

October 30, 2023

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, 2023, and have issued our report thereon dated October 30, 2023. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 24, 2021. 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 30, 2023.

MEMBERS OF AICPA AND NCACPA

Budget and Finance Committee for the
Dare County Tourism Board
October 30, 2023
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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 30, 2023

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, 2023. 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 24, 2021. 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. As described in the notes to the financial statements, the Dare County Tourism Board changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, Leases, in the prior 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

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 30, 2023.

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
Page Three

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, 2023**

DARE COUNTY TOURISM BOARD OFFICERS

**Tim Cafferty, Chair
Monica Thibodeau, Vice-Chair
David Hines, Secretary
Ervin Bateman, Treasurer
Ivy Ingram, 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, 2023

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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, 2023, 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, 2023, 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 46, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 44 and 45 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 30, 2023

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, 2023. 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 \$44,061,435 (*net position*), which represents an increase of \$ 4,819,960 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 \$25,663,952 an increase of \$ 5,236,128 in comparison with the prior year. Of this amount \$13,098,443 (51%) is restricted. The restricted amount includes \$ 9,504,504 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 \$9,264,578 or 140.4 percent of total general fund expenditures for the fiscal year.

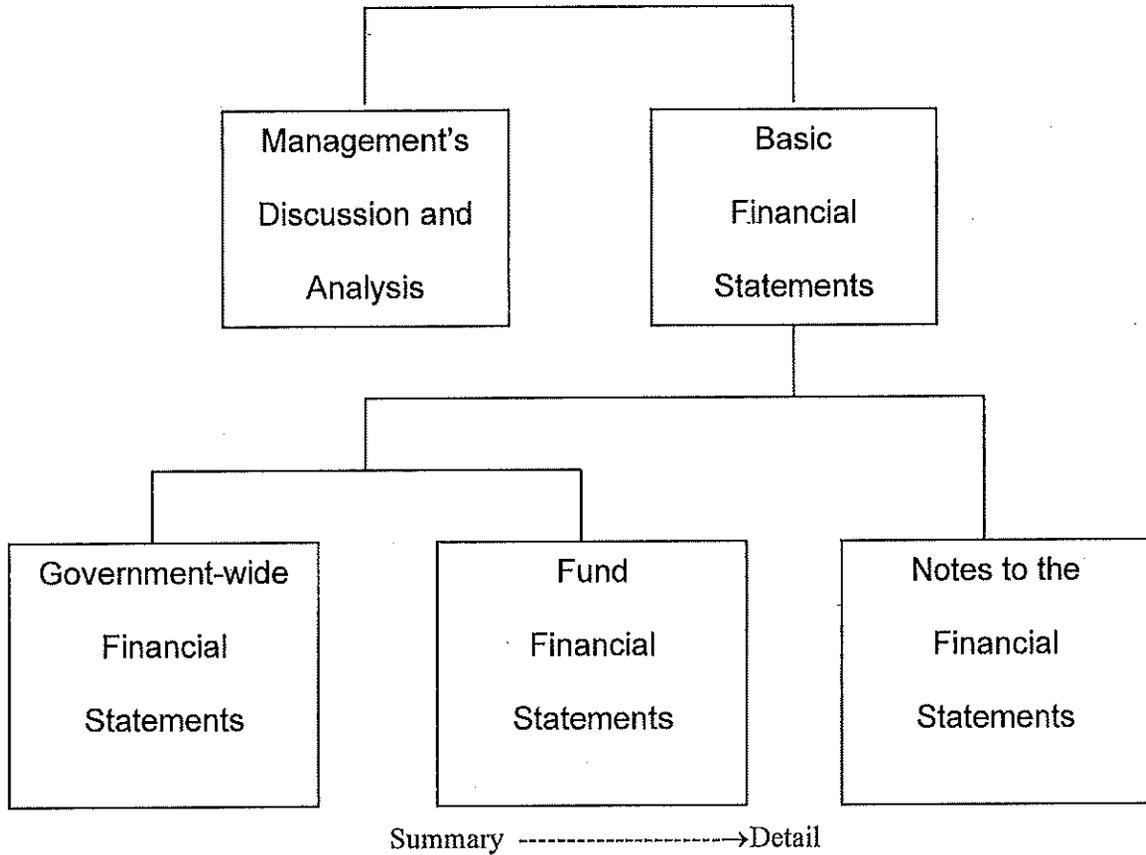
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, increased \$ 354,279 or 3.1% from the prior year for a total amount collected of \$11,720,196.

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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 25,695,499	\$ 20,582,768	\$ 921,221	\$ 873,285	\$ 26,616,720	\$ 21,456,053
Capital assets	18,016,877	18,432,895	959,331	972,666	18,976,208	19,405,561
Deferred outflows of resources	498,490	365,751	-	-	498,490	365,751
Total assets and deferred outflows of resources	44,210,866	39,381,414	1,880,552	1,845,951	46,091,418	41,227,365
Current liabilities	31,548	154,944	5,640	12,100	37,188	167,044
Long-term liabilities	1,465,697	1,117,334	-	-	1,465,697	1,117,334
Deferred inflows of resources	162,713	297,526	364,385	403,986	527,098	701,512
Total liabilities and deferred inflows of resources	1,659,958	1,569,804	370,025	416,086	2,029,983	1,985,890
Net position:						
Net investment in capital assets	18,016,877	18,432,895	959,331	972,666	18,976,208	19,405,561
Restricted	13,098,443	12,773,149	-	-	13,098,443	12,773,149
Unrestricted	11,435,588	6,605,566	551,196	457,199	11,986,784	7,062,765
Total net position	\$ 42,550,908	\$ 37,811,610	\$ 1,510,527	\$ 1,429,865	\$ 44,061,435	\$ 39,241,475

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 \$44,061,435 as of June 30, 2023. Of the total net position, \$18,976,208, or 43.1%, 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, \$13,098,443, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,986,784 is unrestricted, an increase of \$ 4,924,109.

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 two years. In total they increased \$ 354,279, 3.1 percent.
- Interest rate increases resulted in a significant increase in investment income, up \$601,323 or 1,843 percent.
- A full-time position was empty for about five months.
- A conservative budget and well managed expenses that resulted in some savings in operation costs.

Dare County Tourism Board Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	Total
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 217,693	\$ 163,930	\$ 66,495	\$ 64,039	\$ 284,188	\$ 227,969
General revenues:						
Occupancy taxes	8,041,417	7,854,228	-	-	8,041,417	7,854,228
Prepared food and beverage tax	3,678,779	3,511,689	-	-	3,678,779	3,511,689
Investment earnings	633,949	32,626	35,902	21,759	669,851	54,385
Total revenues	<u>12,571,838</u>	<u>11,562,473</u>	<u>102,397</u>	<u>85,798</u>	<u>12,674,235</u>	<u>11,648,271</u>
Expenses:						
Governing Body	26,941	26,859	-	-	26,941	26,859
Promotion and General	6,773,030	5,689,131	-	-	6,773,030	5,689,131
Welcoming Function	324,180	268,377	-	-	324,180	268,377
Event Site	-	-	307,215	238,504	307,215	238,504
Projects	422,910	919,493	-	-	422,910	919,493
Total expenses	<u>7,547,061</u>	<u>6,903,860</u>	<u>307,215</u>	<u>238,504</u>	<u>7,854,276</u>	<u>7,142,364</u>
Increase in net position before transfers	5,024,777	4,658,613	(204,818)	(152,706)	4,819,959	4,505,907
Fund transfers	(285,480)	(285,480)	285,480	285,480	-	-
Increase in net position	4,739,297	4,373,133	80,662	132,774	4,819,959	4,505,907
Net position, beginning	37,811,611	33,438,478	1,429,865	1,297,091	39,241,476	34,735,569
Net position, June 30	<u>\$42,550,908</u>	<u>\$37,811,611</u>	<u>\$ 1,510,527</u>	<u>\$ 1,429,865</u>	<u>\$44,061,435</u>	<u>\$39,241,476</u>

Governmental activities. Governmental activities increased the Board's net position by \$4,739,297, thereby accounting for 98.3 percent of the total growth of net position. Of this amount \$4,243,486 is reserved for encumbrances. Tax collections increased \$ 354,279 (3.1%) from the prior year. The increase was mostly due to very high occupancy receipts as rental rates increased significantly. Expenses were planned conservatively and well managed within the budget.

Business-type activities: Business-type activities increased the Board's net position by \$ 80,662. 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 \$45,828. 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 \$9,264,578, while total fund balance was \$16,159,448. 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 140.3 percent of general fund expenditures while total fund balance is 244.8 percent of the same amount.

At June 30, 2023, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$25,663,952, a 25.6 percent increase over last year. Meals and occupancy taxes set record highs for the third consecutive year since the Covid-19 pandemic. The taxes ended with a 3.1 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 in order to implement a pay study plan, increase grant awards, event site unexpected repairs and additional research.

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, mostly due to a strong summer with an increase in rental rates. The summer months (approximately 71% of the Board's revenue) experienced growth of 3.61 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 continued postponement or cancellation of events because of the pandemic. Other factors include, no unforeseen legal issues, no large print projects, no freight charges on the travel guide and postponed purchase of new office furniture.

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 \$ 551,196. The total increase in net position was \$ 80,662.

The Event Site Fund posted an increase of net position in the amount of \$ 80,662. 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 increased due to more events happening after the Covid-19 pandemic. 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, 2023, totals \$18,976,208 (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	3,962,502	309,909
Event Site	1,678,793	-
Intangible Assets	22,272	-
Computer equipment	34,095	-
Furniture and Equipment	57,526	-
Total	\$18,016,877	\$959,331

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

By fiscal year 2022/2023, Covid had left the daily news cycle and the traveler psyche. Visitors were once again returning to overseas and long-haul travel destinations, as well as simply returning to larger cities.

Supply chain issues eased, but inflation had expanded, leading the Federal Reserve to increase the interest rate several times. This shift in monetary policy increased the risk of and concern for a recession. Travelers still prioritized taking vacations, but Covid relief dollars were gone, higher prices remained, and people were turning to credit cards to cover expenses.

The Outer Banks hoped for a soft landing, and at least to date, seems to have found one. Fiscal year 2022/2023 actually posted larger collections for both the occupancy and meals. This time, though, the numbers were driven by higher prices rather than a larger number of people. Signs of business softening were present in the mixed results of lodging segments, though, with practically all lodging segments showing drops compared to the previous fiscal year except property management companies and short-term rentals.

The visitation associated with Covid created both an opportunity and an urgency to establish a long-term management plan for tourism. The purpose of considering the longer time-period was to provide a roadmap for tourism to grow responsibly, i.e., in a way that was sustainable over time, optimizing the benefits for the local community while minimizing and managing the negative impacts.

The Tourism Board initiated the Long-Range Tourism Management Plan (LRTMP) process at the end of the previous fiscal year, issuing an RFP and selecting MMGY Next Factor to serve as the consultant. The extensive work of the LRTMP with its destination assessment, one-on-one interviews, focus groups, online resident and stakeholder surveys, town hall meetings and situational analysis, continued throughout the entire 2022-2023 fiscal year. The process culminated with the delivery of a final report and implementation recommendations in May and June of 2023.

While participating in the LRTMP and in anticipation of its findings, the Visitors Bureau made significant shifts in its marketing and outreach to better align with the community. Advertising was oriented around enthusiast audiences, such as those who fish, surf, or bird, to mention a few. The intention of the enthusiast campaign was two-fold. First, these audiences traveled to the Outer Banks primarily during the shoulder and off seasons, satisfying the mission of the Visitors Bureau. Secondly, the enthusiasts already had an appreciation for how special and unique the Outer Banks was, so they were ideal for conveying messages about better stewardship of the area.

Media spending levels were comparable to the year prior, as the Visitors Bureau was still budgeting conservatively in the face of uncertain visitation trends. Media placements were similar, too, although streaming video replaced broader based market buys. Streaming audio also entered the media mix. Streaming allowed for more finite targeting, as did the workflows interest-based emails the Bureau had been developing for a while. The threat of Google eliminating "cookies," i.e., pixel-based tracking had marketers rushing to build 1st party permission-based database lists.

The Bureau partnered with a company called Matador to develop 90+ short-form vertical videos highlighting different aspects of the destination. The effort was primarily intended to generate content and interest in the Bureau's fledgling TikTok site. The program was successful in growing that audience to over 80,000 in a single year's time. Not just for

audience size, we found TikTok viewers also to be highly engaged with the messaging and venue.

Just as advertising had made shifts to cultivate better stewardship (among visitors), another new initiative – the effort to connect visitors with local non-profits (NPOs) – was beginning to take shape. The Bureau created a backend database of more than 80 active non-profits to display on the outerbanks.org website and worked with them to develop “voluntourism” opportunities. The program now has 40+ volunteer opportunities, offering the visitor the chance to have a unique and fulfilling experience in the Outer Banks. NPOs, meanwhile, are benefiting from having additional helpers and new potential donors.

The relationship with local NPOs has grown significantly and profoundly. The Bureau has partnered with the Outer Banks Community Foundation to further increase the program’s reach and effectiveness. Working together the Bureau and Community Foundation have created an NPO knowledge series with training seminars and periodic socials, helping the NPOs to learn from and support one another.

The Bureau raised the visibility of NPOs beyond the website and started sharing their efforts with travel writers, influencers and through social posts and consumer emails. We found that both writers and visitors responded well to the messaging.

Previously, the extent of our relationship with the NPOs was focused on monetary disbursements through the Event and Tourism Impact Grant programs. These grants have done tremendous good in Dare County over the years, providing funding of approximately \$20 million in the way of 600 separate grants to more than 60 non-profit organizations. The new initiative has allowed the power of tourism to do even more tangible good within the community.

Aside from giving the visitor a more enriching experience through hands-on involvement with local NPOs, our guests are also learning more about all of the work that’s happening here to protect and preserve our special way of life. In short, we’re giving visitors the tools to become better stewards of the islands.

The spirit of community partnership was also alive and well in the Careers Beyond the Counter program where the Visitors Bureau worked with local school Careers and Technical Education departments to connect students with the tourism industry through internship, onsite visits and in-class speaking engagements.

The Tourism Board made progress on its plans for development of an Event Center, giving presentations throughout the Outer Banks and reaffirming the Tourism Board of Directors’ long-term intent to build an Event Center at the Nags Head site. Around the same time the Board passed its resolution, the Dare County Commissioners offered their own letter of support, encouraging the Tourism Board to stay the course and continue savings for the project. However, the Commissioner’s letter also stated that the Event Center was not part of the County’s Capital Investment Projects (CIP) list. The Tourism Board’s dedicated line-item for funding, while substantial, is not accruing quickly enough for construction to occur without the upfront financial support of the County.

Inflation and escalating costs were not only putting pressure on Dare County and the Event Center project, but practically everything throughout the destination. Restaurant and occupancy collections were increasing, but so too were the expenses those businesses were incurring. Worker salaries certainly figured into the business’ challenges. Staffing shortages,

while somewhat alleviated compared to the previous year or two, continued to be prevalent. This put pressure on the business to increase wages.

The Visitors Bureau has enjoyed a consistent level of staffing; however, its employees were still feeling the pinch of COLA increases not keeping pace with the sudden and dramatic escalation of costs. The last Bureau staff pay study had been conducted in 2012, so the Board decided to update the salary study. Because of the Bureau's annual COLA adjustments, not all staff positions were out of line, but most were. The Board approved the recommended salary adjustments, and because of a delay in being able to initiate the study, they also decided to adjust salaries retroactively to the time when the original decision was made to perform the pay study.

Budget Highlights for the Fiscal Year Ending June 30, 2024

In planning for the 2023/2024 fiscal year, the Tourism Board looked for ways to maximize the funding for the Tourism Impact Grant (TIG) program as part of its quest to do more good in the community. Legislation prevents adjustment to the 75% General Fund/25%, Restricted Fund split. One step taken was to be less conservative with budget planning, as such, revenue projected were increased by 10% compared to the previous budget. This was designed to put more money into programs. Another decision was to apply any excess revenue on the Restricted side to TIG rather than the typical split which allocated additional dollars to the Event Center.

Ironically, budgeted revenue projections were aided by inflation. Interest rates during the previous several years had been nominal, leading to inconsequential interest revenue. However, as inflation grew, so too did the interest rate and the Board's interest income on investments.

Promotional dollars were budgeted comparably with the previous year, but salaries and benefits now reflected the adjustments from the pay study.

A new line item was created for Long Range Tourism Management Planning in anticipation of funds needed to begin enacting some of the Plan's recommendations. One such recommendation involved the creation of a new staff position – Community Engagement Manager. This employee was hired at the end of the beginning of the new fiscal year.

The addition of staff and space needed for existing staff was one of the prompts behind the first major renovation to the Visitors Bureau's main administrative building at Roanoke Island. Two new offices were added within the existing footprint. Other improvements included better conditioning of the server room, painting, carpet, and a replacement of aged furniture for several of the offices and the Board room.

The new fiscal year saw the continuation of another major project initiated earlier; the Roanoke Sound Boardwalk planned for The Soundside Event Site. A concept and design were approved by the Tourism Board and discussions started with CAMA. These discussions and the resulting plan adjustments, however, have produced a protracted process with final approval still in the offing.

In terms of marketing, the Visitors Bureau maintains its "Raw OBX" campaign highlighting enthusiast pursuits, telling the story of the Outer Banks through the eyes of these passion followers. The Bureau has invested heavily in research, both subscribed sources like Zartico, Key Data and Visa spending data, but also by initiating a year-long ad effectiveness and brand

position study with a company called DRI. This study will assist the Bureau with finetuning its messaging, emphasizing traits that consumers consider to best differentiate the destination.

Once again, ad sales for the upcoming 2024 Travel Guide sold all available ad spots. Meanwhile the social media agency and Bureau have been experimenting with condensed digital mini guides, such as ones dedicated to promoting fall and outdoor recreation opportunities. Early engagement measures have been quite positive.

New and innovative approaches complement older, proven tactics. In addition to its work with TikTok, the Bureau has performed tests with new social outlets like YouTube Shorts and Meta Threads. All of these programs benefit from vertical short-form videos, which is why the Bureau contracted with a production office, Swift Current, to generate nearly 100 videos over the course of the fiscal year.

Finally, the fiscal year extends previous collaborative projects with Currituck Travel & Tourism and others to promote golf and to highlight the African American Experience in Northeast North Carolina. The Bureau also continues to take advantage of cooperative marketing opportunities with Visit NC, the State's tourism office.

As the fiscal year began, property management companies indicated slower than usual bookings for August. In response the Bureau pushed some media forward and added a \$50,000 television buy in close proximity markets. Early collection information from the beginning of the fiscal year has been comparable to the previous year, which is an accomplishment given the size of collections previously and the consumer's expanded travel choices moving further in a post-Covid environment.

The one thing that is certain in travel and tourism is the need to remain flexible and responsive – business threats have a way of popping up and changing over time. Most of the threats that we see at the moment involve the national economy, i.e., pernicious inflation and pressure on the traveler's wallet. A mild recession, though less of a threat than it was, is still discussed by national media and cause for concern among travelers. A government shutdown was narrowly averted at the end of September but may well occur in November. This, too, contributes to traveler skittishness.

We continue to face pressures at home as well due to threatened oceanfront homes in Rodanthe and Buxton. When a home is lost, the media coverage is harmful to the perception of the islands. Other longer term structural issues like workforce shortages and the lack of affordable housing affect the Outer Banks and the country.

Despite these challenges, and the ones yet to emerge, the Outer Banks' resilience and its tenacious sense of identity and commitment to place leave the Bureau and Tourism Board optimistic about the prospects moving forward.

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, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,703,366	\$ 521,256	\$ 15,224,622
Miscellaneous accounts receivable	3,365	-	3,365
Lease receivable	-	34,148	34,148
Due from other governmental units	1,881,999	-	1,881,999
Accrued interest receivable	114,375	6,863	121,238
Inventories	4,129	-	4,129
Restricted cash and cash equivalents	8,988,265	-	8,988,265
Total current assets	<u>25,695,499</u>	<u>562,267</u>	<u>26,257,766</u>
Non-current assets:			
Lease receivable	-	358,954	358,954
Capital assets (Note 1):			
Land	12,261,689	649,422	12,911,111
Event Site, net of depreciation	1,678,793	-	1,678,793
Other capital assets, net of depreciation	4,076,395	309,909	4,386,304
Total capital assets	<u>18,016,877</u>	<u>959,331</u>	<u>18,976,208</u>
Total assets	<u>43,712,376</u>	<u>1,880,552</u>	<u>45,592,928</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	390,456	-	390,456
Other post employment benefits deferrals	108,034	-	108,034
Total deferred outflows of resources	<u>498,490</u>	<u>-</u>	<u>498,490</u>
LIABILITIES			
Current liabilities:			
Accounts payable	31,548	90	31,638
Unearned revenue	-	5,550	5,550
Total current liabilities	<u>31,548</u>	<u>5,640</u>	<u>37,188</u>
Long-term liabilities:			
Accrued vacation and comp	96,055	-	96,055
Net pension liability	578,811	-	578,811
Other postemployment benefits	790,831	-	790,831
Total long-term liabilities	<u>1,465,697</u>	<u>-</u>	<u>1,465,697</u>
Total liabilities	<u>1,497,245</u>	<u>5,640</u>	<u>1,502,885</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	-	364,385	364,385
Pension deferrals	23,934	-	23,934
Other post employment benefits deferrals	138,779	-	138,779
Total deferred inflows of resources	<u>162,713</u>	<u>364,385</u>	<u>527,098</u>
NET POSITION			
Net investment in capital assets	18,016,877	959,331	18,976,208
Restricted for:			
Stabilization by State Statute	13,098,443	-	13,098,443
Unrestricted	11,435,588	551,196	11,986,784
Total net position	<u>\$ 42,550,908</u>	<u>\$ 1,510,527</u>	<u>\$ 44,061,435</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, 2023

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Primary Government		
			Governmental Activities	Business-type Activities	Total
Primary government:					
Governmental Activities:					
Governing Body	\$ 26,941	\$ -	\$ (26,941)	\$ -	\$ (26,941)
Promotion and General	6,773,030	217,693	(6,555,337)	-	(6,555,337)
Welcoming Function	324,180	-	(324,180)	-	(324,180)
Projects	422,910	-	(422,910)	-	(422,910)
Total governmental activities (See Note 1)	7,547,061	217,693	(7,329,368)	-	(7,329,368)
Business-type activities:					
Event Site	307,215	66,495	-	(240,720)	(240,720)
Total business-type activities	307,215	66,495	-	(240,720)	(240,720)
Total primary government	\$ 7,854,276	\$ 284,188	(7,329,368)	(240,720)	(7,570,088)
Component units:					
General revenues:					
Taxes:					
Other taxes			11,720,196	-	11,720,196
Transfers			(285,480)	285,480	-
Investment earnings			633,949	35,902	669,851
Total general revenues, special items			12,068,665	321,382	12,390,047
Change in net position			4,739,297	80,662	4,819,959
Net position, beginning			37,811,611	1,429,865	39,241,476
Net position-ending			\$ 42,550,908	\$ 1,510,527	\$ 44,061,435

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

Dare County Tourism Board
 Balance Sheet
 Governmental Funds
 June 30, 2023

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and cash equivalents	\$ 14,703,366	-	\$ 14,703,366
Restricted cash and cash equivalents		\$ 8,988,265	8,988,265
Miscellaneous accounts receivable	3,365	-	3,365
Due from other governmental units	1,411,499	470,500	1,881,999
Accrued interest receivable	68,636	45,739	114,375
Inventory	4,129	-	4,129
Total assets	\$ 16,190,995	\$ 9,504,504	\$ 25,695,499
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 31,548	\$ -	\$ 31,548
Total liabilities	31,548	-	31,548
FUND BALANCES			
Non Spendable			
Inventories	4,129	-	4,129
Restricted			
Stabilization by State Statute	3,593,939	9,504,504	13,098,443
Assigned			
Designated for subsequent year's expenditures	3,296,802	-	3,296,802
Unassigned	9,264,578	-	9,264,578
Total fund balances	\$ 16,159,448	\$ 9,504,504	25,663,952

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.	\$ 18,016,876
Deferred outflows of resources related to pensions are not reported in the funds	390,456
Deferred outflows of resources related to OPEB are not reported in the funds	108,034
Pension deferrals reported as deferred inflows of resources are not reported in the funds	(23,934)
OPEB deferrals reported as deferred inflows of resources are not reported in the funds	(138,779)
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds:	
Accrued liabilities	(96,055)
Net pension	(578,811)
Net OPEB liability	(790,831)
Net position of governmental activities	\$ 42,550,908

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, 2023

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
REVENUES			
Tax Revenues			
Occupancy	\$ 6,031,063	\$ 2,010,354	\$ 8,041,417
Prepared Food and Beverage	2,759,084	919,695	3,678,779
Website advertising	145,835	-	145,835
Ad sales - Travel Guide	46,000	-	46,000
Sale of merchandise	-	-	-
Other Revenues	25,858	-	25,858
Investment income	380,849	253,100	633,949
Total revenues	<u>9,388,689</u>	<u>3,183,149</u>	<u>12,571,838</u>
EXPENDITURES			
Current:			
Governing Body	26,941	-	26,941
Promotion and General	6,217,252	3,435	6,220,687
Welcoming Function	321,551	-	321,551
Projects	-	422,910	422,910
Capital outlay	35,004	23,138	58,142
Total expenditures	<u>6,600,748</u>	<u>449,483</u>	<u>7,050,231</u>
Excess (deficiency) of revenues over expenditures	<u>2,787,941</u>	<u>2,733,666</u>	<u>5,521,607</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(285,480)	-	(285,480)
Total other financing sources (uses)	<u>(285,480)</u>	<u>-</u>	<u>(285,480)</u>
Net change in fund balance	2,502,461	2,733,666	5,236,127
Fund balances-beginning	13,656,987	6,770,838	20,427,825
Fund balances-ending	<u>\$ 16,159,448</u>	<u>\$ 9,504,504</u>	<u>\$ 25,663,952</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, 2023**

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

Net changes in fund balances - total governmental funds \$ 5,236,127

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay expenditures that were capitalized	58,142	
Depreciation expense for government assets	(399,318)	
Asset impairment loss	<u>(74,843)</u>	(416,019)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	112,912
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	23,545
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension expense	(150,840)	
OPEB plan expense	(45,010)	
Compensated absences	<u>(21,418)</u>	(217,268)

Total changes in net position of governmental activities	<u><u>\$ 4,739,297</u></u>
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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, 2023

	<u>General Fund</u>				<u>Special Revenue Fund</u>			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:								
Occupancy tax	\$ 3,989,317	\$ 4,232,217	\$ 6,031,063	\$ 1,798,846	\$ 1,329,773	\$ 1,410,710	\$ 2,010,354	\$ 599,644
Prepared Food and Beverage	1,857,589	1,857,589	2,759,084	901,495	619,196	619,196	919,695	300,499
Website advertising revenue	100,000	100,000	145,835	45,835	-	-	-	-
Ad Sales - Travel Guide	30,000	46,000	46,000	-	-	-	-	-
Merchandise sales	-	-	-	-	-	-	-	-
Other	1,000	1,000	25,858	24,858	-	-	-	-
Investment earnings	50,040	50,040	380,849	330,809	23,000	23,000	253,100	230,100
Total revenues	6,027,946	6,286,846	9,388,689	3,101,843	1,971,969	2,052,906	3,183,149	1,130,243
Expenditures:								
Current:								
Governing Body	30,385	30,385	26,941	3,444	-	-	-	-
Promotional and General	7,537,215	7,793,160	6,251,664	1,541,496	3,625	3,625	3,435	190
Welcoming	378,950	381,905	322,143	59,762	-	-	-	-
Projects	-	-	-	-	8,022,087	8,103,024	446,048	7,656,976
Total expenditures	7,946,550	8,205,450	6,600,748	1,604,702	8,025,712	8,106,649	449,483	7,657,166
Revenues over (under) expenditures	(1,918,604)	(1,918,604)	2,787,941	4,706,545	(6,053,743)	(6,053,743)	2,733,666	8,787,409
Other financing sources (uses):								
Transfers to other funds	(285,480)	(285,480)	(285,480)	-	-	-	-	-
Appropriated Fund Balance	2,204,084	2,204,084	-	(2,204,084)	6,053,743	6,053,743	-	(6,053,743)
Total other financing sources (uses)	1,918,604	1,918,604	(285,480)	(2,204,084)	6,053,743	6,053,743	-	(6,053,743)
Revenues and other sources over (under) expenditures and other uses	-	-	2,502,461	2,502,461	-	-	2,733,666	2,733,666
Fund balances, beginning of year	-	-	13,656,987		-	-	6,770,838	
Fund balances, end of year	\$ -	\$ -	\$ 16,159,448		\$ -	\$ -	\$ 9,504,504	

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, 2023**

	Major Event Site	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 521,256	\$ 521,256
Lease receivable	34,148	34,148
Accrued interest receivable	6,863	6,863
Total current assets	<u>562,267</u>	<u>562,267</u>
Non-current assets:		
Lease receivable, non-current	358,954	358,954
Capital Assets:		
Land and land improvements	649,422	649,422
Buildings, net of depreciation	309,909	309,909
Total capital assets	<u>959,331</u>	<u>959,331</u>
Total non current assets	<u>1,318,285</u>	<u>1,318,285</u>
Total assets	<u>\$ 1,880,552</u>	<u>\$ 1,880,552</u>
LIABILITIES		
Current liabilities:		
Site Damage Deposits	\$ 5,550	\$ 5,550
Accounts payable	90	90
Total current liabilities	<u>5,640</u>	<u>5,640</u>
Total liabilities	<u>5,640</u>	<u>5,640</u>
DEFERRED INFLOW		
Leases	364,385	364,385
NET POSITION		
Invested in capital assets, net of related debt	959,331	959,331
Unrestricted	551,196	551,196
Total net position	<u>1,510,527</u>	<u>1,510,527</u>
Total liabilities, deferred inflows and net position	<u>\$ 1,880,552</u>	<u>\$ 1,880,552</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, 2023

	Major Event Site	Total
OPERATING REVENUES		
Site rental income	\$ 34,940	\$ 34,940
Lease income - GASB 87	26,261	26,261
Lease income - variable	5,094	5,094
Other operating revenues	200	200
Total operating revenues	<u>66,495</u>	<u>66,495</u>
OPERATING EXPENSES		
Event development & marketing	1,574	1,574
Other professional fees	3,366	3,366
Insurance	9,950	9,950
Utilities	22,153	22,153
Repairs and maintenance	237,299	237,299
Office expenses	88	88
Depreciation	13,336	13,336
Other operating expenses	19,449	19,449
Total operating expenses	<u>307,215</u>	<u>307,215</u>
Operating income (loss)	<u>(240,720)</u>	<u>(240,720)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	997	997
Interest revenue - GASB 87	34,905	34,905
Total nonoperating revenue	<u>35,902</u>	<u>35,902</u>
(expenses)	<u>35,902</u>	<u>35,902</u>
Income (loss) before contributions and transfers	<u>(204,818)</u>	<u>(204,818)</u>
Transfer from General Fund	<u>285,480</u>	<u>285,480</u>
Change in net position	80,662	80,662
Beginning net position	1,429,865	1,429,865
Total net position - ending	<u>\$ 1,510,527</u>	<u>\$ 1,510,527</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, 2023**

	Major Event Site	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 39,114	\$ 39,114
Cash paid for goods and services	(293,790)	(293,790)
Net cash provided (used) by operating activities	<u>(254,676)</u>	<u>(254,676)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from General Fund	285,480	285,480
Net cash provided (used) by noncapital financing activities	<u>285,480</u>	<u>285,480</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	36,301	36,301
Net increase (decrease) in cash and cash equivalents	67,105	67,105
Balances-beginning of the year	454,151	454,151
Balances-end of the year	<u>\$ 521,256</u>	<u>\$ 521,256</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (240,720)	\$ (240,720)
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	13,336	13,336
Changes in assets, deferred inflows of resources and liabilities:		
(Increase) decrease in lease receivable	18,770	18,770
Increase (decrease) in accounts payable	90	90
Increase (decrease) in site damage deposits	350	350
Increase (decrease) in unearned revenue	(6,900)	(6,900)
Increase (decrease) in deferred inflows	(39,602)	(39,602)
Total adjustments	<u>(13,956)</u>	<u>(13,956)</u>
Net cash provided by operating activities	<u>\$ (254,676)</u>	<u>\$ (254,676)</u>

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

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, 2023

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
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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, 2023, 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.

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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 as used rather than 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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
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reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meet this criterion, pension deferrals and OPEB deferrals for the 2023 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. The Board has assumed a first-in, first out method of using accumulated compensated time. A provision for the amount vested as of June 30, 2023 is included in the accompanying financial statements as a current liability in the governmental activities.

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

9. Net Position/Fund Balances

Net Position

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

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Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

Lease receivable, net – portion of fund balance that is not an available resource because it is not in spendable form. The amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

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

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

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

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

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

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2023

a) He/she may transfer amounts between line item expenditures within a department without limitation and without a report being required. These changes should not result in increases in recurring obligations such as salaries.

b) He/she may transfer amounts up to \$5,000 between departments, including contingency appropriations, within the same fund. He/she must make an official report on such transfers at the next regular meeting of the Governing Board.

c) He/she may not transfer any amounts between funds, except as approved by the Governing Body in the Budget Ordinance as amended.

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

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

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

10. Pensions

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

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

DARE COUNTY TOURISM BOARD

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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, 2023, the Board's deposits had a carrying amount of \$15,941,824 and a bank balance of \$16,035,822. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$14,785,822 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2023, 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:	\$8,988,265

3. Investments

At June 30, 2023, the Dare County Tourism Board had \$ 8,270,863 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, 2023 occupancy tax receipts in the amount of \$1,367,018 and the meals tax receipts of \$ 514,981 for a total receivable of \$1,881,999.

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

Business-type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 649,422	\$ -	-	\$ 649,422
Total capital assets not being depreciated	649,442	-	-	649,422
Capital assets being depreciated:				
Buildings	366,586	-	-	366,586
Total capital assets being depreciated	366,586	-	-	366,586
Less accumulated depreciation for:				
Buildings	43,341	13,336	-	56,677
Total capital assets being depreciated, net	323,245	(13,336)	-	309,909
Governmental activity capital assets, net	\$ 972,667	\$ (13,336)		\$ 959,331

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

\$ 13,336

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.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
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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, 2023, was 12.13% 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 \$112,912 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Board reported a liability of \$578,811 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the Board's proportion was 0.01026%, which was an increase of .00035% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Board recognized pension expense of \$150,840. At June 30, 2023, 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	\$ 24,940	\$ 2,445
Changes of assumptions	57,752	-
Net difference between projected and actual earnings on pension plan investments	191,303	-
Change in proportion and differences between Board contributions and proportionate share of contributions	3,549	21,489
Board contributions subsequent to the measurement date	112,912	-
Total	\$ 390,456	\$ 23,934

\$ 112,912 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, 2024. 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, 2023

Year Ended June 30:		
2024	\$	73,381
2025		66,372
2026		22,718
2027		91,140
2028		-
Thereafter		-
Total	\$	253,611

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2021 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, 2022 are summarized in the following table:

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

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 2021 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates multiplicatively subtracting a long-term inflation assumption of 2.50%. 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:

	1% Decrease <u>(5.50%)</u>	Discount Rate (6.50%)	1% Increase <u>(7.50%)</u>
Board's proportionate share of the net pension liability (asset)	\$1,044,678	\$ 578,811	\$ 194,908

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

b. Other Post-Employment Benefits

Health Care Benefits

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

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

Membership of the plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet	
Receiving benefits	0
Active plan members	<u>9</u>
Total	14

Total OPEB Liability

The Board's total OPEB liability of \$ 790,831 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 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	2.16 percent
Discount rate, at measurement date	3.54 percent
Healthcare cost trend	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2031
Medicare	5.125 percent for 2021 decreasing to an ultimate rate of 4.50 percent by 2024

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	\$ 890,718
Changes for the year	
Service cost	33,316
Interest	19,735
Changes of benefit terms	-
Differences between expected and actual experience	(2,348)
Changes in assumptions or other inputs	(129,722)
Benefit payments	(20,868)
Net changes	\$ (99,887)
Balance at 6/30/2022	\$ 790,831

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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

The actuarial assumptions used in the June 30, 2022 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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 881,980	\$ 790,831	\$ 712,445

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	\$ 748,794	\$ 790,831	\$ 838,207

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

For the year ended June 30, 2023, the Board recognized OPEB expense of \$45,010. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 10,978	\$ 10,629
Changes of assumptions	73,581	128,150
Benefit payments and service costs made subsequent to the measurement date	\$ 23,475	
Total	\$ 108,034	\$ 138,779

\$ 23,475 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:		
2024	\$	(9,440)
2025		(2,919)
2026		(4,349)
2027		(17,747)
2028		(19,765)
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 \$276 for the fiscal year ended June 30, 2023. 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	\$ 112,912
Benefit payments and administrative costs for OPEB made subsequent to the measurement date	23,475
Differences between expected and actual experience: Pension plan	24,940

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

OPEB benefits	10,978
Changes of assumptions:	
Pension plan	57,752
OPEB benefits	73,581
Changes in proportion and differences between employer	
Contributions and proportionate share of contributions	3,549
Net difference between projected and actual on pension	
plan investments	<u>191,303</u>
Total	\$ 498,490

The Board has the following deferred inflows of resources

Differences between expected and actual experience -	
Pension plan	\$ 2,445
OPEB benefits	10,629
Changes of assumptions -- OPEB benefits	128,150
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>21,489</u>
Total	\$ 162,713

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.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

5. Long-Term Obligations

The following is a summary of the changes in general long-term debt for the year ended June 30, 2023:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 74,637	\$21,418	\$ -	\$ 96,055	\$ -
Net pension liability	151,979	426,832	-	578,811	-
Other postemployment benefits	<u>890,718</u>	<u>53,051</u>	<u>152,938</u>	<u>790,831</u>	-
Total long-term liabilities	<u>\$ 1,117,334</u>	<u>\$501,301</u>	<u>\$ 152,938</u>	<u>\$ 1,465,697</u>	<u>\$ -</u>

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2023, consist of the following:

From the General Fund to the Event Site Operating Fund: \$285,480

During the 2023 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	\$18,016,877	\$ 959,331
Less: Long-term Debt	0	0
Net Investment in Capital Assets	\$18,016,877	\$ 959,331

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	\$16,159,448
Less:	
Inventories	4,129
Stabilization by State Statute	3,593,939
Appropriated Fund Balance in 2023/2024 budget	3,296,802
Working Capital / Fund Balance Policy	5,385,705
Remaining Fund Balance	\$ 3,878,873

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.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

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>
	\$ 2,110,438	\$ 2,133,048

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 \$2,045,922 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 \$ 450,000.

Activity for future capital projects was as follows during the year ended June 30, 2023:

<u>Project</u>	<u>Balance July 1, 2022</u>	<u>Current Year Additions</u>	<u>Current Year Expenses/Transfers/ Adjustments</u>	<u>Balance June 30, 2023</u>
Multi-purpose Facility	\$ 3,708,303	\$ 1,945,922	\$ (23,138)	\$ 5,631,087
Infrastructure	455,045	-	(12,250)	442,795
L-T Unappropriated	450,560	100,000	-	550,560
Total	\$ 4,613,908	\$ 2,045,922	\$ (35,388)	\$ 6,624,442

NOTE 3. COMMITMENTS

On June 8, 2021 the Board entered into an agreement for professional services for design and engineering of a remodel on the administration building in the amount of \$ 18,500. The project began in June 2023 and is expected to be completed in October 2023. \$125 is outstanding at June 30, 2023.

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. \$40,387 is outstanding at June 30, 2023.

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 June 6, 2023, the Board entered into marketing authorizations with Hoffman York in the amount of \$1,230,326 for fall digital, tv and traditional media.

On June 6, 2023, the Board entered into a contract with Simpleview for SEO, reporting and support in the amount of \$31,300. The term of the contract is from July 1, 2023 to June 30, 2024.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2023

On June 6, 2023, the Board entered into a contract with Ocean Builders, LLC for office renovations in the amount of \$115,000.

On June 7, 2023, the Board entered into an agreement with Ignite Social Media for social media and management expenses totaling \$416,562. to be paid over twelve months. The contract begins July 1, 2023 and ends June 30, 2024.

NOTE 4. JOINT VENTURES

On April 12, 2007, the Board purchased a piece of property with the Town of Nags Head to be held for future use. On November 14, 2008, the Board purchased an adjoining two parcels with the Town of Nags Head. The Board owns 65.2% and 82.1% of the properties, respectively.

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

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

NOTE 5. SUMMARY OF EFFECTS OF SUBSEQUENT EVENTS

The Board contracts on a yearly renewal basis with Hoffman York to provide marketing services for a monthly retainer of \$25,000, plus advertising fees. Advertising of \$1,424,476 has been authorized for the Fall 2023 campaign.

The Board contracts on a yearly renewal basis with Boone Oakley to provide brand marketing for a monthly retainer of \$12,500, plus production fees.

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.

On August 9, 2023, the Board entered into a sponsorship agreement with Down the Road for media content and visual assets in the amount of \$ 10,000.

On August 17, 2023, the Dare County Tourism Board reached an agreement with Hoffman York for the printing of 200,000 Travel Guide booklets for a total cost of \$100,117.

Management has evaluated subsequent events through October 30, 2023, the date on which the financial statements were available to be issued.

Required
Supplementary Financial Data

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

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

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset) (%)	0.01026%	0.00991%	0.01133%	0.01198%	0.01280%	0.01297%	0.01341%	0.01436%	0.01442%	0.01430%
Board's proportion of the net pension liability (asset) (\$)	\$ 578,811	\$ 151,979	\$ 404,869	\$ 327,164	\$ 303,660	\$ 198,146	\$ 284,604	\$ 64,447	\$ (85,041)	\$ 172,370
Board's covered-employee payroll	\$ 764,723	\$ 750,345	\$ 794,753	\$ 772,494	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571	\$ 700,595	\$ 642,496
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.69%	20.25%	50.94%	42.35%	39.41%	25.71%	38.49%	8.94%	(12.14%)	26.83%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 112,912	\$ 87,104	\$ 75,027	\$ 71,330	\$ 60,219	\$ 58,092	\$ 56,368	\$ 49,687	\$ 50,945	\$ 49,532
Contributions in relation to the contractually required contribution	112,912	87,104	75,027	71,330	60,219	58,092	56,368	49,687	50,945	49,532
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 918,872	\$ 764,723	\$ 750,345	\$ 794,753	\$ 772,494	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571	\$ 700,595
Contributions as a percentage of covered-employee payroll	12.29%	11.39%	10.00%	8.98%	7.80%	7.54%	7.31%	6.72%	7.07%	7.07%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	33,316	\$ 38,868	\$ 28,464	\$ 31,129	\$ 32,058	\$ 34,484
Interest	19,735	19,909	25,878	24,066	21,657	18,582
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(2,348)	(6,570)	(5,267)	29,054	(2,727)	(6,341)
Changes of assumptions	(129,722)	(13,365)	120,426	24,722	(23,949)	(41,273)
Benefit payments	(20,868)	(20,112)	(16,704)	(16,704)	(16,788)	(12,178)
Net change in total OPEB liability	\$ (99,887)	\$ 18,730	\$ 152,797	\$ 92,267	\$ 10,251	\$ (6,726)
Total OPEB liability - beginning, as restated	890,718	871,988	719,191	626,924	616,673	623,399
Total OPEB liability - ending	\$ 790,831	\$ 890,718	\$ 871,988	\$ 719,191	\$ 626,924	\$ 616,673
Covered payroll	879,641	737,855	735,828	782,255	767,797	739,549
Total OPEB liability as a percentage of covered payroll	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>
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, 2023**

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Revenues:				
Tax Revenues:				
Occupancy	\$ 4,232,217	\$ 6,031,063	\$ 1,798,846	\$ 5,890,671
Prepared Food and Beverage	1,857,589	2,759,084	901,495	2,633,767
Total	<u>6,089,806</u>	<u>8,790,147</u>	<u>2,700,341</u>	<u>8,524,438</u>
Other Revenues:				
Merchandise Revenue	-	-	-	7,958
Sale of Advertising - Travel Guide	46,000	46,000	-	24,000
Website Advertising	100,000	145,835	45,835	130,682
Other	1,000	25,858	24,858	1,290
Total	<u>147,000</u>	<u>217,693</u>	<u>70,693</u>	<u>163,930</u>
Investment earnings	50,040	380,849	330,809	21,445
Total revenues	<u>6,286,846</u>	<u>9,388,689</u>	<u>3,101,843</u>	<u>8,709,813</u>
Expenditures:				
Governing Body:				
Director compensation		17,100		16,900
Payroll taxes		1,308		1,293
Professional services		1,000		-
Travel		4,407		4,841
Director & Officers' Insurance		2,805		3,603
Miscellaneous items		321		222
Total	<u>30,385</u>	<u>26,941</u>	<u>3,444</u>	<u>26,859</u>
Promotional and General				
Personnel:				
Salaries - full time		861,906		742,131
Salaries - part time		99,822		87,709
Payroll taxes		70,291		60,531
Employee insurance		143,972		145,638
Retirement		110,533		86,473
401(k) match		7,700		6,810
Workman's compensation		1,587		1,356
Employee relations		930		2,218
Training		4,711		4,086
Total Personnel	<u>1,390,075</u>	<u>1,301,452</u>	<u>88,623</u>	<u>1,136,952</u>
Services:				
Audit		10,315		9,750
Legal		9,097		24,980
Contract Services		15,504		15,858
Other Professional Services		10,530		500
Administrative Advertising		2,317		717
Total Services	<u>56,205</u>	<u>47,763</u>	<u>8,442</u>	<u>51,805</u>
Travel Guide:				
Travel Guide production and printing	-	106,000		73,900
Total Travel Guide	<u>108,000</u>	<u>106,000</u>	<u>2,000</u>	<u>73,900</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, 2023**

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Merchandise:				
Merchandise purchases		-		4,868
Credit card bank charges		-		654
Total Travel Guide	-	-	-	5,522
Other:				
Research		281,520		50,400
Advertising - printed		1,079,859		919,611
Advertising - production fee		160,527		71,167
Advertising - events		34,630		23,779
Advertising - electronic		2,400,119		2,237,408
Community relations		23,662		12,007
Legal notices		269		100
Brochures/production & printing		15,664		11,726
Promotional aids		758		4,827
Familiarization tours		51,731		58,467
Group sales		9,645		10,783
Event Grant program		351,584		296,425
Tousim Summit		16,732		1,293
Postage		79,777		63,099
Travel		36,463		25,604
Vehicle maintenance		2,052		791
Registrations		22,834		30,995
Travel show exhibit		710		941
Dues and subscriptions		42,479		35,269
Insurance		21,735		19,135
Telephone		24,653		20,084
Expendable equipment		165		310
Technical support		2,563		3,656
Utilities		6,328		6,555
Cleaning/maintenance supplies		148		332
Building maintenance		9,587		3,181
Equipment service contracts		1,757		1,025
Equipment rental		28,721		28,605
Equipment repairs		761		-
Office supplies		10,094		10,714
Web Site/Internet		43,106		38,400
Bank service charges		1,404		1,056
Capital Outlay		34,412		14,554
Total Other	6,238,880	4,796,449	1,442,431	4,002,299
Total Promotional & General	7,793,160	6,251,664	1,541,496	5,270,478

**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, 2023**

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Welcoming				
Aycock Brown Welcome Center				
Personnel:				
Salaries - part time		89,029		79,929
Payroll taxes		7,091		6,033
Employee insurance		4,176		4,164
Retirement		2,379		630
Workman's Compensation		150		150
Employee Relations		81		379
Training		500		-
Total Personnel	<u>116,830</u>	<u>103,406</u>	<u>13,424</u>	<u>91,285</u>
Services:				
Contracted Services		9,130		8,590
Total Services	<u>9,960</u>	<u>9,130</u>	<u>830</u>	<u>8,590</u>
Other:				
Uniforms		622		640
Travel		70		130
Dues and subscriptions		40		-
Insurance		3,185		2,740
Telephone		8,467		8,310
Expendable Equipment		-		235
Utilities		4,448		4,468
Cleaning/maintenance supplies		-		128
Building maintenance		15,863		1,718
Equipment repairs		2,231		-
Office supplies		2,168		2,943
Capital Outlay		-		11,587
Total Other	<u>47,490</u>	<u>37,094</u>	<u>10,396</u>	<u>32,899</u>
Total Welcoming - Aycock Brown Center	<u>174,280</u>	<u>149,630</u>	<u>24,650</u>	<u>132,774</u>
Roanoke Island Welcome Center				
Personnel:				
Salaries - part time		133,275		116,238
Payroll taxes		10,901		8,983
Worker's compensation		225		225
Employee relations		25		430
Training		695		-
Total	<u>167,340</u>	<u>145,121</u>	<u>22,219</u>	<u>125,876</u>
Services:				
Contracted services		2,200		1,807
Total services	<u>2,510</u>	<u>2,200</u>	<u>310</u>	<u>1,807</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, 2023**

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Other:				
Uniforms		993		863
Travel		351		473
Insurance		6,365		5,480
Telephone		5,937		6,331
Expendable Equipment		206		731
Utilities		550		570
Cleaning/maintenance supplies		225		24
Building maintenance		8,513		-
Office supplies		1,460		1,752
Capital Outlay		592		1,291
Total	<u>37,775</u>	<u>25,192</u>	<u>12,583</u>	<u>17,515</u>
Total Welcoming - Roanoke Island	<u>207,625</u>	<u>172,513</u>	<u>35,112</u>	<u>145,198</u>
Total Welcoming	<u>381,905</u>	<u>322,143</u>	<u>59,762</u>	<u>277,972</u>
Total expenditures	<u>8,205,450</u>	<u>6,600,748</u>	<u>1,604,702</u>	<u>5,575,309</u>
Revenues over (under) expenditures	<u>(1,918,604)</u>	<u>2,787,941</u>	<u>4,706,545</u>	<u>3,134,504</u>
Other financing sources (uses):				
Transfers (to) from other funds:				
Event Site	(285,480)	(285,480)	-	(285,480)
Appropriated Fund Balance	2,204,084	-	(2,204,084)	-
Total	<u>\$ 1,918,604</u>	<u>\$ (285,480)</u>	<u>\$ (2,204,084)</u>	<u>\$ (285,480)</u>
Revenues and other financing sources over expenditures and other financing uses	-	2,502,461	2,502,461	2,849,024
Fund balances:				
Beginning of year, July 1		<u>13,656,987</u>		<u>10,807,963</u>
End of year, June 30		<u>\$ 16,159,448</u>		<u>\$ 13,656,987</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, 2023**

	2023		Variance Positive (Negative)	2022
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Site rental income	\$ 17,100	\$ 34,940	\$ 17,840	\$ 24,130
Lease income	45,600	31,355	(14,245)	39,709
Other income	200	200	-	200
Unappropriated Funds	119,055	-	(119,055)	-
Interest income	300	35,903	35,603	21,759
Total	<u>182,255</u>	<u>102,398</u>	<u>(79,857)</u>	<u>85,798</u>
Total revenues	<u>182,255</u>	<u>102,398</u>	<u>(79,857)</u>	<u>85,798</u>
Expenditures:				
Event development & marketing	50,000	1,574	48,426	-
Other professional services	55,000	3,366	51,634	15,648
Insurance	9,950	9,950	-	8,554
Utilities	46,645	22,154	24,491	24,442
Repairs and maintenance	285,870	237,299	48,571	173,798
Office expenses	270	88	182	-
Depreciation	-	13,336	(13,336)	13,336
Unappropriated other expenses	20,000	19,449	551	2,726
Total	<u>467,735</u>	<u>307,216</u>	<u>160,519</u>	<u>238,504</u>
Revenues over expenditures	(285,480)	(204,818)	80,662	(152,706)
Other financing (uses):				
Transfers from General Fund	285,480	285,480	-	285,480
Total other financing (uses)	<u>285,480</u>	<u>285,480</u>	<u>-</u>	<u>285,480</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>80,662</u>	<u>\$ 80,662</u>	<u>132,774</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Net income		<u>\$ 80,662</u>		<u>\$ 132,774</u>