Funds			Total Governmental Funds
	General	Soundside Event Site	Special Revenue	
ASSETS				
Cash and cash equivalents	\$ 6,600,681	-	-	\$ 6,600,681
Restricted cash and cash equivalents		\$ 99,951	\$ 5,551,454	5,651,405
Miscellaneous accounts receivable	300	-	-	300
Due from other governmental units	866,727	-	288,909	1,155,636
Accrued interest receivable	10,743	-	2,504	13,247
Inventory	20,834	-	-	20,834
Total assets	<u>\$ 7,499,285</u>	<u>\$ 99,951</u>	<u>\$ 5,842,867</u>	<u>\$ 13,442,103</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 60,070	\$ 1,500	-	\$ 61,570
Total liabilities	<u>60,070</u>	<u>1,500</u>	<u>-</u>	<u>61,570</u>
FUND BALANCES				
Non Spendable				
Inventories	20,834	-	-	20,834
Restricted				
Stabilization by State Statute	1,140,590	98,451	5,842,867	7,081,908
Assigned				
Designated for subsequent year's expenditures	1,321,590	-	-	1,321,590
Unassigned	4,956,201	-	-	4,956,201
Total fund balances	<u>\$ 7,439,215</u>	<u>\$ 98,451</u>	<u>\$ 5,842,867</u>	<u>13,380,533</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.	\$ 13,784,403
Net pension liability	(284,605)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	238,558
Pension related deferrals	(27,026)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(516,545)
Net position of governmental activities	<u>\$ 26,575,318</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, 2017

	Major Funds			Total Governmental Funds
	General Fund	Soundside Event Site	Special Revenue Fund	
REVENUES				
Tax Revenues				
Occupancy	\$ 3,525,319	\$ -	\$ 1,175,106	\$ 4,700,425
Prepared Food and Beverage	1,846,301	-	615,434	2,461,735
Website advertising	64,996	-	-	64,996
Ad sales - Travel Guide	78,140	-	-	78,140
Sale of merchandise	31,385	-	-	31,385
Other Revenues	774	-	-	774
Investment income	35,235	1,364	23,798	60,397
Total revenues	5,582,150	1,364	1,814,338	7,397,852
EXPENDITURES				
Current:				
Governing Body	23,627	-	-	23,627
Promotion and General	4,591,145	-	1,875	4,593,020
Welcoming Function	273,879	-	-	273,879
Projects	-	-	519,252	519,252
Capital outlay	24,964	1,003,625	-	1,028,589
Total expenditures	4,913,615	1,003,625	521,127	6,438,367
Excess (deficiency) of revenues over expenditures	668,535	(1,002,261)	1,293,211	959,485
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	582,204	-	582,204
Transfers to other funds	(159,950)	-	(582,204)	(742,154)
Total other financing sources (uses)	(159,950)	582,204	(582,204)	(159,950)
Net change in fund balance	508,585	(420,057)	711,007	799,535
Fund balances-beginning	6,930,630	518,508	5,131,860	12,580,998
Fund balances-ending	\$ 7,439,215	\$ 98,451	\$ 5,842,867	\$ 13,380,533

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, 2017**

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

Net changes in fund balances - total governmental funds	\$ 799,535
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:	837,544
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	56,368
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	(36,769)
Pension expense	(71,057)
Compensated absences	5,400
Total changes in net position of governmental activities	<u>\$ 1,591,021</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, 2017

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy tax	\$ 2,990,951	\$ 3,007,401	\$ 3,525,319	\$ 517,918
Prepared Food and Beverage	1,552,459	1,552,459	1,846,301	293,842
Website advertising revenue	60,000	60,000	64,996	4,996
Ad Sales - Travel Guide	130,000	130,000	78,140	(51,860)
Merchandise sales	44,451	41,500	31,385	(10,115)
Other	1,000	1,000	774	(226)
Investment earnings	12,230	12,230	35,235	23,005
Total revenues	<u>4,791,091</u>	<u>4,804,590</u>	<u>5,582,150</u>	<u>777,560</u>
Expenditures:				
Current:				
Governing Body	29,705	29,705	23,627	6,078
Promotional and General	5,610,160	5,619,459	4,616,109	1,003,350
Welcoming	305,475	309,675	273,879	35,796
Projects	-	-	-	-
Total expenditures	<u>5,945,340</u>	<u>5,958,839</u>	<u>4,913,615</u>	<u>1,045,224</u>
Revenues over (under) expenditures	<u>(1,154,249)</u>	<u>(1,154,249)</u>	<u>668,535</u>	<u>1,822,784</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	(160,800)	(160,800)	(159,950)	850
Appropriated Fund Balance	1,315,049	1,315,049	-	(1,315,049)
Total other financing sources (uses)	<u>1,154,249</u>	<u>1,154,249</u>	<u>(159,950)</u>	<u>(1,314,199)</u>
Revenues and other sources over (under) expenditures and other uses	-	-	508,585	508,585
Fund balances, beginning of year	-	-	6,930,630	
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,439,215</u>	

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)
\$ 996,984	\$ 1,002,467	\$ 1,175,106	\$ 172,639
517,486	517,486	615,434	97,948
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
10,000	10,000	23,798	13,798
1,524,470	1,529,953	1,814,338	284,385
-	-	-	-
1,875	1,875	1,875	-
-	-	-	-
6,172,234	5,595,513	519,252	5,076,261
6,174,109	5,597,388	521,127	5,076,261
(4,649,639)	(4,067,435)	1,293,211	5,360,646
-	-	-	-
-	(582,204)	(582,204)	-
4,649,639	4,649,639	-	(4,649,639)
4,649,639	4,067,435	(582,204)	(4,649,639)
-	-	711,007	711,007
-	-	5,131,860	
\$ -	\$ -	\$ 5,842,867	

**Dare County Tourism Board
Statement of Net Position
Proprietary Funds
June 30, 2017**

	Non-Major Event Site	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 118,797	\$ 118,797
Accounts receivable	-	-
Inventory	-	-
Total current assets	<u>118,797</u>	<u>118,797</u>
Total assets	<u>\$ 118,797</u>	<u>\$ 118,797</u>
LIABILITIES		
Current liabilities:		
Site Damage Deposits	\$ 1,250	\$ 1,250
Accounts payable	-	-
Total current liabilities	<u>1,250</u>	<u>1,250</u>
Total liabilities	<u>1,250</u>	<u>1,250</u>
NET POSITION		
Unrestricted	117,547	117,547
Total net position	<u>\$ 117,547</u>	<u>\$ 117,547</u>
Total liabilities and net position	<u>\$ 118,797</u>	<u>\$ 118,797</u>

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

Exhibit 7

Dare County Tourism Board
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017

	Non-Major Event Site	Total
OPERATING REVENUES		
Lease income	\$ 10,450	10,450
Other operating revenues	250	250
Total operating revenues	<u>10,700</u>	<u>10,700</u>
OPERATING EXPENSES		
Event development & marketing	37,011	37,011
Insurance	400	400
Utilities	4,299	4,299
Repairs and maintenance	87,022	87,022
Other operating expenses	3,049	3,049
Total operating expenses	<u>131,781</u>	<u>131,781</u>
Operating income (loss)	<u>(121,081)</u>	<u>(121,081)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	315	315
Total nonoperating revenue	<u>315</u>	<u>315</u>
(expenses)	<u>315</u>	<u>315</u>
Income (loss) before		
contributions and transfers	<u>(120,766)</u>	<u>(120,766)</u>
Transfer from General Fund	<u>159,950</u>	<u>159,950</u>
Change in net position	39,184	39,184
Total net position - beginning	78,363	78,363
Total net position - ending	<u>\$ 117,547</u>	<u>117,547</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, 2017**

	Non-Major Event Site	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 10,600	\$ 10,600
Cash paid for goods and services	(133,284)	(133,284)
Net cash provided (used) by operating activities	(122,684)	(122,684)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from General Fund	159,950	159,950
Net cash provided (used) by noncapital financing activities	159,950	159,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	315	315
Net increase (decrease) in cash and cash equivalents	37,581	37,581
Balances-beginning of the year	81,216	81,216
Balances-end of the year	\$ 118,797	\$ 118,797
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (121,081)	\$ (121,081)
Increase (decrease) in accounts payable	(1,503)	(1,503)
Increase (decrease) in site damage deposits	(100)	(100)
Total adjustments	(1,603)	(1,603)
Net cash provided by operating activities	\$ (122,684)	\$ (122,684)

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2017

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, 2017

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, 2017

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, 2017, 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, 2017

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
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 not be recognized as an expense or expenditure until then. The Board has one item that meets this

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2017

criterion, pension deferrals for the 2017 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 one item that meets this criterion, deferrals of pension expense that result from the implementation of GASB Statement 68.

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, 2017 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.

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,

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

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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
June 30, 2017

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, 2017, the Board's deposits had a carrying amount of \$ 8,253,054 and a bank balance of \$ 8,492,989. Of the bank balance, \$1,500,000 was covered by federal depository insurance, and \$ 6,992,989 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2017, 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:	\$5,551,454
Capital Project Fund:	<u>\$ 99,951</u>
Total	\$5,651,405

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3. Investments

At June 30, 2017, the Board's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/17	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 2,616,990	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	1,500,439	.09 years	Unrated
Total		\$ 4,117,429		

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.

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, 2017. 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, 2017 occupancy tax receipts in the amount of \$ 792,811 and the meals tax receipts of \$ 362,825 for a total receivable of \$1,155,636.

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, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,382,584	\$ -	\$ -	\$ 9,382,584
Construction in Process-Event Site	204,200	-	204,200	-
Total capital assets not being depreciated	9,586,784	-	204,200	9,382,584
Capital assets being depreciated:				
Buildings	1,973,661	-	-	1,973,661
Event Site	2,070,188	1,207,825	-	3,278,013
Intangible assets	202,700	-	116,750	85,950
Computer equipment	153,796	14,492	2,903	165,385
Furniture and equipment	301,024	51,429	56,924	295,529
Total capital assets being depreciated	4,701,369	1,273,746	176,577	5,798,538
Less accumulated depreciation for:				
Buildings	697,175	43,687	-	740,862
Event Site	111,909	149,212	-	261,121
Intangible assets	131,715	13,890	116,750	28,855
Computer equipment	125,107	12,313	2,903	134,517
Furniture and equipment	275,388	12,900	56,924	231,364
Total accumulated depreciation	1,341,294	232,002	176,577	1,396,719
Total capital assets being depreciated, net	3,360,075	1,041,744	-	4,401,819
Governmental activity capital assets, net	<u>\$12,946,859</u>	<u>\$ 1,041,744</u>	<u>\$ 204,200</u>	<u>\$13,784,403</u>

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

Promotion and General \$ 232,002

Construction commitments

The Board has active the following construction project as of June 30, 2017. At year end, the Board's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Event Site, Phase I	\$ 2,665,933	\$ 0
Event Site, Phase II	\$ 1,173,163	\$ 17,500

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

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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.

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, 2017, was 7.310% 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 \$56,368 for the year ended June 30, 2017.

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

Notes to Financial Statements

June 30, 2017

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

At June 30, 2017, the Board reported a liability of \$284,605 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset 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, 2016, the Board's proportion was 0.0134%, which was a decrease of .00095 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Board recognized pension expense of \$71,057. At June 30, 2017, 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	\$ 5,347	\$ 9,974
Changes of assumptions	19,492	-
Net difference between projected and actual earnings on pension plan investments	157,351	-
Change in proportion and differences between Board contributions and proportionate share of contributions	-	17,052
Board contributions subsequent to the measurement date	56,368	-
Total	\$ 238,558	\$ 27,026

\$ 56,368 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2018	\$ 20,687
2019	20,721
2020	70,742
2021	43,017
2022	-
Thereafter	-
Total	\$ 155,166

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Actuarial Assumptions. The total pension liability in the December 31, 2015 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 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2015 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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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

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multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. 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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 675,501	\$ 284,605	\$ (41,900)

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 who participate in the North Carolina Local Governmental Employees' Retirement System (System), have at least five years of creditable service with the Board and were hired prior to June 30, 2008. 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. The Board may amend the benefit provisions.

Membership of the plan consisted of the following at June 30, 2017:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet Receiving benefits	0
Active plan members	<u>11</u>
Total	14

Funding Policy. The Board pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Board has chosen to fund the healthcare benefits on a pay as you go basis.

DARE COUNTY TOURISM BOARD

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The current annual required contribution (ARC) rate is 27.8% of annual covered payroll. For the fiscal year ended June 30, 2017 the Board made payments of \$14,126 for post-retirement health benefit premiums, or 1.9% of covered payroll. There were no contributions made by employees.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Board's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Board's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 50,122
Interest on net OPEB obligation	17,286
Adjustment to annual required contribution	(16,513)
Annual OPEB cost (expense)	50,895
Contributions made	(14,126)
Increase (decrease) in net OPEB obligation	36,769
Net OPEB obligation, beginning of year	432,139
Net OPEB obligation, end of year	\$ 468,908

The Board's annual cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 50,895	27.8%	\$ 468,908
2016	\$ 49,366	22.2%	\$ 432,139
2015	\$ 54,592	18.3%	\$ 393,709

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$478,028. The covered payroll was \$ 668,230, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 71.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.5 to 5.00 percent annually. The investment rate included a 3.0 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

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 \$462 for the fiscal year ended June 30, 2017. 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	\$ 56,368
Differences between expected and actual experience	5,347
Changes of assumptions	19,492
Net difference between projected and actual	<u>157,351</u>
Total	\$ 238,558

The Board has the following deferred inflows of resources

Differences between expected and actual experience	\$ 9,974
Changes in proportion and difference between employer contributions and proportionate share of contributions	<u>17,052</u>
Total	\$ 27,026

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

DARE COUNTY TOURISM BOARD

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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 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, 2017:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 53,037	\$ -	\$ 5,400	\$ 47,637	\$ -
Net pension liability	64,448	220,157	-	284,605	-
Other postemployment benefits	<u>432,139</u>	<u>50,895</u>	<u>14,126</u>	<u>468,908</u>	<u>17,142</u>
Total long-term liabilities	<u>\$549,624</u>	<u>\$271,052</u>	<u>\$ 19,526</u>	<u>\$ 801,150</u>	<u>\$ 17,142</u>

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2017, consist of the following:

From the Special Revenue Fund to the Event Site Capital Project Fund:	\$582,204
From the General Fund to the Event Site Operating Fund:	\$159,950

During the 2017 fiscal year, the Board made a transfer from the Special Revenue Fund to a Capital Project Fund to construct a parking lot and improve electric outlets as Phase II at the Event Site located on land held jointly with the Town of Nags Head.

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

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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 2017, \$22,732 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 2017 was \$ 4,800.

The future minimum lease payments are as follows:

2018	27,494
2019	27,494
2020	22,698
2011	<u>7,566</u>
	\$ 85,252

E. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Funds
Capital Assets	\$13,784,403
Less: Long-term Debt	0
Net Investment in Capital Assets	\$13,784,403

F. FUND BALANCE

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

Total fund balance-General Fund	\$ 7,439,215
Less:	
Inventories	20,834
Stabilization by State Statute	1,140,590
Appropriated Fund Balance in 2018 budget	1,321,590
Working Capital / Fund Balance Policy	3,759,994
Remaining Fund Balance	\$ 1,196,207

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.

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Notes to Financial Statements

June 30, 2017

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.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Special Revenue Fund</i>
	\$ 262,820	\$ 231,500

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 \$1,237,444 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 \$ 22,921 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, 2017:

<u>Project</u>	<u>Balance July 1, 2016</u>	<u>Current Year Additions</u>	<u>Current Year Expenses/Transfers/ Adjustments</u>	<u>Balance June 30, 2017</u>
Multi-purpose Facility	\$ 1,889,062	\$ 1,113,699	\$ (582,204)	\$ 2,420,557
Natural, historic, cultural	176,444	123,744	(108,800)	191,388
Infrastructure	402,127	-	(40,957)	361,170
Green Space	110,213	22,921	-	133,134
Dredging OI & HI	1,000,000	-	-	1,000,000
Total	\$ 3,577,846	\$ 1,260,364	\$ (731,961)	\$ 4,106,249

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, 2017. 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 6, 2017, the Board entered into an agreement with YouVisit, LLC. to provide a virtual reality experience platform on the website. The agreement includes the creation of the platform and subscription through May 31, 2018 in the amount of \$39,980. The annual subscription rate of \$27,972 to be paid monthly will be begin June 1, 2018.

On June 20, 2017, the Board entered into a contract with Martin Armes to provide public relations assistance for the period July 2017-June 2018 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.

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2017

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 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, 2017-June 30, 2018 the Board has entered into advertising insertion orders with various media totaling \$861,239.

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, 2017-June 30, 2018 are \$137,100 paid monthly.

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, 2017-June 30, 2018 are \$297,620 paid monthly.

On July 10, 2017 the Dare County Tourism Board reached an agreement with Quad Graphics for the printing of 400,000 copies of The 2018 Travel Guide and related materials for the total cost of \$139,286 plus freight and tax.

On August 17, 2017, the Board amended the fiscal year 2017-2018 budget in the amount of \$100,000 to provide additional advertising support to Hatteras Island which was negatively impacted when a power line was severed causing approximately 5 days without electricity on the island and an evacuation of all visitors.

Required Supplementary Financial Data

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

- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.
- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

**Dare County Tourism Board
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/14	-	478,028	478,028	0%	668,230	71.5%
12/31/12	-	471,538	471,538	0%	640,100	73.7%
12/31/10	-	359,913	359,913	0%	620,054	58.0%

**Dare County Tourism Board
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2016	49,366	22.2%
2015	53,968	18.5%
2014	41,543	21.7%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part actuarial valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, Open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend	
Pre-Medicare trend rate	7.5-5.0%
Post Medicare trend rate	5.5-5.0%
Year of Ultimate trend rate	2020
*Includes inflation at	3.0%
Cost-of living adjustments	None

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

Local Government Employees' Retirement System

	2017	2016	2015	2014
Board's proportion of the net pension liability (asset) (%)	0.01341%	0.01436%	0.01442%	0.01430%
Board's proportion of the net pension liability (asset) (\$)	\$ 284,604	\$ 64,447	\$ (85,041)	\$ 172,370
Board's covered-employee payroll	\$ 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	36.93%	8.72%	(11.80%)	24.60%
Plan fiduciary net position as a percentage of the total pension liability**	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 Four Fiscal Years**

Local Government Employees' Retirement System

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

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, 2017

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tax Revenues:				
Occupancy	\$ 3,007,401	\$ 3,525,319	\$ 517,918	\$ 3,253,328
Prepared Food and Beverage	1,552,459	1,846,301	293,842	1,765,899
Total	<u>4,559,860</u>	<u>5,371,620</u>	<u>811,760</u>	<u>5,019,227</u>
Other Revenues:				
Merchandise Revenue	41,500	31,385	(10,115)	39,954
Sale of Advertising - Travel Guide	130,000	78,140	(51,860)	137,300
Website Advertising	60,000	64,996	4,996	21,610
Other	1,000	774	(226)	1,421
Total	<u>232,500</u>	<u>175,295</u>	<u>(57,205)</u>	<u>200,285</u>
Investment earnings	12,230	35,235	23,005	16,575
Total revenues	<u>4,804,590</u>	<u>5,582,150</u>	<u>777,560</u>	<u>5,236,087</u>
Expenditures:				
Governing Body:				
Director compensation		15,750		16,400
Payroll taxes		1,375		1,426
Professional services		-		1,000
Travel		2,995		6,138
Director & Officers' Insurance		3,096		2,937
Miscellaneous items		411		1,156
Total	<u>29,705</u>	<u>23,627</u>	<u>6,078</u>	<u>29,057</u>
Promotional and General				
Personnel:				
Salaries - full time		692,471		668,730
Salaries - part time		83,378		81,619
Payroll taxes		58,190		55,085
Employee insurance		142,643		146,622
Retirement		53,549		47,181
401(k) match		4,152		-
Workman's compensation		2,084		2,238
Employee relations		986		241
Training		3,415		6,575
Total Personnel	<u>1,105,185</u>	<u>1,040,868</u>	<u>64,317</u>	<u>1,008,291</u>
Services:				
Audit		5,625		5,625
Legal		9,070		9,495
Contract Services		15,606		15,028
Other Professional Services		2,800		1,820
Administrative Advertising		338		803
Total Services	<u>45,850</u>	<u>33,439</u>	<u>12,411</u>	<u>32,771</u>
Travel Guide:				
Travel Guide production and printing		131,849		160,097
Travel Guide freight		25,620		29,315
Total Travel Guide	<u>187,500</u>	<u>157,469</u>	<u>30,031</u>	<u>189,412</u>

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, 2017

	2017		2016
	Budget	Actual	Variance Positive (Negative)
Merchandise:			Actual
Merchandise purchases		16,979	22,054
Credit card bank charges		1,154	2,180
Total Travel Guide	26,755	18,133	8,622
Other:			
Research		12,500	35,664
Advertising - printed		875,062	678,891
Advertising - production fee		38,423	3,511
Advertising - events		34,382	51,062
Advertising - electronic		1,430,527	1,348,921
Advertising - internet agency fee		141,007	145,056
Community relations		11,884	5,911
Legal notices		1,094	469
Brochures/production & printing		8,559	18,988
Promotional aids		4,960	6,686
Familiarization tours		47,693	50,792
Group sales		15,906	16,490
Community appreciation		14,229	-
Special Projects Grant program		-	-
Tourism Assistance Grant program		-	-
Event Grant program		137,701	131,630
Established Event Developer Grant		178,665	153,500
Tousim Summit		13,717	6,626
Postage		164,410	210,535
Travel		33,753	33,013
Vehicle maintenance		2,607	2,980
Registrations		26,959	21,903
Travel show exhibit		3,425	4,695
Dues and subscriptions		26,243	23,270
Insurance		14,048	13,645
Telephone		27,236	24,530
Expendable equipment		1,271	604
Technical support		874	2,314
Utilities		8,265	8,280
Cleaning/maintenance supplies		171	261
Building maintenance		4,847	9,923
Equipment service contracts		1,554	1,196
Equipment rental		25,181	31,373
Equipment repairs		348	855
Office supplies		13,194	10,331
Web Site/Internet		20,541	43,345
Capital Outlay		24,964	26,475
Total Other	4,254,169	3,366,200	887,969
Total Promotional & General	5,619,459	4,616,109	1,003,350
			4,378,433

**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, 2017**

	2017		2016
	Budget	Actual	Variance Positive (Negative)
			Actual
Welcoming			
Aycock Brown Welcome Center			
Personnel:			
Salaries - full time		38,528	37,317
Salaries - part time		64,863	66,172
Payroll taxes		8,062	7,985
Employee insurance		3,092	3,269
Retirement		2,819	2,505
Workman's Compensation		400	390
Employee Relations		263	-
Training		406	496
Total Personnel	127,423	118,433	8,990
Services:			
Contracted Services		7,920	7,920
Total Services	7,920	7,920	-
Other:			
Uniforms		-	10
Postage		49	96
Travel		22	259
Dues and subscriptions		335	277
Insurance		2,065	2,075
Telephone		8,350	4,261
Expendable Equipment		179	684
Utilities		4,375	5,443
Cleaning/maintenance supplies		349	8
Building maintenance		2,332	4,005
Equipment repairs		128	-
Office supplies		3,690	3,404
Capital Outlay		-	1,877
Total Other	26,953	21,874	5,079
Total Welcoming - Aycock Brown Center	162,296	148,227	14,069
Roanoke Island Welcome Center			
Personnel:			
Salaries - part time		103,399	104,404
Payroll taxes		8,090	8,068
Worker's compensation		415	380
Employee relations		-	25
Training		733	619
Total	126,718	112,637	14,081
Services:			
Contracted services		1,850	1,900
Total services	2,200	1,850	350

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, 2017

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Other:				
Uniforms		295		354
Travel		389		688
Insurance		2,060		2,085
Telephone		5,690		4,791
Expendable Equipment		1,073		1,055
Utilities		622		720
Cleaning/maintenance supplies		143		75
Building maintenance		174		-
Equipment maintenance		-		49
Office supplies		719		1,320
Capital Outlay		-		961
Total	18,461	11,165	7,296	12,098
Total Welcoming - Roanoke Island	147,379	125,652	21,727	127,494
Total Welcoming	309,675	273,879	35,796	275,947
Total expenditures	5,958,839	4,913,615	1,045,224	4,683,437
Revenues over (under) expenditures	(1,154,249)	668,535	1,822,784	552,650
Other financing sources (uses):				
Transfers (to) from other funds:				
Event Site	(160,800)	(159,950)	850	(146,520)
Appropriated Fund Balance	1,315,049	-	(1,315,049)	-
Total	\$ 1,154,249	\$ (159,950)	\$ (1,314,199)	\$ (146,520)
Revenues and other financing sources over expenditures and other financing uses	-	508,585	508,585	406,130
Fund balances:				
Beginning of year, July 1		6,930,630		6,524,500
End of year, June 30		<u>\$ 7,439,215</u>		<u>\$ 6,930,630</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, 2017**

	2017			2016
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Lease income	\$ 5,100	\$ 10,450	\$ 5,350	\$ 8,550
Event ticket income	-	-	-	-
Other income	200	250	50	650
Unappropriated Funds	10,000	-	(10,000)	-
Interest income	170	315	145	264
Total	<u>15,470</u>	<u>11,015</u>	<u>(4,455)</u>	<u>9,464</u>
Total revenues	<u>15,470</u>	<u>11,015</u>	<u>(4,455)</u>	<u>9,464</u>
Expenditures:				
Event development & marketing	60,000	37,011	22,989	225
Insurance	700	400	300	-
Utilities	8,560	4,299	4,261	2,962
Repairs and maintenance	95,540	87,022	8,518	63,962
Office expenses	270	97	173	-
Unappropriated other expenses	11,200	2,952	8,248	44,781
Total	<u>176,270</u>	<u>131,781</u>	<u>44,489</u>	<u>111,930</u>
Revenues over expenditures	(160,800)	(120,766)	40,034	(102,466)
Other financing (uses):				
Transfers from General Fund	160,800	159,950	(850)	146,520
Total other financing (uses)	<u>160,800</u>	<u>159,950</u>	<u>(850)</u>	<u>146,520</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>39,184</u>	<u>\$ 39,184</u>	<u>44,054</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Net income		<u>\$ 39,184</u>		<u>\$ 44,054</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, 2017**

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Event Site Project:					
Investment earnings	670	3,679	1,364	5,043	4,373
Total revenues	670	3,679	1,364	5,043	4,373
Expenditures					
Event Site Project:					
Phase 1 North Side/Entrance/Parking					
Capital outlay:	2,902,220	2,631,271	34,662	2,665,933	236,287
Phase 2 South Side Parking/Electric					
Capital outlay	1,238,750	204,200	968,963	1,173,163	65,587
Total expenditures	4,140,970	2,835,471	1,003,625	3,839,096	301,874
Revenues under expenditures	(4,140,300)	(2,831,792)	(1,002,261)	(3,834,053)	306,247
Other Financing Sources					
Event Site Project :					
Transfers from other funds:					
Special Revenue Fund	3,866,092	3,350,300	582,204	3,932,504	66,412
Appropriated fund balance	274,208		-	-	(274,208)
Total other financing sources	4,140,300	3,350,300	582,204	3,932,504	(207,796)
Net change in fund balance	\$ -	\$ 518,508	(420,057)	\$ 98,451	\$ 98,451
Fund Balance, beginning			518,508		
Fund Balance, Ending			\$ 98,451		