

DARE COUNTY TOURISM BOARD

FINANCIAL STATEMENTS

**For the fiscal year ended
June 30, 2025**

DARE COUNTY TOURISM BOARD OFFICERS

**Dennis Robinson, Chair
David Hines, Vice-Chair
Tonia Cohen, Secretary
Tod Clissold, Treasurer
John Head, Assistant Treasurer**

ADMINISTRATION & FINANCIAL STAFF

**Lee Nettles, Executive Director
Diane Bognich, Director of Administration/Finance Officer
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, 2025

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CARR, RIGGS & INGRAM, P.L.L.C.

Carr, Riggs & Ingram, P.L.L.C.
3105 Trent Road
New Bern, NC 28562

Mailing Address:
PO Box 1547
New Bern, NC 28563

252.633.5821
252.288.3123 (fax)
CRIadv.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Dare County Tourism Board (the "Board") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Board, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability and Contributions on pages 47 and 48, and the Other Postemployment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios on page 49 are presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying individual budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2025, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, P.L.L.C." The signature is fluid and cursive, with a small ampersand between "Riggs" and "Ingram".

CARR, RIGGS & INGRAM, P.L.L.C.

New Bern, North Carolina

November 11, 2025

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, 2024. 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 \$50,841,620 (*net position*), which represents an increase of \$ 4,134,439 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 \$34,429,928 an increase of \$ 3,883,457 in comparison with the prior year. Of this amount \$16,055,887 (47%) is restricted. The restricted amount includes \$13,340,064 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 \$15,605,438 or 210.9 percent of total general fund expenditures for the fiscal year.

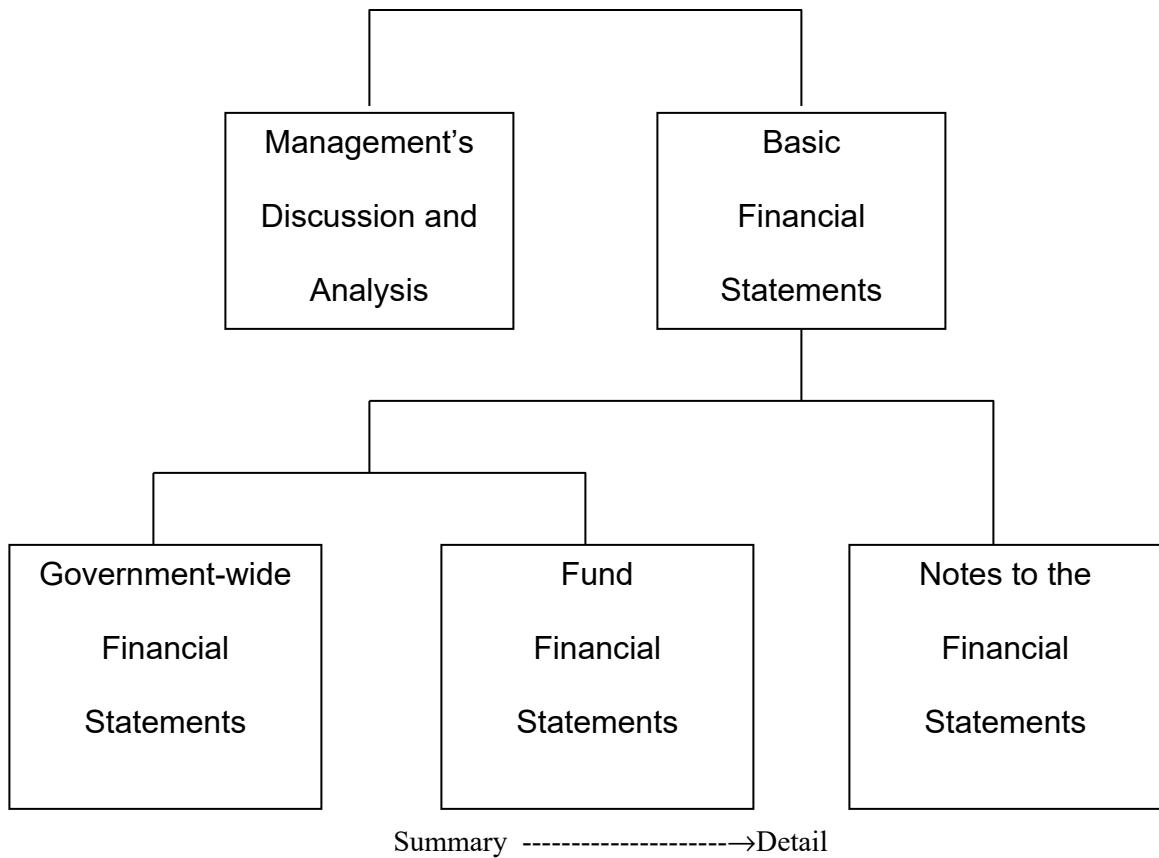
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, decreased \$ 178,266 or 1.5% from the prior year for a total amount collected of \$11,722,025.

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 for major governmental funds; 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.

Following the notes is the required supplemental information. This section contains funding information about the Board's pension and benefit plans.

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 1) 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.

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 46 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 47 of this report.

Government-Wide Financial Analysis

The Dare County Tourism Board's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 34,497,682	\$ 30,611,359	\$ 957,855	\$ 922,363	\$ 35,455,537	\$ 31,533,722
Capital assets	16,099,278	15,822,642	953,084	957,300	17,052,362	16,779,942
Deferred outflows of resources	450,788	524,801	-	-	450,788	524,801
Total assets and deferred outflows of resources	51,047,748	46,958,802	1,910,939	1,879,663	52,958,687	48,838,465
Current liabilities	145,439	64,888	5,255	5,641	150,694	70,529
Long-term liabilities	1,545,826	1,615,464	-	-	1,545,826	1,615,464
Deferred inflows of resources	124,458	115,053	296,089	330,237	420,547	445,290
Total liabilities and deferred inflows of resources	1,815,723	1,795,405	301,344	335,878	2,117,067	2,131,283
Net position:						
Net investment in capital assets	16,099,278	15,822,642	953,084	957,300	17,052,362	16,779,942
Restricted	16,055,887	15,744,194	-	-	16,055,887	15,744,194
Unrestricted	17,076,860	13,596,561	656,511	586,485	17,733,371	14,183,046
Total net position	\$ 49,232,025	\$ 45,163,397	\$ 1,609,595	\$ 1,543,785	\$ 50,841,620	\$ 46,707,182

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 \$50,841,620 as of June 30, 2025. Of the total net position, \$17,052,362, or 33.6%, 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, \$16,055,887, or 31.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,733,371 is unrestricted, an increase of \$ 3,550,325.

Several aspects of the Board's financial operations positively influenced the total unrestricted governmental net position:

- Even though our occupancy and prepared meals revenues decreased slightly, our conservative budget ensured expenditures did not exceed revenues. In total the revenues decreased \$ 178,266, 1.5 percent.
- Interest rates remained high during the fiscal year resulting in an increase in investment income.
- Website sales were also strong, increasing 13.3%.
- Some research for community engagement was not used in the current fiscal year.
- A conservative budget and well managed expenses resulted in some savings in operation costs in areas such as postage, repairs and insurance.

Dare County Tourism Board Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	Total
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 229,873	\$ 204,167	\$ 77,071	\$ 71,049	\$ 306,944	\$ 275,216
General revenues:						
Occupancy taxes	7,816,687	8,162,692	-	-	7,816,687	8,162,692
Prepared food and beverage tax	3,905,338	3,737,599	-	-	3,905,338	3,737,599
Investment earnings	1,292,592	1,216,026	25,890	17,589	1,318,482	1,233,615
Total revenues	13,244,490	13,320,484	102,961	88,638	13,347,451	13,409,122
Expenses:						
Governing Body	27,050	26,543	-	-	27,050	26,543
Promotion and General	7,488,048	8,839,472	-	-	7,488,048	8,839,472
Welcoming Function	340,766	324,855	-	-	340,766	324,855
Event Site	-	-	252,151	342,675	252,151	342,675
Projects	1,104,997	1,229,830	-	-	1,104,997	1,229,830
Total expenses	8,960,861	10,420,700	252,151	342,675	9,213,012	10,763,375
Increase in net position before transfers	4,283,629	2,899,794	(149,190)	(254,037)	4,134,439	2,645,747
Fund transfers	(215,000)	(287,295)	215,000	287,295	-	-
Increase in net position	4,068,629	2,612,489	65,810	33,258	4,134,439	2,645,747
Net position, beginning	45,163,396	42,550,904	1,543,785	1,510,527	46,707,181	44,061,434
Net position, June 30	<u>\$49,232,025</u>	<u>\$45,163,396</u>	<u>\$ 1,609,595</u>	<u>\$ 1,543,785</u>	<u>\$50,841,620</u>	<u>\$46,707,181</u>

Governmental activities. Governmental activities increased the Board's net position by \$4,068,629, thereby accounting for 98.4 percent of the total growth of net position. Of this amount \$3,532,625 is reserved for encumbrances. Occupancy tax collections decreased \$ 346,005 (-4.2%) from the prior year. The decrease could be attributed to several national trends, the presidential election, elevated inflation and travelers choosing more metropolitan areas for vacation than in the past few years. Prices remained elevated, so even with the decrease in people, occupancy was only slightly affected and prepared food and beverage revenue increased over the prior year. Prepared food and beverage tax increased \$ 167,739 (4.5%). Expenses were planned conservatively and well managed within the budget.

Business-type activities: Business-type activities increased the Board's net position by \$ 65,810. The Event Site Fund accounts for the operating income and 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. The fund also accounts for a lease with an Adventure Park facility that rents a portion of the land and building purchased for future development. Yearly lease payments are \$52,700. The main increase in net position is due to less professional fees since the boardwalk construction permits were obtained. 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 \$15,605,438, while total fund balance was \$21,089,864. 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 209.9 percent of general fund expenditures while total fund balance is 283.7 percent of the same amount.

At June 30, 2025, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$34,429,928, a 12.7 percent increase over last year. Meals and occupancy taxes were slightly less than the previous fiscal year, but other revenues, especially investment earnings showed strong gains. Expenditures were conservatively budgeting expecting a flat year in revenues and operating expenses were less than the prior year.

General Fund Budgetary Highlights: During the fiscal year, the Board revised the budget on one occasion. 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.

The Board adopted a budget amendment that increased the spending for Event Grants during the fiscal year. The revenue for the increase in expenditure came from unappropriated fund balance.

The occupancy taxes and prepared meals taxes were more than budget due to the conservative approach taken during the budgeting process. Dare County once again experienced a strong year in travel though occupancy levels have decreased. Prices remained strong and the summer months (approximately 71% of the Board's revenue) experienced growth in occupancy tax collections of 1.4 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 being encumbered due to events being held in the next fiscal year. Other factors include, no large print projects, savings on travel guide printing due to purchasing excess paper the prior year and postponed research and speaker fees related to the long-range management plan.

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 \$ 656,511. The total increase in net position was \$ 65,810.

The Event Site Fund posted an increase of net position in the amount of \$ 65,810. 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, though gradually increasing the rates as amenities are constructed and purchased. These rental revenues have remained steady for the past couple of years. Revenues also include lease income from a tenant running an adventure park. The main expense is for landscaping and maintenance. Event development and professional fees were postponed. 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, 2025, totals \$17,052,362 (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>	<u>Business-type Activities</u>
Land	\$12,864,405	\$649,422
Buildings	1,901,109	283,237
Event Site	1,213,627	-
Intangible Assets	3,182	-
Computer equipment	32,314	-
Furniture and Equipment	84,641	20,425
Total	<u>\$16,099,278</u>	<u>\$953,084</u>

Additional information on the Board's capital assets can be found in note 2.A.6 of the Basic Financial Statements.

Economic Factors and Next Year's Budget

One point of reference for tourism spending is offered by an annual study conducted by the State tourism office and its contracted national economic firm, Tourism Economics, who report on tourism spending and impacts for each of NC's 100 counties. In 2023, Dare County maintained its ranking as the 4th largest in terms of direct visitor spending of \$2.15 billion. This was the first time Dare had crested the \$2 billion mark. The study cited year-over-year growth of 8.8%, which was particularly impressive given the County's 8% growth the year before.

Meanwhile, as fiscal year '24-25 got underway, national companies Expedia, VRBO and Airbnb forecast lower travel demand, and a drop in Dare July occupancy collections signaled an uncertain year ahead. As the fiscal year wore on, Dare would see drops over a majority of months. Meals collections helped to level out the dips, posting gains in 10 of 12 months. Election years typically coincide with challenges to vacation spending, but persisting national inflation also offered a further drag on spending and consumer confidence.

Despite the economic headwinds, the Visitors Bureau and Tourism Board made significant strides forward on key projects, long range planning efforts and marketing initiatives.

Boardwalk design for the Soundside site had concluded and now the Board focused on seeking variances with the Coastal Resources Commission and CAMA. Conditional approval was granted which led the Board to seek variances to resurrect a couple of key design elements. The Board also sought to amend the site plan and update site permitting with the Town of Nags Head, acknowledging not just the Boardwalk, but also proposed development of pickleball courts at the site.

These requests were approved by the Town, allowing Boardwalk construction to be put out to bid in June 2025. The pickleball courts previously mentioned were proposed by Dare County to augment existing recreational opportunities on the Northern Beaches. Ten courts were designed; however, the County later paused the initiative until completion of a countywide Parks & Recreation study.

Another action was taken regarding ownership of the Event Site as the Tourism Board finalized an agreement to purchase the Town of Nags Head's original ownership interests over a period of 10 years. Dare County Commissioners offered their consent of the expenditure, and the first installment was paid in early 2025. The multi-year agreement allows the Tourism Board to manage cashflow while continuing to make improvements to the site.

The Boardwalk project and the longer-term perspective for the Event Site were consistent with the Board's Long-Range Tourism Management Plan (LRTMP), which has a stated goal of supporting infrastructure development that benefits the vitality of the community for residents and visitors. Concurrently, the '24-25 fiscal year saw continued progress from the DCTB-appointed Special Committee charged with bringing the LRTMP to life.

The Special Committee's meetings explored operational considerations, such as, meeting frequency and format as well as digging deeper into the primary strategic goals. The Outer Banks Promise, which rolled out to the public in June of 2024, went from a focus on individuals taking the tourism pledge to local businesses and groups taking part. This shift has

proven to be instrumental in extending the campaign's reach throughout the community and its awareness level over a longer period. The Promise became a regular part of the Community Engagement Manager's presentations and interactions with local groups. The State of Dare County Tourism annual report also enjoyed expanded distribution through these presentations as well as through local paid media for the first time.

Another initiative, the work to elevate and enhance the activities of Dare non-profits, became solidified with the Knowledge Series and Non-Profit Socials returning and with more NPOs participating. The Visitors Bureau's efforts to promote voluntourism also continued and the number of participating organizations increased. In addition to email and web promotion, the volunteer opportunities were highlighted through a new series of eight Bureau-funded videos and real-life volunteer examples shared through social media, YouTube and the Bureau's website.

The volunteer video series aligned with the Bureau's broader effort to use the power of tourism to do more tangible good in the community. Shining a light on the work of NPOs was one way that we tried to connect visitors with the commitment of locals caring for the Outer Banks. Similarly, the Outer Edge video series which debuted in January of 2025, took visitors and residents deeper into what it truly means to be a part of this community.

Season 1 of the Outer Edge included six long-form videos, each around 9 minutes in length, with 21 locals sharing their special connections to the islands. The videos covered aspects, such as, the interaction of seafood harvesting and our local restaurants, boat building, the local music scene, photography, the entrepreneurial spirit of home-grown small businesses, and finally, weather and how it is inextricably linked with life on the Outer Banks.

The series was a revolutionary form of tourism marketing, especially in these times of clicking and swiping. Because of the intimate nature of these stories and how they came from the community, the Bureau resolved to give local audiences the first viewing, inviting residents to a series of premier events in Kill Devil Hills, Manteo and Buxton. The events were very well attended and the videos well received. From there, the Bureau rolled the series out in a variety of media including: connected TV buys, social media, print, email, PR, the website, and local outlets.

A goal of the series was to grow the size and involvement of our YouTube channel. In the first two months alone, our YouTube subscriber audience grew by a multiple of 17. Video views have now topped 220,000 and will remain available for viewing indefinitely. Interestingly, and despite the 9+ minute length of each video, view completion rates average around 82%.

Most of the series promotion centered around short 15 and 30 second teases, but the Bureau developed other innovative ways to share the entire, full-length series. One such opportunity was landed by our first-ever takeover of the Hampton Roads Show. The takeover lasted a full week in June 2025 with the Visitors Bureau coordinating speakers and content from the Outer Banks, but also showing 5 episodes in their entirety, one per day. This was the first time the TV station had ever done such a thing.

Clearly, we had hit on a direction that spoke to both visitors and residents. Leveraging enthusiasm for the series, Dare Arts developed a fall exhibit building off of the Outer Edge, featuring each of the episodes bringing in local artists, photographers and individuals from the episodes. Planning began for Season 2 of the Outer Edge.

The Bureau was in the midst of a website redesign, but pursued other website enhancements in the meantime, namely, the integration of an AI tool through its relationship with an emerging

company called MindTrip. The AI functionality allowed visitors to ask any question about Outer Banks trip planning along with the ability to request itineraries based on whatever considerations the visitor provided. On the backend, the Bureau could see what people were searching most frequently and used the information to guide future content development. Point of origin information was also available.

Another significant enhancement, an online booking engine for vacation rentals, was thoroughly reviewed with the help of a subgroup of management companies, and later, with the broader professional property management community. The product from Amplify, StaySense, was proposed as a commission-free opportunity for these companies to convert some of the millions of outerbanks.org visitors into actual destination visitors. The Bureau and Tourism Board felt strongly that the engine needed to be supported by most companies, or its integration could become a divisive element instead of an asset. The dialogue was intense, weighing the engine's potential versus its current limitations and a perceived unintended consequence of boosting the Visitors Bureau's website prominence relative to the rental companies. Ultimately, half of the companies were in favor and half were opposed so the Tourism Board decided to table the initiative for the foreseeable future.

Finally, events continued to be a key strategy for the Board in its attempts to grow less-than-peak business. The year saw a record number of applications and awards, and Event Grant funding was increased. Events, and the Board's support of them, have the added advantage of helping non-profits, and by extension the community, since practically all non-profit events serve as fundraisers.

Budget Highlights for the Fiscal Year Ending June 30, 2026

The budget outlook for the '25-26 fiscal year was tempered by continued economic uncertainty though inflation pressures had abated some. Revenue growth projections for the fiscal budget were set at 3%. Given a prolonged cooling of tourism business, budgeting for increased revenue meant that the gap between actual and budget was likely to further tighten.

Summer figures were close to flat, but fall visitation was marred by several factors: economic uncertainty, hurricanes and nor-easters, road closures, the negative publicity of 10+ houses in Rodanthe and Buxton succumbing to the ocean, and a government shutdown which started in October of 2025 affecting access to Dare's three National Park Service sites.

The annual State county-by-county study showed a rare visitor spending drop (-2%) for 2024, reflecting the slower travel demand nationally but also somewhat of a reset following two years of 8+% growth. Even still, visitor spending exceeded \$2.1 billion, and the tax revenue generated by visitors helped to offset the taxes of each Dare County resident by \$3,860. Despite the slight spending drop, the Tourism Board increased grant funding, expanded its work with non-profits, and made strides with the broader LRTMP effort.

The Boardwalk construction bids were received, a company selected, and construction started (expected completion date of February 2026). Concurrently, the Town of Nags Head had secured grant funding for design and construction of three shoreline stabilization projects, one of which is at the Soundside. The Tourism Board elected to partner with the Town and will assume the responsibility of the stabilization features following construction. Aside from protecting the shoreline from further erosion, the project was also viewed as a way to protect its significant investment in the Boardwalk.

The Bureau continued its work with the LRTMP, settling into a productive meeting cadence and bringing in local experts to speak about various community issues, such as, transportation, housing and recreational facilities. The end of the 2025 calendar year will present the first transition with some of the original committee members ending their terms, but a foundation has been set as a result of the group's work. Programs like The Outer Banks Promise have momentum now. In a "walk the walk" move, the Bureau adopted mile 1 on the Cape Hatteras National Seashore for quarterly trash clean-ups.

Marketing programs likewise look to build upon previous success. Season 2 shooting for the Outer Edge has concluded with a launch date of January 2026. The new season will share 5 episodes, again long-format, and highlighting some of the people and places that make the area special. Early plans are to once again host local premier events and to stage a Hampton Roads Show Takeover Week. While production was taking place, fall 2025 saw an innovative partnership with Outside media properties (online assets like Outside's website and email plus digital and linear television) creating an hour-long program featuring each of Season 1's episodes.

Another new marketing effort, separate from the Outer Edge, involves a tie-in with GoPro where the destination will host GoPro content creators and influencers participating in activities that highlight the area's unique offerings. In addition to providing access to the content for our own marketing purposes, the partnership leverages GoPro's brand and worldwide audience. The effort is planned for early May 2026.

The Bureau began new relationships with research providers and aggregators to better understand visitation changes and impacts, but also to provide insights for local travel partner businesses. Change is a constant in travel and tourism and the Bureau is making moves to stay ahead of the shifts. The email program is being revamped, and the website redesign started in the previous fiscal year is expected to launch in early December.

Also related to the website, we are in discussions with a company to optimize web content for AI bots, which process websites in a completely different way than humans do. Search engines like Google are evolving dramatically and quickly, too, introducing AI responses ahead of traditional search engine listings. The effect is a downward pressure on organic (free) traffic to websites. Online travel agencies such as Expedia and Booking.com are also making big moves to try and dominate AI bot answers. The acceleration of change related to AI is staggering and reshaping destination marketing.

The Outer Banks has always been known for innovation, from the Wright Brothers to Reginald Fessenden to Billy Mitchell and beyond, the islands have a way of encouraging people to consider what could be. The thing that sets us apart, though, is how such an entrepreneurial spirit of innovation can be rooted in a deep respect for the place and the generations that have come before us. We innovate not to change the Outer Banks, but to make sure that it's always here. The Dare County Tourism Board shares respect for this balance of preservation and innovation and welcomes the upcoming year.

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.

Exhibit 1

Dare County Tourism Board
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental		Business-type
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,300,360	\$ 606,796	\$ 12,907,156
Investments	7,250,165	-	7,250,165
Miscellaneous accounts receivable	5,365	-	5,365
Lease receivable	-	22,486	22,486
Due from other governmental units	2,002,023	-	2,002,023
Accrued interest receivable	208,483	6,292	214,775
Inventory	6,818	-	6,818
Restricted cash and cash equivalents	8,356,410	-	8,356,410
Restricted investments	4,368,058	-	4,368,058
Total current assets	<u>34,497,682</u>	<u>635,574</u>	<u>35,133,256</u>
Non-current assets:			
Lease receivable	-	322,281	322,281
Capital assets (Note 1):			
Land	12,864,405	649,422	13,513,827
Event Site, net of depreciation	1,213,627	-	1,213,627
Other capital assets, net of depreciation	2,021,246	303,662	2,324,908
Total capital assets	<u>16,099,278</u>	<u>953,084</u>	<u>17,052,362</u>
Total assets	<u>50,596,960</u>	<u>1,910,939</u>	<u>52,507,899</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	393,326	-	393,326
Other post employment benefits deferrals	57,462	-	57,462
Total deferred outflows of resources	<u>450,788</u>	-	<u>450,788</u>
LIABILITIES			
Current liabilities:			
Accounts payable	67,754	255	68,009
Unearned revenue	-	5,000	5,000
Current portion of long-term liabilities	77,685	-	77,685
Total current liabilities	<u>145,439</u>	<u>5,255</u>	<u>150,694</u>
Long-term liabilities:			
Accrued vacation and comp	56,875	-	56,875
Net pension liability	668,484	-	668,484
Other postemployment benefits	820,467	-	820,467
Total long-term liabilities	<u>1,545,826</u>	-	<u>1,545,826</u>
Total liabilities	<u>1,691,265</u>	<u>5,255</u>	<u>1,696,520</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	-	296,089	296,089
Pension deferrals	27,889	-	27,889
Other post employment benefits deferrals	96,569	-	96,569
Total deferred inflows of resources	<u>124,458</u>	<u>296,089</u>	<u>420,547</u>
NET POSITION			
Net investment in capital assets	16,099,278	953,084	17,052,362
Restricted for:			
Services or programs	13,340,064	-	13,340,064
Stabilization by State Statute	2,715,823	-	2,715,823
Unrestricted	17,076,860	656,511	17,733,371
Total net position	<u>\$ 49,232,025</u>	<u>\$ 1,609,595</u>	<u>\$ 50,841,620</u>

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

Exhibit 2

Dare County Tourism Board
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Postion		
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Primary government:					
Governmental Activities:					
Governing Body	\$ 27,050	\$ -	\$ (27,050)	\$ -	\$ (27,050)
Promotion and General	7,488,048	229,873	(7,258,175)	-	(7,258,175)
Welcoming Function	340,766	-	(340,766)	-	(340,766)
Projects	1,104,997	-	(1,104,997)	-	(1,104,997)
Total governmental activities (See Note 1)	<u>8,960,861</u>	<u>229,873</u>	<u>(8,730,988)</u>	<u>-</u>	<u>(8,730,988)</u>
Business-type activities:					
Event Site	252,151	77,071	-	(175,080)	(175,080)
Total business-type activities	<u>252,151</u>	<u>77,071</u>	<u>-</u>	<u>(175,080)</u>	<u>(175,080)</u>
Total primary government	<u>\$ 9,213,012</u>	<u>\$ 306,944</u>	<u>(8,730,988)</u>	<u>(175,080)</u>	<u>(8,906,068)</u>
Component units:					
General revenues:					
Taxes:					
Other taxes			11,722,025	-	11,722,025
Transfers			(215,000)	215,000	-
Investment earnings			1,292,592	25,890	1,318,482
Total general revenues, special items, and transfers			<u>12,799,617</u>	<u>240,890</u>	<u>13,040,507</u>
Change in net position			<u>4,068,629</u>	<u>65,810</u>	<u>4,134,439</u>
Net position, beginning			<u>45,163,396</u>	<u>1,543,785</u>	<u>46,707,181</u>
Net position-ending			<u>\$ 49,232,025</u>	<u>\$ 1,609,595</u>	<u>\$ 50,841,620</u>

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

Exhibit 3

Dare County Tourism Board
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and cash equivalents	\$ 12,300,360	\$ -	\$ 12,300,360
Investments	7,250,165	-	7,250,165
Restricted cash and cash equivalents	-	8,356,410	8,356,410
Restricted investments	-	4,368,058	4,368,058
Miscellaneous accounts receivable	5,365	-	5,365
Due from other governmental units	1,501,517	500,506	2,002,023
Accrued interest receivable	93,393	115,090	208,483
Inventory	6,818	-	6,818
Total assets	\$ 21,157,618	\$ 13,340,064	\$ 34,497,682

LIABILITIES

Liabilities:

Accounts payable and accrued liabilities	\$ 67,754	\$ -	\$ 67,754
Total liabilities	\$ 67,754	-	\$ 67,754

FUND BALANCES

Non Spendable			
Inventories	6,818	-	6,818
Restricted			
Services or programs	-	13,340,064	13,340,064
Stabilization by State Statute	2,715,823	-	2,715,823
Assigned			
Designated for subsequent year's expenditures	2,761,785	-	2,761,785
Unassigned	15,605,438	-	15,605,438
Total fund balances	\$ 21,089,864	\$ 13,340,064	\$ 34,429,928

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.	\$ 16,099,278
Deferred outflows of resources related to pensions are not reported in the funds	393,326
Deferred outflows of resources related to OPEB are not reported in the funds	57,462
Pension deferrals reported as deferred inflows of resources are not reported in the funds	(27,889)
OPEB deferrals reported as deferred inflows of resources are not reported in the funds	(96,569)
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds:	
Accrued liabilities	(120,160)
Net pension	(668,484)
Net OPEB liability	(834,867)
Net position of governmental activities	\$ 49,232,025

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

Exhibit 4

Dare County Tourism Board
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
REVENUES			
Tax Revenues			
Occupancy	\$ 5,862,515	\$ 1,954,172	\$ 7,816,687
Prepared Food and Beverage	2,929,004	976,334	3,905,338
Website advertising	172,583	-	172,583
Ad sales - Travel Guide	57,000	-	57,000
Sale of merchandise	-	-	-
Other Revenues	290	-	290
Investment income	777,055	515,537	1,292,592
Total revenues	<u>9,798,447</u>	<u>3,446,043</u>	<u>13,244,490</u>

EXPENDITURES

Current:

Governing Body	27,050	-	27,050
Promotion and General	7,045,696	3,625	7,049,321
Welcoming Function	337,737	-	337,737
Projects	-	1,104,997	1,104,997
Capital outlay	24,213	602,716	626,929
Total expenditures	<u>7,434,696</u>	<u>1,711,338</u>	<u>9,146,034</u>
Excess (deficiency) of revenues over expenditures	<u>2,363,751</u>	<u>1,734,705</u>	<u>4,098,456</u>

OTHER FINANCING SOURCES (USES)

Transfers to other funds	(215,000)	-	(215,000)
Total other financing sources (uses)	(215,000)	-	(215,000)
Net change in fund balance	2,148,751	1,734,705	3,883,456
Fund balances-beginning	18,941,113	11,605,359	30,546,472
Fund balances-ending	<u>\$ 21,089,864</u>	<u>\$ 13,340,064</u>	<u>\$ 34,429,928</u>

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, 2025

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

Net changes in fund balances - total governmental funds	\$ 3,883,456
 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:	
Capital outlay expenditures that were capitalized	626,929
Depreciation expense for government assets	<u>(350,293)</u>
 Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	
	153,825
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	23,480
 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.	
Pension expense	(198,193)
OPEB plan expense	(51,655)
Compensated absences	<u>(18,920)</u>
Total changes in net position of governmental activities	<u><u>\$ 4,068,629</u></u>

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

Exhibit 5

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, 2025

	General Fund					Special Revenue Fund				
					Variance with Final Budget - Positive (Negative)					Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	Positive (Negative)		Original	Final	Actual Amounts	Positive (Negative)	
Revenues:										
Occupancy tax	\$ 4,845,904	\$ 4,845,904	\$ 5,862,515	\$ 1,016,611		\$ 1,615,301	\$ 1,615,301	\$ 1,954,172	\$ 338,871	
Prepared Food and Beverage	2,216,141	2,216,141	2,929,004	712,863		738,714	738,714	976,334	237,620	
Website advertising revenue	125,000	125,000	172,583	47,583		-	-	-	-	
Ad Sales - Travel Guide	39,000	39,000	57,000	18,000		-	-	-	-	
Merchandise sales	-	-	-	-		-	-	-	-	
Other	1,000	1,000	290	(710)		-	-	-	-	
Investment earnings	360,050	360,050	777,055	417,005		300,000	300,000	515,537	215,537	
Total revenues	7,587,095	7,587,095	9,798,447	2,211,352		2,654,015	2,654,015	3,446,043	792,028	
Expenditures:										
Current:										
Governing Body	30,705	30,705	27,050	3,655		-	-	-	-	
Promotional and General	8,679,340	8,709,040	7,068,908	1,640,132		4,550	4,550	3,625	925	
Welcoming	403,820	403,820	338,738	65,082		-	-	-	-	
Projects	-	-	-	-		13,484,518	13,484,518	1,707,713	11,776,805	
Total expenditures	9,113,865	9,143,565	7,434,696	1,708,869		13,489,068	13,489,068	1,711,338	11,777,730	
Revenues over (under) expenditures	(1,526,770)	(1,556,470)	2,363,751	3,920,221		(10,835,053)	(10,835,053)	1,734,705	12,569,758	
Other financing sources (uses):										
Transfers to other funds	(285,545)	(285,545)	(215,000)	70,545		-	-	-	-	
Appropriated Fund Balance	1,812,315	1,842,015	-	(1,842,015)		10,835,053	10,835,053	-	(10,835,053)	
Total other financing sources (uses)	1,526,770	1,556,470	(215,000)	(1,771,470)		10,835,053	10,835,053	-	(10,835,053)	
Revenues and other sources over (under) expenditures and other uses	-	-	2,148,751	2,148,751		-	-	1,734,705	1,734,705	
Fund balances, beginning of year	-	-	18,941,113			-	-	11,605,359		
Fund balances, end of year	\$ -	\$ -	\$ 21,089,864			\$ -	\$ -	\$ 13,340,064		

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

Exhibit 6

Dare County Tourism Board
Statement of Net Position
Proprietary Funds
June 30, 2025

	Major Event Site	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 606,796	\$ 606,796
Lease receivable	22,486	22,486
Accrued interest receivable	6,292	6,292
Total current assets	<u>635,574</u>	<u>635,574</u>
Non-current assets:		
Lease receivable, non-current	322,281	322,281
Capital Assets:		
Land and land improvements	649,422	649,422
Other capital assets, net of depreciation	303,662	303,662
Total capital assets	<u>953,084</u>	<u>953,084</u>
Total non current assets	<u>1,275,365</u>	<u>1,275,365</u>
Total assets	<u><u>\$ 1,910,939</u></u>	<u><u>\$ 1,910,939</u></u>
LIABILITIES		
Current liabilities:		
Site Damage Deposits	\$ 5,000	\$ 5,000
Accounts payable	255	255
Total current liabilities	<u>5,255</u>	<u>5,255</u>
Total liabilities	<u>5,255</u>	<u>5,255</u>
DEFERRED INFLOW		
Leases	296,089	296,089
NET POSITION		
Invested in capital assets, net of related debt	953,084	953,084
Unrestricted	656,511	656,511
Total net position	<u>1,609,595</u>	<u>1,609,595</u>
Total liabilities, deferred inflows and net position	<u><u>\$ 1,910,939</u></u>	<u><u>\$ 1,910,939</u></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, 2025

	Major Event Site	Total
OPERATING REVENUES		
Site rental income	\$ 36,865	\$ 36,865
Lease income - GASB 87	34,148	34,148
Lease income - variable	5,858	5,858
Other operating revenues	200	200
Total operating revenues	77,071	77,071
OPERATING EXPENSES		
Event development & marketing	6,324	6,324
Other professional fees	18,068	18,068
Insurance	9,725	9,725
Utilities	10,817	10,817
Repairs and maintenance	173,296	173,296
Office expenses	500	500
Depreciation	15,616	15,616
Other operating expenses	17,805	17,805
Total operating expenses	252,151	252,151
Operating income (loss)	(175,080)	(175,080)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,311	1,311
Interest revenue - GASB 87	24,579	24,579
Total nonoperating revenue (expenses)	25,890	25,890
Income (loss) before contributions and transfers	(149,190)	(149,190)
Transfer from General Fund	215,000	215,000
Change in net position	65,810	65,810
Beginning net position	1,543,785	1,543,785
Total net position - ending	\$ 1,609,595	\$ 1,609,595

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

Exhibit 8

Dare County Tourism Board
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Major Event Site	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 69,227	\$ 69,227
Cash paid for goods and services	(236,371)	(236,371)
Net cash provided (used) by operating activities	<u>(167,144)</u>	<u>(167,144)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from General Fund	215,000	215,000
Net cash provided (used) by noncapital financing activities	<u>215,000</u>	<u>215,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	21,301	21,301
Acquisition and construction of capital assets	(11,400)	(11,400)
Net cash provided (used) by investing activities	<u>9,901</u>	<u>9,901</u>
Net increase (decrease) in cash and cash equivalents	57,757	57,757
Balances-beginning of the year	549,039	549,039
Balances-end of the year	<u>\$ 606,796</u>	<u>\$ 606,796</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (175,080)	\$ (175,080)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	15,616	15,616
Changes in assets, deferred inflows of resources and liabilities:		
(Increase) decrease in lease receivable	26,854	26,854
Increase (decrease) in accounts payable	164	164
Increase (decrease) in site damage deposits	(550)	(550)
Increase (decrease) in deferred inflows	(34,148)	(34,148)
Total adjustments	<u>7,936</u>	<u>7,936</u>
Net cash provided (used) by operating activities	<u>\$ (167,144)</u>	<u>\$ (167,144)</u>

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

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

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – governmental and proprietary – are presented. The Board has no fiduciary funds to report. 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.

The Tourism Board reports the following 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 lease income from a vendor, 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 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

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occupancy taxes and prepared food and beverage taxes. On an accrual basis these taxes are recognized in the fiscal year for which the taxes are levied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than program revenues, including all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for services. Operating expenses for enterprise funds include cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

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. The annual budget is prepared on the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. All amendments must be approved 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, 2025, 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

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commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Board's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

Under GASB Codification 150: Investments, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of June 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that swerve to limit the Board's access to 100 percent of their account value in the external investment pool.

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 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. Lease Receivable

The Board's lease receivable in the enterprise fund is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Board receives variable lease payments for common area management payments. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. 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 expendable supplies that are recorded as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement of Activities, the cost of these inventories is expensed as the items are used.

6. 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 cost for

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all asset classes is \$1,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

7. 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 two items that meet this criterion, pension deferrals and OPEB deferrals for the 2025 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 three items that meet this criterion, leases, deferrals of pension expense and OPEB deferrals.

8. 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. For the Board's government-wide statements an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Board has assumed a first-in, first out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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. With the implementation of GASB no. 101, the Board will estimate what sick leave is "more likely than not to be paid or used" and recognize that portion as a liability for compensated absence and salary-related payments.

9. 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.

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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.

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

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, 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:

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- 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.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The 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.

11. Recent Accounting Standards and Pronouncements

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Board implemented this statement for the year ending June 30, 2025.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related

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events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The Board is currently reviewing this statement to determine the effect on the financial statements.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

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This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Board is currently reviewing this statement to determine the effect on the financial statements.

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Board is currently reviewing this statement to determine the effect on the financial statements.

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

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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, 2025, the Board's deposits had a carrying amount of \$21,263,366 and a bank balance of \$20,285,459. Of the bank balance, \$1,500,000 was covered by federal depository insurance, and \$18,785,459 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2025, the Board had cash on hand of \$ 200.

2. Restricted Assets

Money in the Special Revenue 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 and Investments

Governmental Activities	
Special Revenue Fund:	\$12,724,468

3. Investments

At June 30, 2025, the Dare County Tourism Board had \$11,618,223 invested with the North Carolina Capital Management Trust's Government Portfolio. The NCCMT is authorized by G.S. 159-30(c)(8) and consists of an SEC-regulated mutual fund. The Government Portfolio invests in treasuries, government agencies and collateralized repurchase agreements, in a money mutual fund (2a7) and maintains an AAAm rating by Standard and Poor's and AAAmf by Moody's Investor Service. The Board has no policy regarding credit risk.

4. Due from Other Governmental Units

The Board has recognized an amount due from other governmental units which is comprised of the June, 2025 occupancy tax receipts in the amount of \$1,225,810 and the meals tax receipts of \$ 776,213 for a total receivable of \$2,002,023.

5. Lease Receivable

In March 2019, the Board took over a lease with an adventure park operating on a portion of the property purchased for a future event center. Under the lease, the vendor pays the Board \$13,800 yearly for the use of the land where their climbing structure is located. The vendor pays \$ 2,244 per month for operating its business within a 1,266 square foot section of a building on the site. The vendor pays an additional \$ 425 per month for common area management fees. The CAM fees are reported as variable lease revenue. The lease has a rent escalation clause of 15% every five years. The rent increased in January 2024 to \$15,870 for the yearly land rent and \$ 2,581 for the building rent. The CAM fees increased to \$ 481. The lease receivable is measured as the present value of future minimum rent payments expected to be received during the lease term at a discount rate of 5.5%, which is equal to the unit's incremental borrowing rate.

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In fiscal year 2025, the Board recognized \$34,148 of lease revenue and \$24,579 of interest revenue under the lease. In addition, the Board recognized \$ 5,858 in variable lease payments of common area management.

6. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,261,689	\$ 602,716	\$ -	\$ 12,864,405
Total capital assets not being depreciated	12,261,689	-	-	12,864,405
Capital assets being depreciated:				
Buildings	3,188,913	-	-	3,188,913
Event Site	3,306,879	-	-	3,306,879
Intangible assets	133,674	-	-	133,674
Computer equipment	151,431	15,125	-	166,556
Vehicles	24,101	-	-	24,101
Furniture and equipment	295,880	9,088	(639)	304,329
Total capital assets being depreciated	7,100,878	24,213	(639)	7,124,452
Less accumulated depreciation for:				
Buildings	1,209,590	78,214	-	1,287,804
Event Site	1,856,021	237,231	-	2,093,252
Intangible assets	120,947	9,545	-	130,492
Computer equipment	122,228	12,014	-	134,242
Vehicles	24,101	-	-	24,101
Furniture and equipment	207,038	13,289	(639)	219,688
Total accumulated depreciation	3,539,925	350,293	(639)	3,889,579
Total capital assets being depreciated, net	3,560,953	(326,080)	-	3,234,873
Governmental activity capital assets, net	\$15,822,642	\$ 276,636	-	\$ 16,099,278

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

Promotion and General \$ 350,293

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Business-type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 649,422	\$ -	- \$	649,422
Total capital assets not being depreciated	649,422	-	-	649,422
Capital assets being depreciated:				
Buildings	366,586	-	-	366,586
Furniture and Equipment	11,400	11,400	-	22,800
Total capital assets being depreciated	377,986	11,400	-	389,386
Less accumulated depreciation for:				
Buildings	70,013	13,336	-	83,349
Furniture and Equipment	95	2,280	-	2,375
Total accumulated depreciation	70,108	15,616	-	85,724
Total capital assets being depreciated, net	307,878	(4,216)	-	303,662
Governmental activity capital assets, net	<u>\$ 957,300</u>	<u>\$ (4,216)</u>	<u>\$</u>	<u>953,084</u>

Depreciation expense was charged to functions/programs of the enterprise fund as follows:

\$ 15,616

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

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, 2025, was 13.65% 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 \$153,825 for the year ended June 30, 2025.

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.

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

At June 30, 2025, the Board reported a liability of \$668,484 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Board's proportion was 0.00992%, which was an increase of .00029% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the Board recognized pension expense of \$198,193. At June 30, 2025, 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	\$ 117,144	\$ 788
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	90,880	-
Change in proportion and differences between Board contributions and proportionate share of contributions	31,477	27,101
Board contributions subsequent to the measurement date	153,825	-
Total	\$ 393,326	\$ 27,889

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

\$ 153,825 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2026		\$ 69,926
2027		136,015
2028		15,948
2029		(10,277)
2030		-
Thereafter		-
Total		\$ 211,612

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

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor of 3.25 percent
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation of 2.5 percent

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2024 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 multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized. Source data provided in the 2023 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

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

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Boards proportionate share of the net pension asset calculated using the discount rate of 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Board's proportionate share of the net pension liability (asset)	\$1,184,573	\$ 668,484	\$ 243,930

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

Other Post-Employment Benefits

Health Care Benefits

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

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

Membership of the plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet	
Receiving benefits	0
Active plan members	<u>10</u>
Total	15

Total OPEB Liability

The Board's total OPEB liability of \$ 834,867 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.25-8.41 percent, average, including inflation
Discount rate, prior to measurement date	3.65 percent
Discount rate, at measurement date	3.93 percent
Healthcare cost trend	
Pre-Medicare	7.00 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2033
Medicare	5.125 percent for 2023 decreasing to an ultimate rate of 4.50 percent by 2026

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	\$ 827,550
Changes for the year	
Service cost	25,637
Interest	30,764
Changes of benefit terms	-
Differences between expected and actual experience	(4,012)
Changes in assumptions or other inputs	(24,192)
Benefit payments	<u>(20,880)</u>
Net changes	<u>\$ 7,317</u>
Balance at 6/30/2024	<u>\$ 834,867</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 926,152	\$ 834,867	\$ 756,075

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

Health Care Cost Trend Rate Sensitivity			
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 793,263	\$ 834,867	\$ 881,548

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

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

For the year ended June 30, 2025, the Board recognized OPEB expense of \$51,655. At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 1,940	\$ 8,943
Changes of assumptions	32,042	87,626
Benefit payments and service costs made subsequent to the measurement date	23,480	
Total	\$ 57,462	\$ 96,569

\$ 23,480 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:

2026	\$ (8,776)
2027	(22,174)
2028	(24,192)
2029	(4,741)
2030	(2,704)
Thereafter	0

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 or be less than \$25,000. 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 \$ 568 for the fiscal year ended June 30, 2025. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

3. Deferred Outflows and Inflows of Resources

The Board has the following deferred outflows of resources:

Contributions to pension plan in current fiscal year	\$ 153,825
Benefit payments and administrative costs for OPEB made subsequent to the measurement date	23,480
Differences between expected and actual experience:	
Pension plan	117,144
OPEB benefits	1,940
Changes of assumptions:	
Pension plan	-
OPEB benefits	32,042
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,477
Net difference between projected and actual on pension plan investments	<u>90,880</u>
Total	<u>\$ 450,788</u>

The Board has the following deferred inflows of resources

Differences between expected and actual experience -	
Pension plan	\$ 788
OBEB benefits	8,943
Changes of assumptions – OPEB benefits	87,626
Net difference between projected and actual on pension plan investments	-
Changes in proportion and difference between employer contributions and proportionate share of contributions –	
Pension plan	<u>27,101</u>
Total	<u>\$ 124,458</u>

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in three self-funded risk financing pools administered by the Risk Management Agency of the North Carolina League of Municipalities. Through these pools, the Board obtains general liability and auto liability coverage of \$ 5 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits and employee health coverage. 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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical 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 from the prior year and settled claims have not exceeded insurance 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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

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 performance bonded through a commercial surety bond. The finance officer is individually bonded for \$1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

5. Long-Term Obligations

The following is a summary of the changes in general long-term debt for the year ended June 30, 2025:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 101,240	\$18,920	\$ -	\$ 120,160	\$63,285
Net pension liability	686,674	-	18,190	668,484	-
Other postemployment benefits	<u>827,550</u>	<u>56,401</u>	<u>49,084</u>	<u>834,867</u>	<u>14,400</u>
Total long-term liabilities	<u><u>\$ 1,615,464</u></u>	<u><u>\$192,645</u></u>	<u><u>\$ 67,274</u></u>	<u><u>\$ 1,740,835</u></u>	<u><u>\$ 77,685</u></u>

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2025, consist of the following:

From the General Fund to the Event Site Operating Fund: \$215,000

During the 2025 fiscal year, the Board transferred unrestricted revenues to the Event Site Operating Fund to finance operations at the site.

D. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Funds	Business type Activities
Capital Assets	\$16,099,278	\$ 953,084
Less: Long-term Debt	0	0
Net Investment in Capital Assets	\$16,099,278	\$ 953,084

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2025

E. 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	\$21,089,864
Less:	
Inventories	6,818
Stabilization by State Statute	2,715,823
Appropriated Fund Balance in 2025/2026 budget	2,761,785
Working Capital / Fund Balance Policy	5,951,280
Remaining Fund Balance	\$ 9,654,158

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

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

Encumbrances	General Fund	Special Revenue Fund
	\$ 1,115,548	\$ 2,417,077

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 \$1,584,413 was transferred for future capital projects. During 2006, the designation for infrastructure was capped at \$ 500,000. In March 2019, the Board also voted to create a long-term unappropriated line item for unexpected and unusual grant requests, which was also at \$ 500,000. One grant in the amount of \$200,000 is encumbered in this line item.

Activity for future capital projects was as follows during the year ended June 30, 2025:

Project	Balance July 1, 2024	Current Year Additions	Current Year Expenses/Transfers/ Adjustments	Balance June 30, 2025
Multi-purpose Facility	\$ 7,006,204	\$ 1,447,811	\$ (602,716)	\$ 7,851,299
Infrastructure	319,231	100,000	-	419,231
L-T Unappropriated	500,560	100,000	(75,000)	525,560
Total	\$ 7,825,995	\$ 1,647,811	\$ (677,716)	\$ 8,796,090

NOTE 3. COMMITMENTS

On April 15, 2021, the Board entered into an agreement for professional services with Albemarle and Associates, Ltd for design and engineering of a boardwalk along the Soundside Event Site in the

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

amount of \$ 85,550. The project has been delayed, though permits were received in this fiscal year and construction will begin in October 2025. \$31,091 is outstanding at June 30, 2025.

On September 16, 2021, the Board renegotiated the landscaping agreement with Grounds Pros Landscape Management to include the properties purchased adjacent to the Event Site and extend the term. The term of the contract is from October 1, 2021 to December 31, 2025. Monthly payments for the term of the contract are \$ 8,613, plus contracted mulching and plantings paid bi-annually of \$ 45,684.

On January 20, 2022, the Board entered into an agreement with Simpleview LLC for website hosting and customer relationship management. The term of the contract was from January 1, 2022 to December 31, 2024. The agreement is renewed yearly with payments in the amount of \$10,723 are made quarterly.

On May 20, 2025, the Board contracted with Baldwin Video for the A/V monitoring at the Tourism Summit in the amount of \$2,000.

On May 21, 2025, the Board entered into a contract with Outer Banks Golf Association for co-op marketing and social media in the amount of \$42,500. The term of the contract is from July 1, 2025 to June 30, 2026.

On June 4, 2025, the Board entered into an agreement with Swiftcurrent Media for production of video content. The agreement is from July 1, 2025-June 30, 2026 in the amount of \$135,225 paid monthly.

On June 24, 2025, the Board entered into an agreement with Ignite Social Media for social media and management expenses totaling \$514,250 to be paid over twelve months. The contract begin July 1, 2025 and ends June 30, 2026.

On June 24, 2025, the Board entered into a contract with Hubspot for email subscriptions in the amount of \$34,560. The commitment is for 12 months beginning July 17, 2025-June 16, 2026.

On June 30, 2025, the Board entered into public relations arrangement for one year with Martin Armes Communication in the amount of \$35,000 for planning, monitoring and building press trips and influencers.

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, 2008, the Board purchased an adjoining two parcels with the Town of Nags Head. The Board owns 65.2% and 82.1% of the properties, respectively.

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2025

NOTE 5. SUMMARY OF EFFECTS OF SUBSEQUENT EVENTS

The Board contracts on a yearly renewal basis with Hoffman York to provide marketing services for a monthly retainer of \$27,000, plus advertising fees. Advertising of \$1,476,075 has been authorized for the Fall 2025 campaign.

The Board contracts on a yearly renewal basis with Boone Oakley to provide brand marketing for a monthly retainer of \$14,440, plus production fees. An additional one-year agreement in the amount of \$225,040 was authorized for production of the YouTube video series.

On July 1, 2025, the Board entered into a marketing campaign with MediaOne Digital for a GoPro video series in the amount of \$100,000.

On July 1, 2025, the Board entered into a co-op marketing agreement with Martin Armes Communication in the amount of \$14,500.

On July 1, 2025, the Board signed a contract with Blue Room Research in the amount of \$40,000 for the creation of a monthly master report.

On July 9, 2025 the Board entered a contract with Galaxy Digital for an annual subscription in the amount of \$ 4,500 for managing volunteers. The contract may be renewed annually with a 5% increase in cost.

Management has evaluated subsequent events through November 11, 2025, the date on which the financial statements were available to be issued.

Required Supplementary Financial Data

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

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

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

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board's proportion of the net pension liability (asset) (%)	0.00992%	0.00963%	0.01026%	0.00991%	0.01133%	0.01198%	0.01280%	0.01297%	0.01341%	0.01436%
Board's proportion of the net pension liability (asset) (\$)	\$ 668,484	\$ 686,674	\$ 578,811	\$ 151,979	\$ 404,869	\$ 327,164	\$ 303,660	\$ 198,146	\$ 284,604	\$ 64,447
Board's covered-employee payroll	\$ 1,051,180	\$ 918,872	\$ 764,723	\$ 750,345	\$ 794,753	\$ 772,494	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.59%	74.73%	75.69%	20.25%	50.94%	42.35%	39.41%	25.71%	38.49%	8.94%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

* 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 Ten Fiscal Years

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 153,625	\$ 136,236	\$ 112,912	\$ 87,104	\$ 75,027	\$ 71,330	\$ 60,219	\$ 58,092	\$ 56,368	\$ 49,687
Contributions in relation to the contractually required contribution	153,625	136,236	112,912	87,104	75,027	71,330	60,219	58,092	56,368	49,687
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 1,136,945	\$ 1,051,180	\$ 918,872	\$ 764,723	\$ 750,345	\$ 794,753	\$ 772,494	\$ 770,482	\$ 770,688	\$ 739,387
Contributions as a percentage of covered-employee payroll	13.51%	12.96%	12.29%	11.39%	10.00%	8.98%	7.80%	7.54%	7.31%	6.72%

Dare County Tourism Board
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Eight Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 25,637	\$ 25,349	\$ 33,316	\$ 38,868	\$ 28,464	\$ 31,129	\$ 32,058	\$ 34,484
Interest	30,764	28,526	19,735	19,909	25,878	24,066	21,657	18,582
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(4,012)	(1,929)	(2,348)	(6,570)	(5,267)	29,054	(2,727)	(6,341)
Changes of assumptions	(24,192)	5,653	(129,722)	(13,365)	120,426	24,722	(23,949)	(41,273)
Benefit payments	(20,880)	(20,880)	(20,868)	(20,112)	(16,704)	(16,788)	(12,178)	
Net change in total OPEB liability	\$ 7,317	\$ 36,719	\$ (99,887)	\$ 18,730	\$ 152,797	\$ 92,267	\$ 10,251	\$ (6,726)
Total OPEB liability - beginning	\$ 827,550	\$ 790,831	\$ 890,718	\$ 871,988	\$ 719,191	\$ 626,924	\$ 616,673	\$ 623,399
Total OPEB liability - ending	<u>\$ 834,867</u>	<u>\$ 827,550</u>	<u>\$ 790,831</u>	<u>\$ 890,718</u>	<u>\$ 871,988</u>	<u>\$ 719,191</u>	<u>\$ 626,924</u>	<u>\$ 616,673</u>
Covered payroll	\$ 1,094,265	\$ 1,009,835	\$ 879,641	\$ 737,855	\$ 735,828	\$ 782,255	\$ 767,797	\$ 739,549
Total OPEB liability as a percentage of covered payroll	76.29%	81.95%	89.90%	120.72%	118.50%	91.94%	81.65%	83.39%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period.

The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2025	3.93%
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Individual Fund Statements and Schedules

Dare County Tourism Board
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2025

	2025		2024
	Budget	Actual	Variance Positive (Negative)
	Actual		
Revenues:			
Tax Revenues:			
Occupancy	\$ 4,845,904	\$ 5,862,515	\$ 1,016,611
Prepared Food and Beverage	2,216,141	2,929,004	712,863
Total	<u>7,062,045</u>	<u>8,791,519</u>	<u>1,729,474</u>
Other Revenues:			
Sale of Advertising - Travel Guide	39,000	57,000	18,000
Website Advertising	125,000	172,583	47,583
Other	1,000	290	(710)
Total	<u>165,000</u>	<u>229,873</u>	<u>64,873</u>
Investment earnings	360,050	777,055	417,005
Total revenues	<u>7,587,095</u>	<u>9,798,447</u>	<u>2,211,352</u>
			9,853,439
Expenditures:			
Governing Body:			
Director compensation	17,100		17,100
Payroll taxes	1,355		1,308
Professional services	-		-
Travel	5,832		4,817
Director & Officers' Insurance	2,629		2,985
Miscellaneous items	134		333
Total	<u>30,705</u>	<u>27,050</u>	<u>3,655</u>
Promotional and General			
Personnel:			
Salaries - full time	1,095,360		1,018,226
Salaries - part time	93,381		95,699
Payroll taxes	88,596		83,178
Employee insurance	164,552		163,445
Retirement	151,101		133,198
401(k) match	8,710		8,183
Workman's compensation	2,191		1,912
Employee relations	1,921		1,901
Training	2,342		6,632
Total Personnel	<u>1,677,820</u>	<u>1,608,154</u>	<u>69,666</u>
			<u>1,512,374</u>
Services:			
Audit	10,875		10,945
Legal	25,593		12,260
Contract Services	15,385		15,961
Other Professional Services	5,200		19,714
Administrative Advertising	190		(217)
Total Services	<u>80,480</u>	<u>57,243</u>	<u>23,237</u>
			<u>58,663</u>
Travel Guide:			
Travel Guide production and printing	59,225		87,418
Total Travel Guide	<u>115,000</u>	<u>59,225</u>	<u>55,775</u>
			<u>87,418</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, 2025

	2025		2024
	Budget	Actual	Variance Positive (Negative)
Other:			
Research	184,955		178,348
Advertising - printed	957,158		887,756
Advertising - production fee	267,454		138,278
Adversting - events	25,130		30,582
Advertising - electronic	2,844,374		2,661,148
Community relations	3,915		13,833
Legal notices	230		768
Brochures/production & printing	16,576		8,936
Promotional aids	7,101		4,861
Familiarization tours	50,287		68,535
Group sales	33,344		13,895
Event Grant program	482,633		324,440
Long-Range Tourism Plan	30,532		11,519
Tousim Summit	10,864		21,580
Postage	71,941		83,139
Travel	42,596		32,440
Vehicle maintenance	1,524		702
Registrations	39,068		21,933
Travel show exhibit	1,411		4,117
Dues and subscriptions	70,526		42,899
Insurance	16,949		25,542
Telephone	24,194		22,500
Expendable equipment	2,114		12,504
Technical support	4,058		1,436
Utilities	6,967		7,873
Cleaning/maintenance supplies	-		256
Building maintenance	24,043		19,840
Equipment service contracts	1,964		2,069
Equipment rental	26,192		29,059
Equipment repairs	-		1,061
Office supplies	9,636		10,107
Web Site/Internet	61,676		39,315
Bank service charges	1,662		1,685
Capital Outlay	23,211		49,431
Total Other	<u>6,835,740</u>	<u>5,344,285</u>	<u>1,491,455</u>
Total Promotional & General	<u>8,709,040</u>	<u>7,068,908</u>	<u>1,640,132</u>
			6,430,842

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, 2025

	2025		2024	
	Budget	Actual	Variance Positive (Negative)	Actual
Welcoming				
Aycock Brown Welcome Center				
Personnel:				
Salaries - part time		102,903		99,922
Payroll taxes		7,934		7,672
Employee insurance		4,176		3,828
Retirement		2,724		3,038
Workman's Compensation		180		185
Employee Relations		145		156
Training		-		60
Total Personnel	<u>137,230</u>	<u>118,062</u>	<u>19,168</u>	<u>114,861</u>
Services:				
Contracted Services		10,050		9,960
Total Services	<u>10,110</u>	<u>10,050</u>	<u>60</u>	<u>9,960</u>
Other:				
Uniforms		559		564
Travel		54		-
Insurance		3,890		3,685
Telephone		5,278		5,825
Utilities		5,313		5,028
Building maintenance		1,821		2,053
Office supplies		2,087		1,936
Capital Outlay		-		5,089
Total Other	<u>28,975</u>	<u>19,002</u>	<u>9,973</u>	<u>24,180</u>
Total Welcoming - Aycock Brown Center	<u>176,315</u>	<u>147,114</u>	<u>29,201</u>	<u>149,001</u>
 Roanoke Island Welcome Center				
Personnel:				
Salaries - part time		155,971		148,253
Payroll taxes		12,108		11,453
Worker's compensation		270		280
Employee relations		332		259
Training		-		92
Total	<u>197,470</u>	<u>168,681</u>	<u>28,789</u>	<u>160,337</u>
Services:				
Contracted services		2,750		1,600
Total services	<u>3,095</u>	<u>2,750</u>	<u>345</u>	<u>1,600</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, 2025

	2025		2024
	Budget	Actual	Variance Positive (Negative)
	Actual		
Other:			
Uniforms	508	787	
Travel	563	553	
Dues and subscriptions	153	128	
Insurance	8,270	7,375	
Telephone	6,775	5,221	
Expendable Equipment	473	-	
Utilities	652	685	
Cleaning/maintenance supplies	77	32	
Building maintenance	-	-	
Office supplies	1,721	1,376	
Capital Outlay	1,001	-	
Total	<u>26,940</u>	<u>20,193</u>	<u>6,747</u>
Total Welcoming - Roanoke Island	227,505	191,624	35,881
Total Welcoming	<u>403,820</u>	<u>338,738</u>	<u>65,082</u>
Total expenditures	<u>9,143,565</u>	<u>7,434,696</u>	<u>1,708,869</u>
Revenues over (under) expenditures	<u>(1,556,470)</u>	<u>2,363,751</u>	<u>3,920,221</u>
Other financing sources (uses):			
Transfers (to) from other funds:			
Event Site	(285,545)	(215,000)	70,545
Appropriated Fund Balance	<u>1,842,015</u>	<u>-</u>	<u>(1,842,015)</u>
Total	<u>1,556,470</u>	<u>(215,000)</u>	<u>(1,771,470)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$</u> <u>-</u>	<u>2,148,751</u>	<u>\$ 2,148,751</u>
Fund balances:			
Beginning of year, July 1	18,941,113	16,159,449	
End of year, June 30	<u>\$ 21,089,864</u>	<u>\$ 18,941,113</u>	

Dare County Tourism Board
Proprietary Fund
Major Event Site Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2025

	2025		Variance Positive (Negative)	2024
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Site rental income	\$ 26,350	\$ 36,865	\$ 10,515	\$ 30,390
Lease income	52,700	40,006	(12,694)	40,659
Other income	200	200	-	-
Unappropriated Funds	30,380	-	(30,380)	-
Interest income	500	25,890	25,390	17,589
Total	<u>110,130</u>	<u>102,961</u>	<u>(7,169)</u>	<u>88,638</u>
 Total revenues	 <u>110,130</u>	 <u>102,961</u>	 <u>(7,169)</u>	 <u>88,638</u>
 Expenditures:				
Event development & marketing	50,000	6,324	43,676	34,943
Other professional services	55,000	18,068	36,932	69,690
Insurance	9,725	9,725	-	5,752
Utilities	40,665	10,817	29,848	19,917
Repairs and maintenance	220,015	173,296	46,719	182,987
Office expenses	270	500	(230)	200
Unappropriated other expenses	20,000	17,805	2,195	15,755
Total	<u>395,675</u>	<u>236,535</u>	<u>159,140</u>	<u>329,244</u>
 Revenues over expenditures	 <u>(285,545)</u>	 <u>(133,574)</u>	 <u>151,971</u>	 <u>(240,606)</u>
 Other financing (uses):				
Transfers from General Fund	<u>285,545</u>	<u>215,000</u>	<u>(70,545)</u>	<u>287,295</u>
Total other financing (uses)	<u>285,545</u>	<u>215,000</u>	<u>(70,545)</u>	<u>287,295</u>
 Revenues over expenditures and other financing (uses)	 <u>\$ -</u>	 <u>81,426</u>	 <u>\$ 81,426</u>	 <u>46,689</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Depreciation		(15,616)		(13,431)
Change in net position		<u>\$ 65,810</u>		<u>\$ 33,258</u>



CARR, RIGGS & INGRAM, P.L.L.C.

Carr, Riggs & Ingram, P.L.L.C.
3105 Trent Road
New Bern, NC 28562

Mailing Address:
PO Box 1547
New Bern, NC 28563

252.633.5821
252.288.3123 (fax)
CRIadv.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund Dare County Tourism Board (the "Board"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, P.L.L.C." The signature is fluid and cursive, with a small vertical mark above the letter "i" in "Ingram".

CARR, RIGGS & INGRAM, P.L.L.C.

New Bern, North Carolina

November 11, 2025