

October 24, 2024

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

We have audited the financial statements of Dare County Tourism Board for the year ended June 30, 2024, and have issued our report thereon dated October 30, 2024. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Estimates

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

Corrected and Uncorrected Misstatement

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

Disagreements with the Management

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

Management Representations

We have requested certain representation from management that are included in the management representation letter dated October 24, 2024.

MEMBERS OF AICPA AND NCACPA

Budget and Finance Committee for the
Dare County Tourism Board
October 24, 2024
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Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

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

Very truly yours,

Johnson, Mizelle, Straub & Consolvo, LLP

Johnson, Mizelle, Straub, & Consolvo, LLP

October 24, 2024

To the Board of
Dare County Tourism Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dare County Tourism Board for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 20, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Dare County Tourism Board are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Dare County Tourism Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the pension accrual is based on an actuarial study. We evaluated the key factors and assumptions used to develop the accrual in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure relating to pensions in the financial statements involve estimates from a study performed by actuaries.

The financial statement disclosures are neutral, consistent, and clear.

MEMBERS OF AICPA AND NCACPA

To the Board of
Dare County Tourism Board
Page Two

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Managements' Discussion, Other Post Employment Benefit's Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and

To the Board of
Dare County Tourism Board
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Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statements themselves.

Restriction on Use

This information is intended solely for information and the use of the Board of Dare County Tourism Board and management of Dare County Tourism Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Johnson, Mizelle, Straub & Consolvo, LLP

Johnson, Mizelle, Straub, & Consolvo, LLP
Certified Public Accountants

DARE COUNTY TOURISM BOARD

FINANCIAL STATEMENTS

**For the fiscal year ended
June 30, 2024**

DARE COUNTY TOURISM BOARD OFFICERS

Monica Thibodeau, Chair

David Hines, Vice-Chair

Tonia Cohen, Secretary

Tod Clissold, Treasurer

Dennis Robinson, 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, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board, a component unit of Dare County, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Dare County Tourism Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board as of June 30, 2024, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Dare County Tourism 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.

Responsibility of Management's for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 raises substantial doubt about the Dare County Tourism Board's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

MEMBERS OF AICPA AND NCACPA

To the Board of Directors
Dare County Tourism Board

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 GAAS will always detect 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 GAAS, we

- Exercised professional judgement and maintained 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 Dare County Tourism 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 Dare County Tourism 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, and Other Post Employment Benefit's Schedule of Changes in the Total OPEB Liability and Related Ratios on page 49, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 47 and 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information

To the Board of Directors
Dare County Tourism Board

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Johnson, Mizelle, Straub & Consolvo, LLP

Kitty Hawk, North Carolina
October 24, 2024

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 \$46,707,182 (*net position*), which represents an increase of \$ 2,645,747 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 \$30,546,471 an increase of \$ 4,882,519 in comparison with the prior year. Of this amount \$15,744,194 (52%) is restricted. The restricted amount includes \$11,605,359 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 \$11,729,152 or 172.9 percent of total general fund expenditures for the fiscal year.

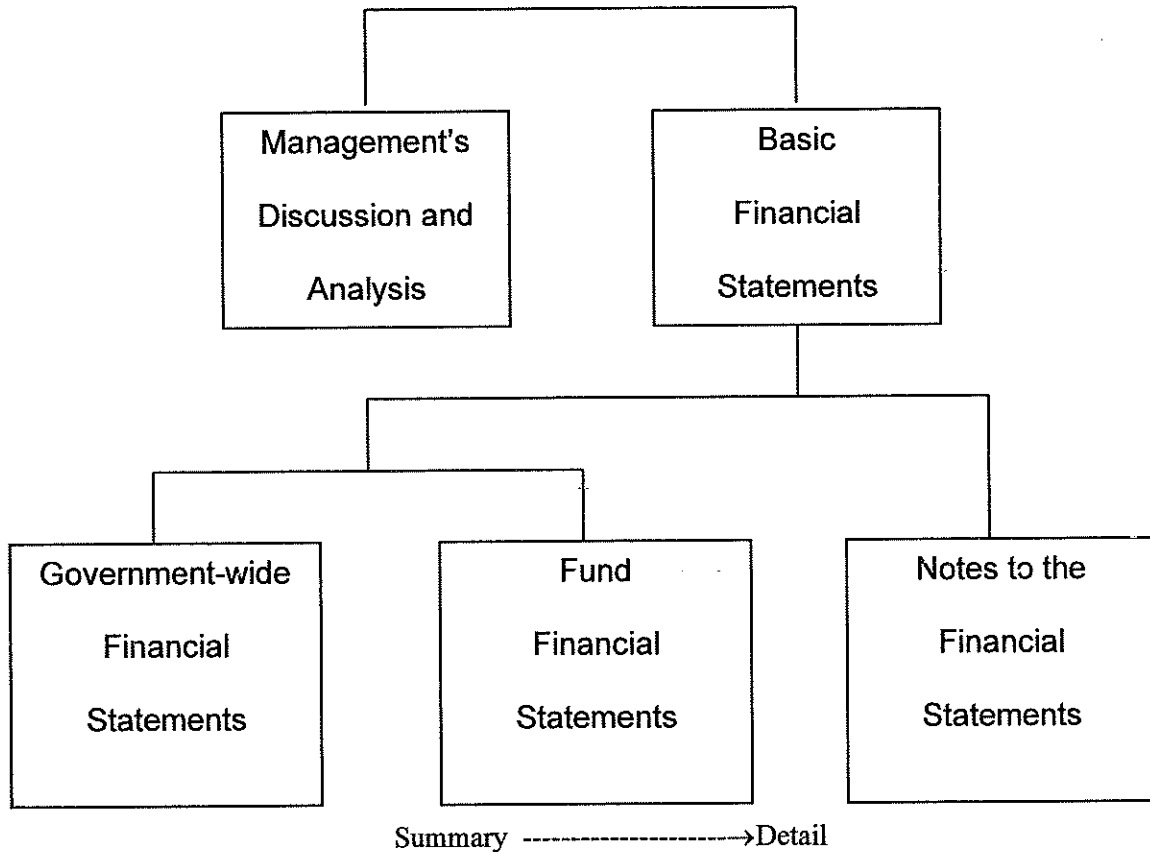
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, increased \$ 180,095 or 1.5% from the prior year for a total amount collected of \$11,900,291.

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 2) provide a more detailed look at the Board's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Dare County Tourism Board, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Board's budget ordinance. All of the funds of Dare County Tourism Board can be divided into two categories: governmental funds and proprietary funds.

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

The Dare County Tourism Board adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Board, the management of the Board, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Board to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Board complied with the budget ordinance and whether or not the Board succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis

of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows three columns: 1) the original budget as adopted by the board; 2) the actual resources, charges to appropriations, and ending balances in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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 43 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 44 of this report.

Government-Wide Financial Analysis

The Dare County Tourism Board's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 30,611,359	\$ 25,695,499	\$ 922,363	\$ 921,221	\$ 31,533,722	\$ 26,616,720
Capital assets	15,822,642	18,016,877	957,300	959,331	16,779,942	18,976,208
Deferred outflows of resources	524,801	498,490	-	-	524,801	498,490
Total assets and deferred outflows of resources	46,958,802	44,210,866	1,879,663	1,880,552	48,838,465	46,091,418
Current liabilities	64,888	31,548	5,641	5,640	70,529	37,188
Long-term liabilities	1,615,464	1,465,697	-	-	1,615,464	1,465,697
Deferred inflows of resources	115,053	162,713	330,237	364,385	445,290	527,098
Total liabilities and deferred inflows of resources	1,795,405	1,659,958	335,878	370,025	2,131,283	2,029,983
Net position:						
Net investment in capital assets	15,822,642	18,016,877	957,300	959,331	16,779,942	18,976,208
Restricted	15,744,194	13,098,443	-	-	15,744,194	13,098,443
Unrestricted	13,596,561	11,435,588	586,485	551,196	14,183,046	11,986,784
Total net position	\$ 45,163,397	\$ 42,550,908	\$ 1,543,785	\$ 1,510,527	\$ 46,707,182	\$ 44,061,435

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 \$46,707,182 as of June 30, 2024. Of the total net position, \$16,779,942, or 35.9%, 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, \$15,744,194, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,183,046 is unrestricted, an increase of \$ 2,196,262.

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

- Occupancy and prepared meals revenues increased, even over the previous record-breaking three years. In total they increased \$ 180,095, 1.5 percent.
- Interest rates remained high during the fiscal year resulting in a significant increase in investment income, up \$582,077 or 92 percent.
- An additional full-time position was created for community engagement and the budgeted amount for research in this area was not used this fiscal year.
- A conservative budget and well managed expenses that resulted in some savings in operation costs.
- An asset-(building) was revalued as worthless and was given to the Town of Nags Head for fire training.

Dare County Tourism Board Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	Total
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 204,167	\$ 217,693	\$ 71,049	\$ 66,495	\$ 275,216	\$ 284,188
General revenues:						
Occupancy taxes	8,162,692	8,041,417	-	-	8,162,692	8,041,417
Prepared food and beverage tax	3,737,599	3,678,779	-	-	3,737,599	3,678,779
Investment earnings	1,216,026	633,949	17,589	35,902	1,233,615	669,851
Total revenues	13,320,484	12,571,838	88,638	102,397	13,409,122	12,674,235
Expenses:						
Governing Body	26,543	26,941	-	-	26,543	26,941
Promotion and General	8,839,472	6,773,030	-	-	8,839,472	6,773,030
Welcoming Function	324,855	324,180	-	-	324,855	324,180
Event Site	-	-	342,675	307,215	342,675	307,215
Projects	1,229,830	422,910	-	-	1,229,830	422,910
Total expenses	10,420,700	7,547,061	342,675	307,215	10,763,375	7,854,276
Increase in net position before transfers	2,899,794	5,024,777	(254,037)	(204,818)	4,819,959	4,819,959
Fund transfers	(287,295)	(285,480)	287,295	285,480	-	-
Increase in net position	2,612,489	4,739,297	33,258	80,662	2,645,747	4,819,959
Net position, beginning	42,550,908	37,811,611	1,510,527	1,429,865	44,061,435	39,241,476
Net position, June 30	<u>\$45,163,397</u>	<u>\$42,550,908</u>	<u>\$ 1,543,785</u>	<u>\$ 1,510,527</u>	<u>\$46,707,182</u>	<u>\$44,061,435</u>

Governmental activities. Governmental activities increased the Board's net position by \$2,612,489, thereby accounting for 98.7 percent of the total growth of net position. Of this amount \$4,547,985 is reserved for encumbrances. Tax collections increased \$ 180,095 (1.5%) from the prior year. The increase was mostly due to high occupancy receipts as rental rates held the increases that occurred in prior years. Expenses were planned conservatively and well managed within the budget.

Business-type activities: Business-type activities increased the Board's net position by \$ 33,258. 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 \$49,265. The main increase in net position is due to postponing several large expenses since the site was largely unoccupied. 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 \$11,729,152, while total fund balance was \$18,941,112. 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 172.9 percent of general fund expenditures while total fund balance is 279.1 percent of the same amount.

At June 30, 2024, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$30,546,471, a 19 percent increase over last year. Meals and occupancy taxes set record highs for the fourth consecutive year since the Covid-19 pandemic. The taxes ended with a 1.5 percent increase over the prior year and expenditures were planned and managed within budget.

General Fund Budgetary Highlights: During the fiscal year, the Board revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources; and 3) increases in appropriations that become necessary to maintain services.

Several budget revisions were made during the year to reallocate line item expenses to better manage line items. There were two budget amendments to increase appropriations for additional engineering and legal fees as well as increase grant awards.

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 expenditures, though it shows signs of leveling off in the winter and spring. The summer months (approximately 71% of the Board's revenue) experienced growth of 4.67 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, no freight charges on the travel guide and postponed research and speaker fees related to the long-range management plan that was implemented.

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 \$ 586,485. The total increase in net position was \$ 33,258.

The Event Site Fund posted an increase of net position in the amount of \$ 33,258. 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, 2024, totals \$16,779,942 (net of accumulated depreciation). These assets include land, buildings and furniture and equipment.

Dare County Tourism Board Capital Assets

Figure 4
(net of depreciation)

	Governmental Activities	Business-type Activities
Land	\$12,261,689	\$649,422
Buildings	1,979,323	296,573
Event Site	1,450,858	-
Intangible Assets	12,727	-
Computer equipment	29,203	-
Furniture and Equipment	88,842	11,305
Total	\$15,822,642	\$957,300

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

Economic Factors and Next Year's Budget

After seeing a general cooling trend during the previous fiscal year, 2023-2024 started off with a bang, namely, record occupancy collections in July. Since July is typically the largest month of the year, the strong figures were welcomed news. August and September also produced gains over the prior year, perhaps aided in part by the Visitors Bureau's late summer incremental media buy of \$50,000 targeting close-proximity markets, but as the fiscal year wore on, the longer trend of softening business reemerged. Four of the first five months in the calendar year 2024 began with lower occupancy collections.

The Covid boom was over; the question was how far the numbers would fall before stabilizing and returning to what had been a hallmark of the tourism industry: consistency.

The drop in visitation did have some benefits, though, as it eased some of the burden on the tourism infrastructure and the community in general. The tightening of the short-term rental market led to anecdotal reports that some of the newer AirBnB listings west of the Bypass had transitioned back to long-term rentals, at least not exacerbating the local workforce housing strain. Workforce availability issues carried over from the previous year, but the operating adjustments that many businesses had made in response to the limited workforce previously seemed to be holding the line.

In many ways, fiscal year 2023-2024 felt like a return to more sustainable levels and, perhaps, the long-awaited "new normal."

Much of the "new" money that resulted from higher pricing following Covid stayed in the market even with the drops in visitation – occupancy collections for the full calendar year 2023, for instance, were nearly 60% higher than the pre-Covid year of 2019.

The increased revenues for businesses didn't necessarily mean higher profits, though, as the cost of doing business also grew considerably due to inflation. At the time of this writing, higher costs remain a drag on the economy and a concern for businesses and travelers alike. Recent prices, at least, appear to be heading in the right direction. As in the previous year, the one "plus" associated with inflation was the interest revenue generated by the higher inflation rates on Tourism Board investments.

Prepared meal collections fared somewhat better than occupancy collections. The meals side also showed decreasing revenue following the highs of the Covid boom, but the declines have been more gradual and seem to have leveled off faster than on the occupancy side.

Major Tourism Board and Visitors Bureau initiatives: the work to secure CAMA permitting for the Boardwalk at the event site and the early implementation of the Long-Range Tourism Management Plan (LRTMP) progressed throughout fiscal year 2023-2024.

CAMA issued a conditional permit approval at the end of the fiscal year. The permit limited the width of the Boardwalk in two areas, however. In response, the Tourism Board began the process of seeking variances with the Coastal Resources Commission to allow uniform, larger widths throughout. The variances were granted during the first part of the 2024-2025 fiscal year.

In terms of the LRTMP, the Tourism Board-appointed Special Committee and Visitor Bureau Community Engagement Manager established a strategy for breaking down the enormous task into more manageable pieces. One area of the LRTMP's recommendations -- elevating the visitor's awareness of, and engagement with, local non-profit organizations -- began during the

previous year but matured well throughout the 2023-2024 fiscal year. The Bureau and Outer Banks Community Foundation co-hosted knowledge series events, networking socials and expanded visitor “voluntourism” opportunities. Another important initiative within the LRTMP involved the development of a tourism pledge. “The Outer Banks Promise” was launched at the end of the fiscal year and is being presented throughout the community at meetings and events and promoted more broadly to visitors through advertising and an array of marketing tactics.

The Promise dovetails with the Bureau’s more general advertising efforts, which are aimed at creating better destination stewards. In fact, now, all of the Bureau’s marketing activities are working together seamlessly to provide visitors (and locals) with a greater appreciation of the Outer Banks’ special qualities and helping to manage the impacts of tourism more responsibly.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Developing a budget for the 2024-2025 fiscal year presented several challenges. Post-Covid monthly swings had become less dramatic, but still showed a continuing downward trend. Meanwhile, the boom in revenue experienced during Covid prompted the Tourism Board to take a less conservative approach to budgeting, that is, project more aggressive revenue increases with the intention of providing additional funds to grants, promotion and the previous salary study adjustments.

As such, budgeted revenues were increased 10% for fiscal year 2023-2024 before returning to a more typical 4% for the 2024-2025 fiscal year. The gap between actual and projected collections has indeed shrunk, which will likely have impacts for future budgets, as the difference between actual and projected represents a significant portion of the following year’s budget. Another possible drag on the numbers comes to us by way of the 2024 election and the uncertainty election years often carry with them.

In terms of expenses, one of the most significant areas of change for fiscal year 2024-2025 involves Tourism Board decisions related to the Event Site.

The conceptual plan for a Sports & Events Complex maintains formal and general support, but with no clear commitment from the County on upfront funding, the Tourism Board acted to pursue other development and ownership options in the near term.

As mentioned earlier, the Boardwalk project has received CAMA permitting and is currently anticipated to begin construction during the year. Bids have not yet been let, but the expense is expected to be significant and greatly impact the accrued funds within the Event Site line-item.

Around the time of the Boardwalk’s CAMA permitting, the County approached the Tourism Board with a new idea – to construct (10) pickleball courts on a portion of the site. The courts are being designed to accommodate tournaments and serve as a potential draw for overnight visitation during less than peak months. The courts are also intended to address some of the existing resident demand for pickleball. The County and Tourism Board expect to split the construction expense in some way and the County has agreed to handle responsibilities relating to construction, management and maintenance. Costs and a final agreement with the County have yet to be secured.

A third initiative impacting the Event Site line-item is the Tourism Board's decision to purchase the Town of Nags Head's ownership interests in the original Event Site. The agreement states a time-period of 11 years with a rather large payment occurring within the 2024-2025 fiscal year.

In terms of marketing the destination, overall spending has increased modestly mostly due to media inflation. Strategically, the Bureau continues to emphasize messaging and media encouraging a deeper understanding and appreciation of the Outer Banks, ultimately helping our visitors to become better stewards of the islands.

The Raw OBX connected TV buys continue, telling the story of the Outer Banks through the eyes of enthusiast audiences, such as, birders, kiteboarders, surfers and fishermen. Social media continues to highlight responsible visitation in a variety of ways. The Bureau has scaled back its investment in TikTok videos, though, as the strategy has shifted from audience growth to audience management. These videos are multi-purposed through other social channels as well.

Public relations is carrying the message of responsible tourism forward, too, appearing monthly on the Hampton Roads show with local travel partners, pitching and developing responsible tourism stories with travel writers, and working with a video production company to create a series of videos highlighting local non-profit organizations and voluntourism opportunities.

The biggest shift in marketing is the development of a long-form video series to appear on YouTube. The series will initially consist of 6 episodes, each focusing on a different unique aspect of Outer Banks culture. Each episode will be about 6-8 minutes in length, centering around interviews with Outer Banks locals. The "Outer Edge" video series is expected to debut in January of 2025. The Bureau is in the early stages of planning a couple of watch party premier events to introduce the series to local residents before the videos are shared more broadly.

The Outer Edge videos will be promoted extensively through social and digital media. As compelling and impactful as we expect the series to be with potential visitors, our hope is that these videos will serve as a point of pride among locals and help to shrink the gap between visitors and residents. The series is an intimate celebration of the place we all love, in other words, a common touchstone for visitors and locals alike.

Another area of concentration is the Bureau's main promotional outlet: the outerbanks.org website. Following a website audit and useability study last year, the Bureau is now developing an extensive mix of website enhancements and updates. The Visitors Bureau has evaluated and is now implementing an AI assistant on the site through a relationship with a new company called MindTrip. The Bureau is also integrating a booking engine on the site for the first time ever. Taken together, the updates represent perhaps the most ambitious program of work and forward-leaning approach to the website since its creation.

The significant events and milestones of the new fiscal year – Chicamacomico's 150th, Dare Arts' 50th and Jockey's Ridge's 50th – remind us of the enduring spirit of the Outer Banks and the passion that people have for this place. The actions of the Tourism Board and Visitors Bureau over the last couple of years have begun to change the culture of tourism on the Outer Banks, moving away from solely being about demand generation and toward a more holistic view, where tourism occurs in harmony with the community. This is most certainly a long-term effort, but early feedback and progress has been very positive.

Requests for Information

This report is designed to provide an overview of the Board's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Dare County Tourism Board, One Visitors Center Circle, Manteo, NC 27954-9707. You may also call (252)-473-2138, visit our website at www.outerbanks.org or send an email to Bognich@outerbanks.org for more information.

Dare County Tourism Board
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 17,255,884	\$ 549,039	\$ 17,804,923
Miscellaneous accounts receivable	6,240	-	6,240
Lease receivable	-	22,486	22,486
Due from other governmental units	2,191,196	-	2,191,196
Accrued interest receivable	143,774	1,703	145,477
Inventories	4,061	-	4,061
Restricted cash and cash equivalents	11,010,204	-	11,010,204
Total current assets	<u>30,611,359</u>	<u>573,228</u>	<u>31,184,587</u>
Non-current assets:			
Lease receivable	-	349,135	349,135
Capital assets (Note 1):			
Land	12,261,689	649,422	12,911,111
Event Site, net of depreciation	1,450,858	-	1,450,858
Other capital assets, net of depreciation	2,110,095	307,878	2,417,973
Total capital assets	<u>15,822,642</u>	<u>957,300</u>	<u>16,779,942</u>
Total assets	<u>46,434,001</u>	<u>1,879,663</u>	<u>48,313,664</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	439,224	-	439,224
Other post employment benefits deferrals	85,577	-	85,577
Total deferred outflows of resources	<u>524,801</u>	<u>-</u>	<u>524,801</u>
LIABILITIES			
Current liabilities:			
Accounts payable	64,888	91	64,979
Unearned revenue	-	5,550	5,550
Total current liabilities	<u>64,888</u>	<u>5,641</u>	<u>70,529</u>
Long-term liabilities:			
Accrued vacation and comp	101,240	-	101,240
Net pension liability	686,674	-	686,674
Other postemployment benefits	827,550	-	827,550
Total long-term liabilities	<u>1,615,464</u>	<u>-</u>	<u>1,615,464</u>
Total liabilities	<u>1,680,352</u>	<u>5,641</u>	<u>1,685,993</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	-	330,237	330,237
Pension deferrals	11,227	-	11,227
Other post employment benefits deferrals	103,826	-	103,826
Total deferred inflows of resources	<u>115,053</u>	<u>330,237</u>	<u>445,290</u>
NET POSITION			
Net investment in capital assets	15,822,642	957,300	16,779,942
Restricted for:			
Stabilization by State Statute	15,744,194	-	15,744,194
Unrestricted	13,596,561	586,485	14,183,046
Total net position	<u>\$ 45,163,397</u>	<u>\$ 1,543,785</u>	<u>\$ 46,707,182</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, 2024

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Primary Government	Total
Primary government:				
Governmental Activities:				
Governing Body	\$ 26,543	\$ -	\$ (26,543)	\$ (26,543)
Promotion and General	8,839,472	204,167	(8,635,305)	(8,635,305)
Welcoming Function	324,855	-	(324,855)	(324,855)
Projects	1,229,830	-	(1,229,830)	(1,229,830)
Total governmental activities (See Note 1)	10,420,700	204,167	(10,216,533)	(10,216,533)
Business-type activities:				
Event Site	342,675	71,049	-	(271,626)
Total business-type activities	342,675	71,049	-	(271,626)
Total primary government	\$ 10,763,375	\$ 275,216	(10,216,533)	(10,488,159)
Component units:				
General revenues:				
Taxes:				
Other taxes			11,900,291	11,900,291
Transfers			(287,295)	-
Investment earnings			1,216,026	1,233,615
Total general revenues, special items			12,829,022	13,133,906
Change in net position			2,612,489	2,645,747
Net position, beginning			42,550,908	44,061,435
Net position-ending			\$ 45,163,397	\$ 46,707,182

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

Dare County Tourism Board
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and cash equivalents	\$ 17,255,884	-	\$ 17,255,884
Restricted cash and cash equivalents		\$ 11,010,204	11,010,204
Miscellaneous accounts receivable	6,240	-	6,240
Due from other governmental units	1,643,397	547,799	2,191,196
Accrued interest receivable	96,418	47,356	143,774
Inventory	4,061	-	4,061
Total assets	\$ 19,006,000	\$ 11,605,359	\$ 30,611,359
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 64,888	\$ -	\$ 64,888
Total liabilities	64,888	-	64,888
FUND BALANCES			
Non Spendable			
Inventories	4,061	-	4,061
Restricted			
Stabilization by State Statute	4,138,835	11,605,359	15,744,194
Assigned			
Designated for subsequent year's expenditures	3,069,064	-	3,069,064
Unassigned	11,729,152	-	11,729,152
Total fund balances	\$ 18,941,112	\$ 11,605,359	30,546,471

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.	\$ 15,822,642
Deferred outflows of resources related to pensions are not reported in the funds	439,224
Deferred outflows of resources related to OPEB are not reported in the funds	85,577
Pension deferrals reported as deferred inflows of resources are not reported in the funds	(11,227)
OPEB deferrals reported as deferred inflows of resources are not reported in the funds	(103,826)
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds:	
Accrued liabilities	(101,240)
Net pension	(686,674)
Net OPEB liability	(827,550)
Net position of governmental activities	\$ 45,163,397

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

Dare County Tourism Board
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
REVENUES			
Tax Revenues			
Occupancy	\$ 6,122,019	\$ 2,040,673	\$ 8,162,692
Prepared Food and Beverage	2,803,199	934,400	3,737,599
Website advertising	152,371	-	152,371
Ad sales - Travel Guide	51,500	-	51,500
Sale of merchandise	-	-	-
Other Revenues	296	-	296
Investment income	724,054	491,972	1,216,026
Total revenues	<u>9,853,439</u>	<u>3,467,045</u>	<u>13,320,484</u>
EXPENDITURES			
Current:			
Governing Body	26,543	-	26,543
Promotion and General	6,381,411	3,625	6,385,036
Welcoming Function	322,006	-	322,006
Projects	-	1,229,830	1,229,830
Capital outlay	54,520	132,735	187,255
Total expenditures	<u>6,784,480</u>	<u>1,366,190</u>	<u>8,150,670</u>
Excess (deficiency) of revenues over expenditures	<u>3,068,959</u>	<u>2,100,855</u>	<u>5,169,814</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(287,295)	-	(287,295)
Total other financing sources (uses)	<u>(287,295)</u>	<u>-</u>	<u>(287,295)</u>
Net change in fund balance	2,781,664	2,100,855	4,882,519
Fund balances-beginning	16,159,448	9,504,504	25,663,952
Fund balances-ending	<u>\$ 18,941,112</u>	<u>\$ 11,605,359</u>	<u>\$ 30,546,471</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, 2024**

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

Net changes in fund balances - total governmental funds		\$ 4,882,519
<p>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:</p>		
Capital outlay expenditures that were capitalized	187,255	
Depreciation expense for government assets	(347,917)	
Asset impairment loss	<u>(2,033,573)</u>	(2,194,235)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		136,236
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		23,480
<p>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.</p>		
Pension expense	(182,623)	
OPEB plan expense	(47,703)	
Compensated absences	<u>(5,185)</u>	(235,511)
Total changes in net position of governmental activities		<u>\$ 2,612,489</u>

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

Dare County Tourism Board
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	General Fund			Special Revenue Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	Original	Final	Actual Amounts	
Revenues:							
Occupancy tax	\$ 4,655,607	\$ 4,706,607	\$ 6,122,019	\$ 1,551,869	\$ 1,568,869	\$ 2,040,673	\$ 471,804
Prepared Food and Beverage	2,043,352	2,083,732	2,803,199	681,118	694,578	934,400	239,822
Website advertising revenue	125,000	125,000	152,371	-	-	-	-
Ad Sales - Travel Guide	35,000	35,000	51,500	-	-	-	-
Merchandise sales	-	-	-	-	-	-	-
Other	1,000	1,000	296	-	-	-	-
Investment earnings	191,050	191,050	724,054	125,000	125,000	491,972	366,972
Total revenues	7,051,009	7,142,389	9,853,439	2,357,987	2,388,447	3,467,045	1,078,598
Expenditures:							
Current:							
Governing Body	30,565	30,565	26,543	-	-	-	-
Promotional and General	8,269,825	8,361,025	6,430,842	3,625	3,625	3,625	-
Welcoming	389,240	389,420	327,095	-	-	-	-
Projects	-	-	-	11,089,818	11,120,278	1,362,565	9,757,713
Total expenditures	8,689,630	8,781,010	6,784,480	11,093,443	11,123,903	1,366,190	9,757,713
Revenues over (under) expenditures	(1,638,621)	(1,638,621)	3,068,959	(8,735,456)	(8,735,456)	2,100,855	10,836,311
Other financing sources (uses):							
Transfers to other funds	(286,545)	(286,545)	(287,295)	-	-	-	-
Appropriated Fund Balance	1,925,166	1,925,166	-	8,735,456	8,735,456	-	(8,735,456)
Total other financing sources (uses)	1,638,621	1,638,621	(287,295)	8,735,456	8,735,456	-	(8,735,456)
Revenues and other sources over (under) expenditures and other uses	-	-	2,781,664	-	-	2,100,855	2,100,855
Fund balances, beginning of year	-	-	16,159,448	-	-	9,504,504	-
Fund balances, end of year	\$ -	\$ -	\$ 18,941,112	\$ -	\$ -	\$ 11,605,359	\$ -

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

**Dare County Tourism Board
Statement of Net Position
Proprietary Funds
June 30, 2024**

	Major Event Site	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 549,039	\$ 549,039
Lease receivable	22,486	22,486
Accrued interest receivable	1,703	1,703
Total current assets	<u>573,228</u>	<u>573,228</u>
Non-current assets:		
Lease receivable, non-current	349,135	349,135
Capital Assets:		
Land and land improvements	649,422	649,422
Other capital assets, net of depreciation	307,878	307,878
Total capital assets	<u>957,300</u>	<u>957,300</u>
Total non current assets	<u>1,306,435</u>	<u>1,306,435</u>
Total assets	<u>\$ 1,879,663</u>	<u>\$ 1,879,663</u>
LIABILITIES		
Current liabilities:		
Site Damage Deposits	\$ 5,550	\$ 5,550
Accounts payable	91	91
Total current liabilities	<u>5,641</u>	<u>5,641</u>
Total liabilities	<u>5,641</u>	<u>5,641</u>
DEFERRED INFLOW		
Leases	330,237	330,237
NET POSITION		
Invested in capital assets, net of related debt	957,300	957,300
Unrestricted	586,485	586,485
Total net position	<u>1,543,785</u>	<u>1,543,785</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,879,663</u>	<u>\$ 1,879,663</u>

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

Dare County Tourism Board
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Major Event Site	Total
OPERATING REVENUES		
Site rental income	\$ 30,390	\$ 30,390
Lease income - GASB 87	34,148	34,148
Lease income - variable	6,511	6,511
Other operating revenues	-	-
Total operating revenues	<u>71,049</u>	<u>71,049</u>
OPERATING EXPENSES		
Event development & marketing	34,943	34,943
Other professional fees	69,690	69,690
Insurance	5,752	5,752
Utilities	19,917	19,917
Repairs and maintenance	182,987	182,987
Office expenses	200	200
Depreciation	13,431	13,431
Other operating expenses	15,755	15,755
Total operating expenses	<u>342,675</u>	<u>342,675</u>
Operating income (loss)	<u>(271,626)</u>	<u>(271,626)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,476	1,476
Interest revenue - GASB 87	16,113	16,113
Total nonoperating revenue (expenses)	<u>17,589</u>	<u>17,589</u>
Income (loss) before contributions and transfers	<u>(254,037)</u>	<u>(254,037)</u>
Transfer from General Fund	<u>287,295</u>	<u>287,295</u>
Change in net position	33,258	33,258
Beginning net position	<u>1,510,527</u>	<u>1,510,527</u>
Total net position - ending	<u>\$ 1,543,785</u>	<u>\$ 1,543,785</u>

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

**Dare County Tourism Board
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024**

	Major Event Site	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 58,382	\$ 58,382
Cash paid for goods and services	(340,643)	(340,643)
Net cash provided (used) by operating activities	<u>(282,261)</u>	<u>(282,261)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from General Fund	287,295	287,295
Net cash provided (used) by noncapital financing activities	<u>287,295</u>	<u>287,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	22,749	22,749
Net increase (decrease) in cash and cash equivalents	27,783	27,783
Balances-beginning of the year	521,256	521,256
Balances-end of the year	<u>\$ 549,039</u>	<u>\$ 549,039</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (271,626)	\$ (271,626)
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	13,431	13,431
Changes in assets, deferred inflows of resources and liabilities:		
(Increase) decrease in lease receivable	21,481	21,481
(Increase) decrease in fixed assets	(11,400)	(11,400)
Increase (decrease) in accounts payable	1	1
Increase (decrease) in deferred inflows	(34,148)	(34,148)
Total adjustments	<u>(10,635)</u>	<u>(10,635)</u>
Net cash provided by operating activities	<u>\$ (282,261)</u>	<u>\$ (282,261)</u>

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Organization of the Dare County Tourism Board

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

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

The thirteen member Tourism Board is appointed to two-year terms by the Dare County Board of Commissioners. These members are selected from nominees of various tourist-related organizations including the Outer Banks Chamber of Commerce, the Dare County Restaurant Association, the Dare County Hotel/Motel Association and the Dare County Board of Realtors and municipalities including Duck, Southern Shores, Kitty Hawk, Kill Devil Hills, Nags Head and Manteo from their respective governing boards, plus one Dare County Commissioner, and two members "at-large" from Dare County. The Tourism Board designates its own management. The Board's most significant funding is a one percent occupancy tax and a one percent prepared food and beverage tax levied by Dare County. The County is not responsible for the debts or entitled to the surpluses of the Board. The Board has the power to approve its own budget and maintains its own accounting system.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the Tourism Board. Governmental activities generally are financed through taxes and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2024

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include 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, 2024, 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.

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

The Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) Government Portfolio, a SEC-registered (2a-7) money market mutual fund is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. 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 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.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2024

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 2024 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. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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.

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.

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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:

- 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.

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

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 (LERS) and additions to/deductions from LERS' fiduciary net position have been determined on the same basis as they are reported by LERS. 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 LERS. Investments are reported at fair value.

11. Recent Accounting Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62

In June 2022, the GASB issued GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This

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Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Organization has implemented the requirements of the new standard for the year ended June 30, 2024.

GASB Statement No. 101, Compensated Absences

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 Organization is currently reviewing this statement to determine the effect on the financial statements.

GASB Statement No. 102, Certain Risk Disclosures

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 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 Organization is currently reviewing this statement to determine the effect on the financial statements.

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GASB Statement No. 103, Financial Reporting Model Improvements.

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.

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

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 Organization 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 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, 2024, the Board's deposits had a carrying amount of \$18,703,677 and a bank balance of \$18,877,752. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$17,627,752 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2024, 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

Governmental Activities	
Special Revenue Fund:	\$11,010,204

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3. Investments

At June 30, 2024, the Dare County Tourism Board had \$10,111,249 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, 2024 occupancy tax receipts in the amount of \$1,633,431 and the meals tax receipts of \$ 557,765 for a total receivable of \$2,191,196.

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.

In fiscal year 2024, the Board recognized \$34,148 of lease revenue and \$16,113 of interest revenue under the lease. In addition, the Board recognized \$ 6,511 in variable lease payments of common area management.

6. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2024, was as follows:

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2024

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 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, 2024, was 12.88% 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 \$136,236 for the year ended June 30, 2024.

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

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

At June 30, 2024, the Board reported a liability of \$686,674 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2023, the Board's proportion was 0.00963%, which was an decrease of .00063% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Board recognized pension expense of \$182,624. At June 30, 2024, 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	\$ 71,078	\$ 1,530
Changes of assumptions	27,106	-
Net difference between projected and actual earnings on pension plan investments	170,722	-
Change in proportion and differences between Board contributions and proportionate share of contributions	34,082	9,697
Board contributions subsequent to the measurement date	136,236	-
Total	\$ 439,224	\$ 11,227

\$ 136,236 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2025		\$ 100,451
2026		59,968
2027		124,123
2028		7,219
2029		-
Thereafter		-
Total		\$ 291,761

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2024

Actuarial Assumptions. The total pension liability in the December 31, 2022 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, 2022 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

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

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$1,105,084	\$ 686,674	\$ 253,215

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.

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:

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

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 \$ 827,550 was measured as of June 30, 2023 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	3.54 percent
Discount rate, at measurement date	3.65 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.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	\$ 790,831
Changes for the year	
Service cost	25,349
Interest	28,526
Changes of benefit terms	-
Differences between expected and actual experience	(1,929)
Changes in assumptions or other inputs	5,653
Benefit payments	<u>(20,880)</u>
Net changes	\$ 36,719
Balance at 6/30/2023	<u>\$ 827,550</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.

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (2.65%)	Current Discount Rate (3.64%)	1% Increase (4.65%)
Total OPEB Liability	\$ 922,220	\$ 827,550	\$ 746,115

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	\$ 788,190	\$ 827,550	\$ 871,674

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

For the year ended June 30, 2024, the Board recognized OPEB expense of \$47,703. At June 30, 2024, 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	\$ 6,459	\$ 8,679
Changes of assumptions	55,638	95,147
Benefit payments and service costs made subsequent to the measurement date	23,480	
Total	\$ 85,577	\$ 103,826

\$ 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

Measurement Period Ended June 30:		
2025	\$	(2,246)
2026		(3,676)
2027		(17,074)
2028		(19,092)
2029		359
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 \$ 315 for the fiscal year ended June 30, 2024. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

3. Deferred Outflows and Inflows of Resources

The Board has the following deferred outflows of resources:

Contributions to pension plan in current fiscal year	\$ 136,236
Benefit payments and administrative costs for OPEB made subsequent to the measurement date	23,480
Differences between expected and actual experience:	
Pension plan	71,078
OPEB benefits	6,459
Changes of assumptions:	
Pension plan	27,106
OPEB benefits	55,638
Changes in proportion and differences between employer Contributions and proportionate share of contributions	34,082
Net difference between projected and actual on pension plan investments	<u>170,722</u>
Total	\$ 524,801

The Board has the following deferred inflows of resources

Differences between expected and actual experience -	
Pension plan	\$ 1,530
OPEB benefits	8,679
Changes of assumptions – OPEB benefits	95,147
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>9,697</u>
Total	\$ 115,053

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

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 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, 2024:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 96,055	\$ 5,185	\$ -	\$ 101,240	\$ -
Net pension liability	578,811	107,863	-	686,674	-
Other postemployment benefits	<u>790,831</u>	<u>59,528</u>	<u>22,809</u>	<u>827,550</u>	-
Total long-term liabilities	<u>\$ 1,465,697</u>	<u>\$ 172,576</u>	<u>\$ 22,809</u>	<u>\$ 1,615,464</u>	<u>\$ -</u>

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2024, consist of the following:

From the General Fund to the Event Site Operating Fund: \$287,295

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

During the 2024 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	\$15,822,642	\$ 957,300
Less: Long-term Debt	0	0
Net Investment in Capital Assets	\$15,822,642	\$ 957,300

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	\$18,941,112
Less:	
Inventories	4,061
Stabilization by State Statute	4,138,835
Appropriated Fund Balance in 2024/2025 budget	3,069,064
Working Capital / Fund Balance Policy	5,639,646
Remaining Fund Balance	\$ 6,089,506

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.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Special Revenue Fund</i>
	\$ 2,392,780	\$ 2,155,205

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. Two grants are encumbered in this line item totaling \$ 275,000.

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

Activity for future capital projects was as follows during the year ended June 30, 2024:

<u>Project</u>	<u>Balance July 1, 2023</u>	<u>Current Year Additions</u>	<u>Current Year Expenses/Transfers/ Adjustments</u>	<u>Balance June 30, 2024</u>
Multi-purpose Facility	\$ 5,631,087	\$ 1,384,413	\$ (9,296)	\$ 7,006,204
Infrastructure	442,795	-	(123,564)	319,231
L-T Unappropriated	550,560	200,000	(250,000)	500,560
Total	\$ 6,624,442	\$ 1,584,413	\$ (382,860)	\$ 7,825,995

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 amount of \$ 85,550. The project has been delayed, though permits are expected to be issued in August 2024. \$31,091 is outstanding at June 30, 2024.

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 is from January 1, 2022 to December 31, 2024. Payments in the amount of \$ 9,325 are made quarterly.

On April 12, 2024, 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, 2024 to June 30, 2025.

On May 30, 2024, the Board entered into an agreement with Ignite Social Media for social media and management expenses totaling \$467,090 to be paid over twelve months. An additional agreement with Ignite was signed June 20, 2024, for video production of a YouTube series in the amount of \$41,280. Both contracts begin July 1, 2024 and ends June 30, 2025.

On June 4, 2025, the Board entered into a lease agreement with Toshiba Business Solutions for a copier. The lease term is 60 months beginning July 2, 2024 and ends July 1, 2029. Monthly payments are \$149.

On June 22, 2024, the Board entered into marketing authorizations with Hoffman York in the amount of \$1,376,399 for fall digital, tv and traditional media.

On June 24, 2024, the Board entered into a contract with Hubspot for email subscriptions in the amount of \$38,011. The commitment is for 12 months beginning July 17, 2024-June 16, 2025.

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.

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2024

On April 1, 2015, the parties entered into a new memorandum of understanding which designated the site as the Outer Banks Event Site for a period of approximately ten years which began in late 2012. The parties agree that the Dare County Tourism Board shall make all decisions relating to the Site's management and will be responsible for collecting rental proceeds from users of the property and for paying expenses related to the property. The Board accounts for these monies in an Enterprise Fund. The parties agreed that any transfer of their interests in the property can only be made to the other party based on a value determined in accordance with the memorandum of agreement.

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

NOTE 5. SUMMARY OF EFFECTS OF SUBSEQUENT EVENTS

The Board contracts on a yearly renewal basis with Hoffinan York to provide marketing services for a monthly retainer of \$27,000, plus advertising fees. Advertising of \$1,520,549 has been authorized for the Fall 2024 campaign.

The Board contracts on a yearly renewal basis with Boone Oakley to provide brand marketing for a monthly retainer of \$14,400, plus production fees. An additional one-year agreement in the amount of \$250,068 was authorized for production of the YouTube video series.

On July 14, 2023, the Board entered into a production contract with Swiftcurrent to produce and deliver social media ready videos for TikTok. The contract is paid monthly in the amount of \$ 14,578. The term of the contract is July 20, 2023 to June 24, 2024, but was extended for fiscal year 2024-2025.

On July 8, 2024, the Board entered into a co-op marketing agreement with Martin Armes Communication in the amount of \$14,500. An additional agreement was signed in the amount of \$35,000 for public relations assistance to be paid quarterly from July 1, 2024 to June 30, 2025.

On September 25, 2024, the Board entered into a lease agreement with Pitney Bowes for a new postage machine. The lease is for 48 months with a monthly payment of \$1,662.

Management has evaluated subsequent events through October 24, 2024, 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 *

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Board's proportion of the net pension liability (asset) (%)	0.00963%	0.01026%	0.00991%	0.01133%	0.01198%	0.01280%	0.01297%	0.01341%	0.01436%	0.01442%
Board's proportion of the net pension liability (asset) (\$)	\$ 686,674	\$ 578,811	\$ 151,979	\$ 404,869	\$ 327,164	\$ 303,660	\$ 198,146	\$ 284,604	\$ 64,447	\$ (85,041)
Board's covered-employee payroll	\$ 1,051,180	\$ 764,723	\$ 750,345	\$ 794,753	\$ 772,494	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571	\$ 700,595
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.32%	75.69%	20.25%	50.94%	42.35%	39.41%	25.71%	38.49%	8.94%	(12.14%)
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

* 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 136,236	\$ 112,912	\$ 87,104	\$ 75,027	\$ 71,330	\$ 60,219	\$ 58,092	\$ 56,368	\$ 49,687	\$ 50,945
Contributions in relation to the contractually required contribution	136,236	112,912	87,104	75,027	71,330	60,219	58,092	56,368	49,687	50,945
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered-employee payroll	12.96%	12.29%	11.39%	10.00%	8.98%	7.80%	7.54%	7.31%	6.72%	7.07%

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

	<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	25,349	33,316	\$ 38,868	\$ 28,464	\$ 31,129	\$ 32,058	\$ 34,484
Interest	28,526	19,735	19,909	25,878	24,066	21,657	18,582
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,929)	(2,348)	(6,570)	(5,267)	29,054	(2,727)	(6,341)
Changes of assumptions	5,653	(129,722)	(13,365)	120,426	24,722	(23,949)	(41,273)
Benefit payments	(20,880)	(20,868)	(20,112)	(16,704)	(16,704)	(16,788)	(12,178)
Net change in total OPEB liability	\$ 36,719	\$ (99,887)	\$ 18,730	\$ 152,797	\$ 92,267	\$ 10,251	\$ (6,726)
Total OPEB liability - beginning	790,831	890,718	871,988	719,191	626,924	616,673	623,399
Total OPEB liability - ending	\$ 827,550	\$ 790,831	\$ 890,718	\$ 871,988	\$ 719,191	\$ 626,924	\$ 616,673
Covered payroll	1,009,835	879,641	737,855	735,828	782,255	767,797	739,549
Total OPEB liability as a percentage of covered payroll	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>
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, 2024**

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Revenues:				
Tax Revenues:				
Occupancy	\$ 4,706,607	\$ 6,122,019	\$ 1,415,412	\$ 6,031,063
Prepared Food and Beverage	2,083,732	2,803,199	719,467	2,759,084
Total	<u>6,790,339</u>	<u>8,925,218</u>	<u>2,134,879</u>	<u>8,790,147</u>
Other Revenues:				
Sale of Advertising - Travel Guide	35,000	51,500	16,500	46,000
Website Advertising	125,000	152,371	27,371	145,835
Other	1,000	296	(704)	25,858
Total	<u>161,000</u>	<u>204,167</u>	<u>43,167</u>	<u>217,693</u>
Investment earnings	<u>191,050</u>	<u>724,054</u>	<u>533,004</u>	<u>380,849</u>
Total revenues	<u>7,142,389</u>	<u>9,853,439</u>	<u>2,711,050</u>	<u>9,388,689</u>
Expenditures:				
Governing Body:				
Director compensation		17,100		17,100
Payroll taxes		1,308		1,308
Professional services		-		1,000
Travel		4,817		4,407
Director & Officers' Insurance		2,985		2,805
Miscellaneous items		333		321
Total	<u>30,565</u>	<u>26,543</u>	<u>4,022</u>	<u>26,941</u>
Promotional and General Personnel:				
Salaries - full time		1,018,226		861,906
Salaries - part time		95,699		99,822
Payroll taxes		83,178		70,291
Employee insurance		163,445		143,972
Retirement		133,198		110,533
401(k) match		8,183		7,700
Workman's compensation		1,912		1,587
Employee relations		1,901		930
Training		6,632		4,711
Total Personnel	<u>1,580,755</u>	<u>1,512,374</u>	<u>68,381</u>	<u>1,301,452</u>
Services:				
Audit		10,945		10,315
Legal		12,260		9,097
Contract Services		15,961		15,504
Other Professional Services		19,714		10,530
Administrative Advertising		(217)		2,317
Total Services	<u>90,275</u>	<u>58,663</u>	<u>31,612</u>	<u>47,763</u>
Travel Guide:				
Travel Guide production and printing		87,418		106,000
Total Travel Guide	<u>112,000</u>	<u>87,418</u>	<u>24,582</u>	<u>106,000</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, 2024**

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Other:				
Research		178,348		281,520
Advertising - printed		887,756		1,079,859
Advertising - production fee		138,278		160,527
Advertising - events		30,582		34,630
Advertising - electronic		2,661,148		2,400,119
Community relations		13,833		23,662
Legal notices		768		269
Brochures/production & printing		8,936		15,664
Promotional aids		4,861		758
Familiarization tours		68,535		51,731
Group sales		13,895		9,645
Event Grant program		324,440		351,584
Long-Range Tourism Plan		11,519		-
Tousim Summit		21,580		16,732
Postage		83,139		79,777
Travel		32,440		36,463
Vehicle maintenance		702		2,052
Registrations		21,933		22,834
Travel show exhibit		4,117		710
Dues and subscriptions		42,899		42,479
Insurance		25,542		21,735
Telephone		22,500		24,653
Expendable equipment		12,504		165
Technical support		1,436		2,563
Utilities		7,873		6,328
Cleaning/maintenance supplies		256		148
Building maintenance		19,840		9,587
Equipment service contracts		2,069		1,757
Equipment rental		29,059		28,721
Equipment repairs		1,061		761
Office supplies		10,107		10,094
Web Site/Internet		39,315		43,106
Bank service charges		1,685		1,404
Capital Outlay		49,431		34,412
Total Other	6,577,995	4,772,387	1,805,608	4,796,449
 Total Promotional & General	 8,361,025	 6,430,842	 1,930,183	 6,251,664

**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, 2024**

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Welcoming				
Aycock Brown Welcome Center				
Personnel:				
Salaries - part time		99,922		89,029
Payroll taxes		7,672		7,091
Employee insurance		3,828		4,176
Retirement		3,038		2,379
Workman's Compensation		185		150
Employee Relations		156		81
Training		60		500
Total Personnel	130,195	114,861	15,334	103,406
Services:				
Contracted Services		9,960		9,130
Total Services	9,960	9,960	-	9,130
Other:				
Uniforms		564		622
Travel		-		70
Dues and subscriptions		-		40
Insurance		3,685		3,185
Telephone		5,825		8,467
Utilities		5,028		4,448
Building maintenance		2,053		15,863
Equipment repairs		-		2,231
Office supplies		1,936		2,168
Capital Outlay		5,089		-
Total Other	33,590	24,180	9,410	37,094
Total Welcoming - Aycock Brown Center	173,745	149,001	24,744	149,630
Roanoke Island Welcome Center				
Personnel:				
Salaries - part time		148,253		133,275
Payroll taxes		11,453		10,901
Worker's compensation		280		225
Employee relations		259		25
Training		92		695
Total	187,425	160,337	27,088	145,121
Services:				
Contracted services		1,600		2,200
Total services	3,095	1,600	1,495	2,200

**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, 2024**

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Other:				
Uniforms		787		993
Travel		553		351
Dues and subscriptions		128		-
Insurance		7,375		6,365
Telephone		5,221		5,937
Expendable Equipment		-		206
Utilities		685		550
Cleaning/maintenance supplies		32		225
Building maintenance		-		8,513
Office supplies		1,376		1,460
Capital Outlay		-		592
Total	<u>25,155</u>	<u>16,157</u>	<u>8,998</u>	<u>25,192</u>
Total Welcoming - Roanoke Island	<u>215,675</u>	<u>178,094</u>	<u>37,581</u>	<u>172,513</u>
Total Welcoming	<u>389,420</u>	<u>327,095</u>	<u>62,325</u>	<u>322,143</u>
Total expenditures	<u>8,781,010</u>	<u>6,784,480</u>	<u>1,996,530</u>	<u>6,600,748</u>
Revenues over (under) expenditures	<u>(1,638,621)</u>	<u>3,068,959</u>	<u>4,707,580</u>	<u>2,787,941</u>
Other financing sources (uses):				
Transfers (to) from other funds:				
Event Site	(286,545)	(287,295)	(750)	(285,480)
Appropriated Fund Balance	1,925,166	-	(1,925,166)	-
Total	<u>\$ 1,638,621</u>	<u>\$ (287,295)</u>	<u>\$ (1,925,916)</u>	<u>\$ (285,480)</u>
Revenues and other financing sources over expenditures and other financing uses	-	2,781,664	2,781,664	2,502,461
Fund balances:				
Beginning of year, July 1		16,159,448		13,656,987
End of year, June 30		<u>\$ 18,941,112</u>		<u>\$ 16,159,448</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, 2024**

	2024		Variance Positive (Negative)	2023
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Site rental income	\$ 22,900	\$ 30,390	\$ 7,490	\$ 34,940
Lease income	49,155	40,659	(8,496)	31,355
Other income	200	-	(200)	200
Unappropriated Funds	75,810	-	(75,810)	-
Interest income	500	17,589	17,089	35,903
Total	<u>148,565</u>	<u>88,638</u>	<u>(59,927)</u>	<u>102,398</u>
Total revenues	<u>148,565</u>	<u>88,638</u>	<u>(59,927)</u>	<u>102,398</u>
Expenditures:				
Event development & marketing	50,000	34,943	15,057	1,574
Other professional services	75,000	69,690	5,310	3,366
Insurance	11,515	5,752	5,763	9,950
Utilities	47,580	19,917	27,663	22,154
Repairs and maintenance	230,745	182,987	47,758	237,299
Office expenses	270	200	70	88
Depreciation	-	13,431	(13,431)	13,336
Unappropriated other expenses	20,000	15,755	4,245	19,449
Total	<u>435,110</u>	<u>342,675</u>	<u>92,435</u>	<u>307,216</u>
Revenues over expenditures	(286,545)	(254,037)	32,508	(204,818)
Other financing (uses):				
Transfers from General Fund	286,545	287,295	750	285,480
Total other financing (uses)	<u>286,545</u>	<u>287,295</u>	<u>750</u>	<u>285,480</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>33,258</u>	<u>\$ 33,258</u>	<u>80,662</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Net income		<u>\$ 33,258</u>		<u>\$ 80,662</u>