

DARE COUNTY TOURISM BOARD

FINANCIAL STATEMENTS

**For the fiscal year ended
June 30, 2020**

DARE COUNTY TOURISM BOARD OFFICERS

**Myra Ladd-Bone, Chair
Jeff Pruitt, Vice-Chair
Webb Fuller, Secretary
Patricia Weston, Treasurer
Ervin Bateman, Assistant Treasurer**

ADMINISTRATION & FINANCIAL STAFF

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

DARE COUNTY TOURISM BOARD
Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Table of Contents

Independent Auditor's Report.....	1
Management Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Governmental Funds.....	20
Statement of Net Position – Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	22
Statement of Cash Flows – Proprietary Funds.....	23
Notes to the Financial Statements.....	24
Schedule of the Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System.....	44
Schedule of Contributions – Local Government Employees' Retirement System.....	45
Schedule of Changes in the Total OPEB Liability and Related Ratios.....	46
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	47
Schedule of Revenues and Expenses – Budget and Actual (Non-GAAP) – Proprietary Fund – Non-major Event Site.....	51

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board, a component unit of Dare County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

MEMBERS OF AICPA AND NCACPA

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board as of June 30, 2020, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the general and special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion 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, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

To the Board of Directors
Dare County Tourism Board
Page Three

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

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

Johnson, Mizelle, Straub & Murphy, LLP

Kitty Hawk, North Carolina
October 20, 2020

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, 2020. 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 \$30,498,513 (*net position*), which represents an increase of \$ 952,265 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 \$11,080,973 a decrease of \$2,511,698 in comparison with the prior year. Of this amount \$ 4,589,280 (41.4%) is restricted. The restricted amount includes \$ 3,053,072 that is to be used for services or programs needed due to the impact of tourism on the county.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,512,616 or 96.6 percent of total general fund expenditures for the fiscal year.

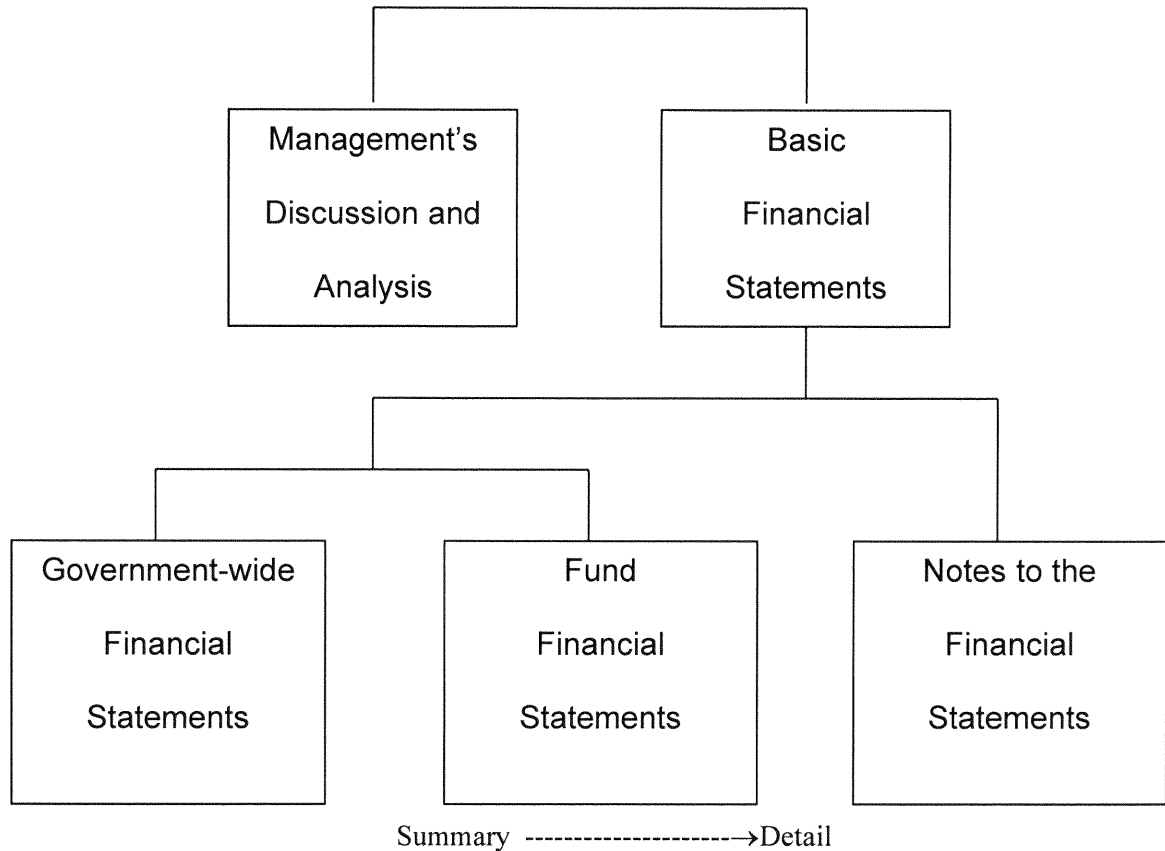
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, decreased \$ 537,619 or 6.9% less than the prior year for a total amount collected of \$ 7,207,790.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Board's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Board's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Board's financial status as a whole.

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

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

Fund Financial Statements

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

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

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

in the General Fund; and 3) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 11,228,585	\$ 13,717,891	\$ 160,917	\$ 128,993	\$ 11,389,502	\$ 13,846,884
Capital assets	20,155,385	16,637,260	34,422	-	20,189,807	16,637,260
Deferred outflows of resources	253,947	246,118	-	-	253,947	246,118
Total assets and deferred outflows of resources	31,637,917	30,601,269	195,339	128,993	31,833,256	30,730,262
Current liabilities	147,612	125,219	7,106	4,952	154,718	130,171
Long-term liabilities	1,115,501	979,995	-	-	1,115,501	979,995
Deferred inflows of resources	64,524	73,848	-	-	64,524	73,848
Total liabilities and deferred inflows of resources	1,327,637	1,179,062	7,106	4,952	1,334,743	1,184,014
Net position:						
Net investment in capital assets	20,155,385	16,637,260	34,422	-	20,189,807	16,637,260
Restricted	4,589,280	6,780,633	-	-	4,589,280	6,780,633
Unrestricted	5,565,615	6,004,314	153,811	124,041	5,719,426	6,128,355
Total net position	\$ 30,310,280	\$ 29,422,207	\$ 188,233	\$ 124,041	\$ 30,498,513	\$ 29,546,248

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 \$30,498,513 as of June 30, 2020. Of the total net

position, \$20,189,807, or 66.2%, 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, \$ 4,589,280, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 5,719,426 is unrestricted.

Figure 3

Dare County Tourism Board Changes in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 190,535	\$ 251,740	\$ 58,158	\$ 30,970	\$ 248,693	\$ 282,710
General revenues:						
Occupancy taxes	4,861,143	5,107,312			4,861,143	5,107,312
Prepared food and beverage tax	2,346,647	2,638,097			2,346,647	2,638,097
Capital grants and contributions	700,000	385,000			700,000	385,000
Investment earnings	183,476	261,658	678	503	184,154	262,161
Total revenues	8,281,801	8,643,807	58,836	31,473	8,340,637	8,675,280
Expenses:						
Governing Body	24,753	27,211			24,753	27,211
Promotion and General	5,951,059	5,656,477			5,951,059	5,656,477
Welcoming Function	209,475	240,040			209,475	240,040
Event Site			221,779	215,070	221,779	215,070
Projects	981,306	1,370,40			981,306	1,370,040
Total expenses	7,166,593	7,293,768	221,779	215,070	7,388,372	7,508,838
Increase in net position before transfers	1,115,208	1,350,039	(162,943)	(183,597)	952,265	1,166,442
Fund transfers	(227,135)	(183,200)	227,135	183,200	-	-
Increase in net position	888,073	1,166,839	64,192	(397)	952,265	1,166,442
Net position, beginning	29,422,207	28,255,368	124,041	124,438	29,546,248	28,379,806
Net position, June 30	<u>\$30,310,280</u>	<u>\$29,422,207</u>	<u>\$ 188,233</u>	<u>\$ 124,041</u>	<u>\$30,498,513</u>	<u>\$29,546,248</u>

Governmental activities. Governmental activities increased the Board's net position by \$888,073, thereby accounting for 92.7 percent of the total growth of net position. The full amount is reserved for encumbrances. Tax collections decreased \$ 537,619 (6.9%) from the prior year. The decrease was due to closures in Dare County related to COVID-19. In December the Board purchased an additional piece of property in the Town of Nags Head which adjoins the Event Site to allow for additional parking and a larger footprint for the site overall in the amount of \$ 3,823,863, including a gift from the seller of \$ 700,000. This accounts for the majority of the increase in capital assets and net position. Expenses were planned conservatively and well managed within the budget.

Business-type activities: Business-type activities increased the Board's net position by \$ 64,192. The Event Site Fund accounts for the operating expenses of the Outer Banks Event Site. Rental prices have been kept low to encourage the use of the property and have not covered the maintenance and other managerial expenses of the land. The increase in revenue is largely accounted for by a long-term lease that was assumed when the Board purchased the adjoining property and the postponement of some large expenses when events began to cancel due to COVID-19. The lease is for five years with a two options to extend for five years. Lease income is \$40,710 yearly. A transfer from General Fund will be used to fund activities from the site until rental revenues begin to offset the cost of maintaining the site.

Financial Analysis of the Board's Funds

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

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

The general fund is the chief operating fund of The Dare County Tourism Board. At the end of the current fiscal year, the Board's fund balance available was \$5,512,616, while total fund balance was \$8,027,901. 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 96.6 percent of general fund expenditures while total fund balance is 140.6 percent of the same amount.

At June 30, 2020, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$11,080,973, an 18.5 percent decrease over last year. This decrease is mostly due to the purchase of the property in the Town of Nags Head. Meals and occupancy taxes remained strong until the Coronavirus pandemic hit. The taxes ended with a 6.9 percent decrease 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 was a budget amendment to increase appropriations in order to launch a safety campaign due to COVID-19.

The occupancy taxes were more than budget due to the conservative approach taken during the budgeting process. Prepared meals tax revenues were slightly less than budget because of COVID-19. For example, state mandates forced restaurants to operate at 50 percent capacity. Even though occupancy and prepared meals taxes finished less than the prior year, Dare County once again experienced a strong year in travel expenditures despite a mandatory evacuation for Hurricane Dorian in September and a state of emergency that closed Dare County to visitors from March 17, 2020 through May 16, 2020. The summer months

(approximately 71% of the Board's revenue) experienced growth of 4.13 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. Other revenues were under budgeted amounts due to freezing of programs after the pandemic hit in March.

Promotional and general expenses were less than budgeted amounts, primarily due to closing of welcome centers and a conservative approach to spending due to COVID-19. Other factors include several large grants were encumbered due to postponement or cancellation of events, no unforeseen legal issues, and a freeze on marketing for events, fam tours and travel.

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 \$153,811. The total increase in net position was \$ 64,192.

The Event Site Fund posted an increase of net position in the amount of \$ 64,192. 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. Once again, the most successful events were the Outer Banks Seafood Festival held in October and two car shows. Due to COVID-19 all events beginning in March have been postponed or canceled. Revenues also include rent from a tenant running an adventure park. The main expense is for landscaping and maintenance. Utilities have increased as a result of the purchase of a new building and property. 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, 2020, totals \$20,189,807 (net of accumulated depreciation). These assets include land, buildings and furniture and equipment.

Dare County Tourism Board Capital Assets

Figure 4
(net of depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$12,876,688	\$ 34,422
Buildings	4,705,476	-
Event Site	2,345,324	-
Intangible Assets	39,287	-
Computer equipment	37,007	-
Furniture and Equipment	151,603	\$ 34,422
Total	<u>\$20,155,385</u>	<u>\$ 34,422</u>

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

Economic Factors and Next Year's Budget

Despite the achievements and challenges of fiscal year 2019/2020, the year is sure to be remembered for the emergence of the Coronavirus and the tremendous impact it's had, and is having, on the Outer Banks and the world.

The virus led Dare County's Outer Banks to close entirely to visitors and non-resident property owners for a period of roughly two months in the spring of 2020 (mid-March through mid-May). In doing so, Dare became one of the first places in the country to close entirely to visitors, a move which drew national press attention.

Businesses scrambled to respond. No one had a reference point for how best to adapt. In some ways, the virus shared similarities with a hurricane: business interruption, staff and operational changes, the importance of clear communication internally and externally, budget changes, and figuring out how best to recover through marketing. But unlike a hurricane with its more defined beginning, middle and end, no one could predict how long or how significantly the virus would alter business and life. As of this writing eight months later, we still don't really know.

Many businesses, including the Outer Banks Visitors Bureau, laid-off or furloughed staff. Some businesses closed entirely. Nationally, the hospitality industry experienced more severe drops than any other type of business.

The Bureau closed its welcome centers and paused almost all advertising during the time that Dare was closed to visitors. Budget projections were updated for the final months of the fiscal year and an incremental advertising/marketing effort was planned.

The closure was very effective in limiting the spread of the virus but created great anxiety among local residents who wondered what would happen when the OBX reopened. Meanwhile, tourism businesses were cratering and were fighting for survival. The typical friction between the industry and locals became a visceral debate playing out on social media. Tourism wasn't just perceived as an inconvenience; it had become an actual threat to the well-being of residents.

This created an incredibly tight window for marketing. National and state research indicated that people were scared to travel and that residents were opposed to bringing visitors into their destinations. The Outer Banks Visitors Bureau recognized that the only way to get over these substantial hurdles was to first develop a local safety campaign. The campaign was multi-faceted and started with a Tourism Pledge – a place for local businesses to let customers know the steps they had taken to ensure the safety of their guests and their employees.

The OBX Tourism Pledge was hosted on the Bureau's website. It was offered as a free service to travel partners and enrolled around 100 businesses. The Pledge was targeted to potential and current visitors but was also directed at locals to alleviate some of their anxiety by demonstrating that the travel industry understood the importance of safety and that the return of visitation wasn't just "business as usual."

A local safety campaign was developed with radio, print and digital advertising running throughout the summer and reinforcing the state and county "3 W's" messaging of wearing a mask, washing hands and waiting farther back in line (social distancing).

Initially, restaurants were limited to only take-out and delivery, so the Visitors Bureau created a list of restaurants that offered these options and posted prominently on outerbanks.org. A travel advisory page was also created for the website to set visitor expectations and provide the most up to date information during an extremely fluid time for public health. The page quickly became one of the most highly trafficked on the website.

With the local safety campaign in place, the Bureau returned its focus to targeting visitors in a responsible manner, concentrating on previous guests (email, social) and those who were already expressing interest in travel (search engine advertising, travel-endemic websites). The Bureau worked with regional media outlets and developed a national press release highlighting the Outer Banks' main attributes of a vast open shoreline, drive-to convenience and the abundance of vacation rental homes, which offered visitors the ability to control their exposure to other people. As the destination reopened, we placed a substantial connected TV media buy to help get the word out.

Bookings immediately returned for the summer, and although several cancellations were received, they were replaced, and then some, by new bookings. Most importantly, while the COVID case count did in fact rise, it did so at a manageable level. The danger persists to this day, though, and the situation is still unpredictable.

Fiscal year occupancy and meals collections were, quite simply, all over the place. July led off the fiscal year with an alarming drop on the occupancy side and a record gain for meals collections, followed by a record-setting gains in August, a hurricane-influenced drop in September, and new record heights for October, November and December (occupancy and meals) to close out the calendar year.

The rollercoaster ride continued in January and February, posting the largest occupancy collections ever recorded for those two months, followed by the COVID closure and the lowest collections (occupancy and meals) for any month in the last 13 years (April '20), and then, the largest June occupancy figures ever. The fiscal year ended, occupancy and meals combined, at 4.5% above what was budgeted. Whew.

Though overshadowed by COVID-19, other notable activities of the Board and Bureau during the fiscal year included: the receipt of an Economic Impact & Site Feasibility study for The Soundside event site from Johnson Consulting; marketing recovery following Hurricane Dorian; receipt of the first-ever Tourism Impact Grant applications; the creation of a Board-appointed Advisory Committee for matters related to development of an economically viable event center; and purchase of the former Pamlico Jack's restaurant site.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The emergence of the virus coincided with budget preparation for the upcoming 2020-2021 fiscal year. At the time, it was anticipated that reduced revenue and incremental recovery spending would cause the Board to dip below its preferred 60% fund balance minimum; however, as the final months of the 2019-2020 fiscal year unfolded, revenue came in better than projected and avoided the need to go below 60%.

In fact, the torrid booking pace the destination experienced after reopening continued, not only setting a record in June, but also for the first three months of the new fiscal. The boom was uneven across the local industry, though. Visitors were here in large numbers; however, state restrictions remained in place limiting capacities for in-restaurant dining and retail businesses, attractions and events. Some attractions were not able to reopen until fall and many events had to postpone or cancel altogether.

Meals collections were off approximately 20% in July and August before experiencing the largest September ever, despite dining capacity limits. The Visitors Bureau anticipates a budget amendment (adding dollars back into the budget) for the Board's consideration shortly.

The Bureau and Board viewed the budget challenge as an opportunity to make a strategic change. The Travel Guide, which was funded in part by local advertiser dollars, had been experiencing an annual deficit of around \$90,000 for the last couple of years. The deficit, while never ideal, was at least a justifiable and manageable expense during ordinary years. COVID didn't offer the luxury of an ordinary year, though, and aside from the Bureau's own budgetary concerns, it was anticipated that local advertiser support would also drop considerably and increase the deficit further.

The previous year's media effort included production of a 4-page insert which was polybagged with select titles, such as, Travel & Leisure. The insert was well received by visitors and the local community. As an alternative to the tradition travel guide, for fiscal year 2020-2021 the decision was made to expand the insert to 8-pages, offer limited paid ad spots within it, polybag with the Jan-Feb issue of Southern Living and print an overrun of 200,000 for distribution throughout the year via the welcome centers and mail fulfillment. While the Travel Guide was a line-item deficit, the "inspiration insert" cost is covered as a media placement and by the advertiser revenue.

The Bureau continues to look for efficiencies, such as, through the email database cleanse that purged non-active recipients. A website redesign started in the previous year went live in the fall of 2020 and was poised to better facilitate mobile traffic (approximately 65% of the visitation to outerbanks.org). Advertising efforts are focusing more heavily on Connected Television (CTV), which offers better targetability and tracking, and interest-based segmentation. Custom content through blog development and influencer-produced pieces are being shared through the website, social and paid amplification.

The State tourism office and its parent, the Economic Development Partnership of NC, received Federal dollars to help tourism communities within NC recover by providing tourism marketing dollars. To date, the Outer Banks Visitors Bureau has received \$100,000 in advertising credits through these programs.

One area which has been dramatically upset by COVID-19 is events. The Visitors Bureau produced events – Food Truck Showdown and the OBX Tourism Summit – were postponed before being cancelled. The OBX Tourism Summit, in the near-term, will be replaced with a series of virtual presentations. Even once face-to-face larger meetings are possible, the Bureau recognizes value and opportunity in continuing the video series.

In terms of the Board's Event Grant program, the Bureau and Board have worked with event developers to encumber grants for postponed events while determining new policies to address reimbursements for changed events. Although striving to be flexible, the changes have been guided by the Board's directive that the grants continue to produce out of market visitation.

The virus caused the Board to pause the work of The Soundside Event Center Advisory Committee until the summer numbers were known. Obviously, the State-imposed limits on large gatherings have also forced the cancelation and postponement of events previously scheduled for The Soundside, which impacts event rental revenue projections.

The situation remains highly fluid in the face of a global pandemic. The Dare County Tourism Board is well positioned through the actions it has taken with respect to budget and marketing,

and through the natural appeal of the destination which is more meaningful than ever during these highly unusual times. The last nine months have produced six records for growth and two records for historic lows. Throughout the tumult, the Board has navigated with a steady hand and an unwavering sense of optimism, recognizing the resilience of tourism as an economic engine for our community.

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, 2020**

	Primary Government	
	Governmental	Business-type
	Activities	Activities
		Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,102,082	\$ 160,917
Miscellaneous accounts receivable	2,590	-
Due from other governmental units	1,374,552	-
Accrued interest receivable	31,566	-
Inventories	25,436	-
Restricted cash and cash equivalents	2,692,359	-
Total current assets	11,228,585	160,917
Non-current assets:		
Capital assets (Note 1):		
Land	12,876,688	34,422
Event Site, net of depreciation	2,345,324	-
Other capital assets, net of depreciation	4,933,373	-
Total capital assets	20,155,385	34,422
Total assets	31,383,970	195,339
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	188,651	-
Other post employment benefits deferrals	65,296	-
Total deferred outflows of resources	253,947	-
LIABILITIES		
Current liabilities:		
Accounts payable	147,612	1,906
Unearned revenue	-	5,200
Total current liabilities	147,612	7,106
Long-term liabilities:		
Accrued vacation and comp	69,146	-
Net pension liability	327,164	-
Other postemployment benefits	719,191	-
Total long-term liabilities	1,115,501	-
Total liabilities	1,263,113	7,106
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	18,832	-
Other post employment benefits deferrals	45,692	-
Total deferred inflows of resources	64,524	-
NET POSITION		
Net investment in capital assets	20,155,385	34,422
Restricted for:		
Stabilization by State Statute	4,589,280	-
Unrestricted	5,565,615	153,811
Total net position	\$ 30,310,280	\$ 188,233
		\$ 30,498,513

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, 2020**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government:						
Governmental Activities:						
Governing Body	\$ 24,753	\$ -	\$ -	\$ (24,753)	\$ -	\$ (24,753)
Promotion and General	5,951,059	190,535	700,000	(5,060,524)	-	(5,060,524)
Welcoming Function	209,475	-	-	(209,475)	-	(209,475)
Projects	981,306	-	-	(981,306)	-	(981,306)
Total governmental activities (See Note 1)	7,166,593	190,535	700,000	(6,276,058)	-	(6,276,058)
Business-type activities:						
Event Site	221,779	58,158	-	-	(163,621)	(163,621)
Total business-type activities	221,779	58,158	-	-	(163,621)	(163,621)
Total primary government	\$ 7,388,372	\$ 248,693	\$ 700,000	(6,276,058)	(163,621)	(6,439,679)
Component units:						
General revenues:						
Taxes:						
Other taxes				7,207,790	-	7,207,790
Transfers				(227,135)	227,135	-
Investment earnings				183,476	678	184,154
Total general revenues, special items, and transfers				7,164,131	227,813	7,391,944
Change in net position				888,073	64,192	952,265
Net position, beginning				29,422,207	124,041	29,546,248
Net position-ending				\$ 30,310,280	\$ 188,233	\$ 30,498,513

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

Exhibit 3

**Dare County Tourism Board
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and cash equivalents	\$ 7,102,082	-	\$ 7,102,082
Restricted cash and cash equivalents		\$ 2,692,359	2,692,359
Miscellaneous accounts receivable	2,590	-	2,590
Due from other governmental units	1,030,914	343,638	1,374,552
Accrued interest receivable	14,491	17,075	31,566
Inventory	25,436	-	25,436
Total assets	<u>\$ 8,175,513</u>	<u>\$ 3,053,072</u>	<u>\$ 11,228,585</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 147,612	-	\$ 147,612
Total liabilities	<u>147,612</u>	<u>-</u>	<u>147,612</u>
FUND BALANCES			
Non Spendable			
Inventories	25,436	-	25,436
Restricted			
Stabilization by State Statute	1,536,208	3,053,072	4,589,280
Assigned			
Designated for subsequent year's expenditures	953,641	-	953,641
Unassigned	5,512,616	-	5,512,616
Total fund balances	<u>\$ 8,027,901</u>	<u>\$ 3,053,072</u>	<u>11,080,973</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 20,155,385
Deferred outflows of resources related to pensions are not reported in the funds	188,651
Deferred outflows of resources related to OPEB are not reported in the funds	65,296
Pension deferrals reported as deferred inflows of resources are not reported in the funds	(18,832)
OPEB deferrals reported as deferred inflows of resources are not reported in the funds	(45,692)
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds:	
Accrued liabilities	(69,146)
Net pension	(327,164)
Net OPEB liability	(719,191)
Net position of governmental activities	<u>\$ 30,310,280</u>

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

Exhibit 4

Dare County Tourism Board
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
REVENUES			
Tax Revenues			
Occupancy	\$ 3,645,857	\$ 1,215,286	\$ 4,861,143
Prepared Food and Beverage	1,759,985	586,662	2,346,647
Website advertising	94,492	-	94,492
Ad sales - Travel Guide	79,360	-	79,360
Sale of merchandise	16,548	-	16,548
Other Revenues	135	-	135
Investment income	116,265	67,211	183,476
Total revenues	5,712,642	1,869,159	7,581,801
EXPENDITURES			
Current:			
Governing Body	24,753	-	24,753
Promotion and General	5,434,804	2,500	5,437,304
Welcoming Function	203,436	-	203,436
Projects	-	981,306	981,306
Capital outlay	45,702	3,173,863	3,219,565
Total expenditures	5,708,695	4,157,669	9,866,364
Excess (deficiency) of revenues over expenditures	3,947	(2,288,510)	(2,284,563)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(227,135)	-	(227,135)
Sales of assets	-	-	-
Total other financing sources (uses)	(227,135)	-	(227,135)
Net change in fund balance	(223,188)	(2,288,510)	(2,511,698)
Fund balances-beginning	8,251,089	5,341,582	13,592,671
Fund balances-ending	\$ 8,027,901	\$ 3,053,072	\$ 11,080,973

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, 2020

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

Net changes in fund balances - total governmental funds	\$ (2,511,698)
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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 where were capitalized	3,219,565	
Depreciation expense for government assets	(401,440)	
Asset impairment loss	-	2,818,125

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	71,330
--	--------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	22,170
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	700,000
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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	(137,019)	
OPEB plan expense	(55,100)	
Compensated absences	(19,735)	(211,854)

Total changes in net position of governmental activities	\$ 888,073
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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, 2020

	General Fund				Special Revenue Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:								
Occupancy tax	\$ 3,419,554	\$ 3,419,554	\$ 3,645,857	\$ 226,303	\$ 1,139,851	\$ 1,139,851	\$ 1,215,286	\$ 75,435
Prepared Food and Beverage	1,786,256	1,786,256	1,759,985	(26,271)	595,419	595,419	586,662	(8,757)
Website advertising revenue	105,000	105,000	94,492	(10,508)	-	-	-	-
Ad Sales - Travel Guide	84,100	84,100	79,360	(4,740)	-	-	-	-
Merchandise sales	30,786	30,786	16,548	(14,238)	-	-	-	-
Other	1,000	1,000	135	(865)	-	-	-	-
Investment earnings	100,425	100,425	116,265	15,840	65,000	65,000	67,211	2,211
Total revenues	5,527,121	5,527,121	5,712,642	185,521	1,800,270	1,800,270	1,869,159	68,889
Expenditures:								
Current:								
Governing Body	31,034	31,034	24,753	6,281	-	-	-	-
Promotional and General	6,444,248	6,644,248	5,479,537	1,164,711	2,500	2,500	2,500	-
Welcoming	321,658	321,658	204,405	117,253	-	-	-	-
Projects	-	-	-	-	6,641,460	6,641,460	4,155,169	2,486,291
Total expenditures	6,796,940	6,996,940	5,708,695	1,288,245	6,643,960	6,643,960	4,157,669	2,486,291
Revenues over (under) expenditures	(1,269,819)	(1,469,819)	3,947	1,473,766	(4,843,690)	(4,843,690)	(2,288,510)	2,555,180
Other financing sources (uses):								
Transfers to other funds	(227,135)	(227,135)	(227,135)	-	-	-	-	-
Appropriated Fund Balance	1,496,954	1,696,954	-	(1,696,954)	4,843,690	4,843,690	-	(4,843,690)
Total other financing sources (uses)	1,269,819	1,469,819	(227,135)	(1,696,954)	4,843,690	4,843,690	-	(4,843,690)
Revenues and other sources over (under) expenditures and other uses	-	-	(223,188)	(223,188)	-	-	(2,288,510)	(2,288,510)
Fund balances, beginning of year	-	-	8,251,089		-	-	5,341,582	
Fund balances, end of year	\$ -	\$ -	\$ 8,027,901		\$ -	\$ -	\$ 3,053,072	

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, 2020**

	Non-Major Event Site	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 160,917	\$ 160,917
Accounts receivable	-	-
Total current assets	<u>160,917</u>	<u>160,917</u>
Capital Assets:		
Land improvements	<u>34,422</u>	<u>34,422</u>
Total non current assets	<u>34,422</u>	<u>34,422</u>
Total assets	<u>\$ 195,339</u>	<u>\$ 195,339</u>
LIABILITIES		
Current liabilities:		
Site Damage Deposits	\$ 5,200	\$ 5,200
Accounts payable	<u>1,906</u>	<u>1,906</u>
Total current liabilities	<u>7,106</u>	<u>7,106</u>
Total liabilities	<u>7,106</u>	<u>7,106</u>
NET POSITION		
Invested in capital assets, net of related debt	34,422	34,422
Unrestricted	<u>153,811</u>	<u>153,811</u>
Total net position	<u>\$ 188,233</u>	<u>\$ 188,233</u>
Total liabilities and net position	<u>\$ 195,339</u>	<u>\$ 195,339</u>

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

Exhibit 7

Dare County Tourism Board
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Non-Major Event Site	Total
OPERATING REVENUES		
Site rental income	\$ 8,930	8,930
Lease income	46,728	46,728
Other operating revenues	2,500	2,500
Total operating revenues	<u>58,158</u>	<u>58,158</u>
OPERATING EXPENSES		
Event development & marketing	36,526	36,526
Other professional fees	3,234	3,234
Insurance	6,423	6,423
Utilities	23,415	23,415
Repairs and maintenance	134,503	134,503
Office expenses	-	-
Other operating expenses	17,678	17,678
Total operating expenses	<u>221,779</u>	<u>221,779</u>
Operating income (loss)	<u>(163,621)</u>	<u>(163,621)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	678	678
Total nonoperating revenue	<u>678</u>	<u>678</u>
(expenses)	678	678
Income (loss) before	<u>(162,943)</u>	<u>(162,943)</u>
contributions and transfers		
Transfer from General Fund	<u>227,135</u>	<u>227,135</u>
Change in net position	64,192	64,192
Total net position - beginning	<u>124,041</u>	<u>124,041</u>
Total net position - ending	<u><u>\$ 188,233</u></u>	<u><u>188,233</u></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, 2020**

	Non-Major Event Site	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 58,658	\$ 58,658
Cash paid for goods and services	(220,125)	(220,125)
Net cash provided (used) by operating activities	(161,467)	(161,467)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from General Fund	227,135	227,135
Net cash provided (used) by noncapital financing activities	227,135	227,135
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(34,422)	(34,422)
Net cash provided (used) by capital financing activities	(34,422)	(34,422)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	678	678
Net increase (decrease) in cash and cash equivalents	31,924	66,346
Balances-beginning of the year	128,993	128,993
Balances-end of the year	\$ 160,917	\$ 195,339
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (163,621)	\$ (163,621)
Increase (decrease) in accounts payable	1,654	1,654
Increase (decrease) in site damage deposits	500	500
Total adjustments	2,154	2,154
Net cash provided by operating activities	\$ (161,467)	\$ (161,467)

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

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, 2020

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

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

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

The Tourism Board reports the following major governmental funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2020

Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include occupancy taxes and prepared food and beverage taxes.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total position.

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

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

D. Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Special Revenue Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions. Budgetary control is exercised in all funds. Appropriations are made at the department level and are amended as necessary by the governing board. The finance officer is authorized to transfer appropriations between line item expenditures within a department, and may transfer items between departments, up to \$5,000. The amended budget as of June 30, 2020, is included in the financial statements.

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

1. Deposits and Investments

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

State law (G.S. 159-30 (c)) authorizes the board to invest in obligations of the United States or obligations fully guaranteed as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of 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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Portfolio, a SEC-registered (2a-7) money market fund is measured at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are present 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. Inventory

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

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs for all asset classes is \$1,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has two items that meets this criterion, pension deferrals and other post-employment benefits deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has two items that meets this criterion, deferrals of pension expense and other post-employment benefits that result from the implementation of GASB Statement 68 and GASB Statement 75.

7. Compensated Absences

The Dare County Tourism Board's personnel policy provides for the accumulation of vacation leave not to exceed thirty days, or as allowed by contractual arrangement. Vacation leave is fully vested when earned, up to the maximum amount. A provision for the amount vested as of June 30, 2020 is included in the accompanying financial statements as a liability in the governmental activities.

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

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Stabilization by State statute – 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*

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the balance sheet.

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

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

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

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

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

9. Pensions

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

NOTE 2. DETAILED NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All of the Board deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage are collateralized with securities held by the Board's agent in the Board's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Board, these deposits are considered to be held by the Board's agent in the Board's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce the standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Board complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. As a means of monitoring risk, the Board works to keep not more than 60% of funds in one depository and no more than 25% in a single investment.

At June 30, 2020, the Board's deposits had a carrying amount of \$ 6,760,718 and a bank balance of \$ 7,528,770. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$ 6,278,770 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2020, the Board had cash on hand of \$ 400.

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
Notes to Financial Statements
June 30, 2020

Dare County Tourism Board Restricted Cash

Governmental Activities
Special Revenue Fund: \$2,692,359

3. Investments

At June 30, 2020, the Board's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/20	Maturity	Rating
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	\$ 616,024	N/A	AAAm
NC Capital Management Trust – Term Portfolio	Fair Value Level 1	2,578,216	.15 years ^a	Unrated
Total		\$ 3,194,240		

^a This is the duration for the Term Portfolio.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

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

Credit Risk: The Board has no formal policy regarding credit risk, but has internal management procedures that limit the Board's investments to provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Board's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2020. The Board's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina G.S. 159-30 as amended.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

4. Due from Other Governmental Units

The Board has recognized an amount due from other governmental units which is comprised of the June, 2020 occupancy tax receipts in the amount of \$1,031,085 and the meals tax receipts of \$ 343,467 for a total receivable of \$1,374,552.

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,317,382	\$ 1,559,306	\$ -	\$ 12,876,688
Total capital assets not being depreciated	11,317,382	1,559,306	-	12,876,688
Capital assets being depreciated:				
Buildings	3,432,060	2,224,318	-	5,656,378
Event Site	3,252,420	-	-	3,252,420
Intangible assets	85,950	23,862	-	109,812
Computer equipment	159,300	21,840	-	181,140
Furniture and equipment	312,552	90,239	-	402,791
Total capital assets being depreciated	7,242,282	2,360,259	-	9,602,541
Less accumulated depreciation for:				
Buildings	833,359	117,543	-	950,902
Event Site	669,865	237,231	-	907,096
Intangible assets	56,635	13,890	-	70,525
Computer equipment	132,683	11,450	-	144,133
Furniture and equipment	229,862	21,326	-	251,188
Total accumulated depreciation	1,922,404	401,440	-	2,323,844
Total capital assets being depreciated, net	5,319,878	1,958,819	-	7,278,697
Governmental activity capital assets, net	<u>\$16,637,260</u>	<u>\$ 3,518,125</u>	<u>\$ -</u>	<u>\$20,155,385</u>

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

Promotion and General \$ 401,440

Business-type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ -	\$ 34,422		\$ 34,422
Total capital assets	\$ -	\$ 34,422		\$ 34,422

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

B. LIABILITIES

1. Pension Plan Obligations

a. North Carolina Local Governmental Employees' Retirement System

Plan Description. Dare County Tourism Board is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina, 27609, by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Dare County Tourism Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Dare County Tourism Board's contractually required contribution rate for the year ended June 30, 2020, was 8.95% 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 \$71,330 for the year ended June 30, 2020.

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2020

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

At June 30, 2020, the Board reported a liability of \$327,164 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Board's proportion was 0.01198%, which was a decrease of .00082 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Board recognized pension expense of \$137,019. At June 30, 2020, 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	\$ 56,019	\$ -
Changes of assumptions	53,322	-
Net difference between projected and actual earnings on pension plan investments	7,980	-
Change in proportion and differences between Board contributions and proportionate share of contributions	-	18,832
Board contributions subsequent to the measurement date	71,330	-
Total	\$ 188,651	\$ 18,832

\$ 71,330 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ 51,047
2022	12,855
2023	27,975
2024	6,612
2025	-
Thereafter	-
Total	\$ 98,489

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 748,285	\$ 327,164	\$ (22,872)

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

b. Other Post-Employment Benefits

Health Care Benefits

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

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

Membership of the plan consisted of the following at June 30, 2020:

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Total OPEB Liability

The Board's total OPEB liability of \$719,191 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5-7.75 percent, average, including inflation
Discount rate, prior to measurement date	3.89 percent
Discount rate, at measurement date	3.50 percent
Healthcare cost trend	
Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2026
Medicare	5.00 percent for 2019 decreasing to an ultimate rate of 4.50 percent by 2021

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1/2019	\$ 626,924
Changes for the year	
Service cost	31,129
Interest	24,066
Changes of benefit terms	-
Differences between expected and actual experience	29,054
Changes in assumptions or other inputs	24,722
Benefit payments	(16,704)
Net changes	\$ 92,267
Balance at 6/30/2020	\$ 719,191

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Discount Rate Sensitivity			
	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 808,462	\$ 719,191	\$ 643,014

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	\$ 678,478	\$ 719,191	\$ 765,620

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

For the year ended June 30, 2020, the Board recognized OPEB expense of \$55,100. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 24,535	\$ 5,500
Changes of assumptions	20,877	40,192
Benefit payments made subsequent to the measurement date	\$ 19,884	
Total	\$ 65,296	\$ 45,692

\$19,884 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:		
2020	\$	(2,465)
2021		(2,465)
2022		(2,465)
2023		(1,499)
2024		5,022
Thereafter		3,592

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

2. Other Employment Benefits

Death Benefit Plan. The Board has elected to provide death benefits to employees through the Death Benefit Retirement Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$ 50,000. All death benefit payments are made by the Death Benefit Plan and not by the Board. The Board does not determine the number of eligible participants. The Board has no liability beyond the payment of monthly contributions, which were \$397 for the fiscal year ended June 30, 2020. 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	\$ 71,330
Benefit payments and administrative costs for OPEB made subsequent to the measurement date	19,884
Pension plan	56,019
OPEB benefits	24,535
Changes of assumptions:	
Pension plan	53,322
OPEB benefits	20,877
Net difference between projected and actual on pension plan investments	<u>7,980</u>
Total	\$ 253,947

The Board has the following deferred inflows of resources

Differences between expected and actual experience -	
OBEB benefits	\$ 5,500
Changes of assumptions – OPEB benefits	40,192
Changes in proportion and difference between employer contributions and proportionate share of contributions –	
Pension plan	<u>18,832</u>
Total	\$ 64,524

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 and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels.

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Board upon request.

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

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

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

4. Long-Term Obligations

The following is a summary of the changes in general long-term debt for the year ended June 30, 2020:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 49,411	\$ 19,976	\$ 241	\$ 69,146	\$ -
Net pension liability	303,660	23,504	-	327,164	-
Other postemployment benefits	<u>626,924</u>	<u>108,971</u>	<u>16,704</u>	<u>719,191</u>	-
Total long-term liabilities	<u>\$ 979,995</u>	<u>\$152,451</u>	<u>\$ 16,945</u>	<u>\$ 1,115,501</u>	<u>\$ -</u>

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2020, consist of the following:

From the General Fund to the Event Site Operating Fund: \$227,135

During the 2020 fiscal year, the Board transferred unrestricted revenues to the Event Site Operating Fund to finance operations at the site.

D. EXPENDITURES

Operating Leases

In October 2016, the Board upgraded its mailing machine and postage meter and bought out the previous lease and entered into a new lease for a period of forty-eight months, with quarterly payments of \$ 5,674. During 2020, \$22,698 was paid in rent expense.

In April 2014, the Board entered into a new copier lease and the prior lease was bought out. The new lease is for a period of 63 months with payments of \$400 per month with the option to

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

continue on a month to month basis after the lease expires. The lease expired in July 2020 and was a month to month arrangement until a new copier was leased. Rent expense for 2020 was \$ 1,199.

In October 2019, the Board entered into a new copier lease. The new lease is for a period of 48 months with payments of \$ 375 per month with the option to continue on a month to month basis after the lease expires. In March 2020, the Board added a controller onto the remaining portion of this lease with additional payments of \$113 per month. Rent expense for 2020 was \$3,376 and \$452, respectively.

The future minimum lease payments are as follows:

2021	\$	13,423
2022		5,857
2023		5,857
2024		<u>1,952</u>
	\$	27,089

E. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Funds	Business type Activities
Capital Assets	\$20,155,385	\$ 34,422
Less: Long-term Debt	0	0
Net Investment in Capital Assets	\$20,155,385	\$ 34,422

F. FUND BALANCE

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

<i>Total fund balance-General Fund</i>	<i>\$ 8,027,901</i>
Less:	
Inventories	25,436
Stabilization by State Statute	1,536,208
Appropriated Fund Balance in 2020/2021 budget	953,641
Working Capital / Fund Balance Policy	3,901,493
Remaining Fund Balance	\$ 1,611,123

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

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

<i>Encumbrances</i>	<i>General Fund</i>	<i>Special Revenue Fund</i>
	\$ 488,213	\$ 1,259,202

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

Special Revenue Fund-Reserve For Future Capital Projects

Though the entire fund balance in the Special Revenue Fund is restricted by state statute, the Board designates 70% of the 25% of the amount of occupancy and meals tax transferred to the special revenue fund for future capital projects. During the current year \$1,269,276 was transferred for future capital projects. During 2006, the designations for natural, historic and cultural resources and infrastructure were capped at \$500,000. In March 2019, the Board voted to discontinue funding of the Natural, Historic, Cultural line item and to transfer remaining funds to the long-term unappropriated line item, which was also capped at \$500,000.

Activity for future capital projects was as follows during the year ended June 30, 2020:

<u>Project</u>	<u>Balance July 1,</u> <u>2019</u>	<u>Current Year</u> <u>Additions</u>	<u>Current Year</u> <u>Expenses/Transfers/</u> <u>Adjustments</u>	<u>Balance June 30,</u> <u>2020</u>
Multi-purpose Facility	\$ 2,192,370	\$ 1,265,646	\$ (3,194,971)	\$ 263,045
Natural, historic, cultural	176,370	-	(176,370)	-
Infrastructure	461,170	-	-	461,170
L-T Unappropriated	350,000	3,630	146,370	500,000
Total	<u>\$ 3,179,910</u>	<u>\$ 1,269,276</u>	<u>\$ (3,224,971)</u>	<u>\$ 1,224,215</u>

NOTE 3. COMMITMENTS

On May, 20, 2020, the Board entered into an agreement with the Outer Banks Golf Association for a co-op marketing program beginning June 1, 2020 and ending June 30, 2021 in the amount of \$40,000.

On June 17, 2020, the Board entered into additional spending with Hoffman York in the amount of \$100,000 for increased summer spending due to Coronavirus.

On June 22, 2020, the Board entered into an agreement with Ignite Social Media for social media and management expenses totaling \$362,480 to be paid over twelve months. The contract begins July 1, 2020 and ends June 30, 2021.

On July 23, 2019, the Board entered into an agreement with The Ground Guys for landscaping and irrigation services at the event site. The term of the contract is from July 1, 2019 until December 31, 2022. Monthly payments for the term of the contract are \$7,133.11, plus contracted mulching and plantings paid bi-annually of \$43,700.

NOTE 4. JOINT VENTURES

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

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2020

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

To Board contracts on a yearly renewal basis with Hoffman York to provide marketing services for a monthly retainer of \$22,000, plus advertising fees. Advertising of \$505,000 has been authorized for the Fall 2021 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 August 4, 2020 the Dare County Tourism Board reached an agreement with Hoffman York for the printing of 505,000 polybag insertions in Southern Magazine with an additional 200,000 overrun copies for promotion for a total cost of \$98,179.

On August 10, 2020, the Board entered into a lease agreement with Pitney Bowes for new mailing equipment. The lease term is 48 months with quarterly payments of \$ 5,051.

On August 18, 2020, the Board entered into an agreement with BooneOakley for the production of two commercials in the amount of \$40,000. On October 2, 2020, the Board entered into an additional agreement with BooneOakley for production costs on videos to be used in marketing. The cost is \$40,000.

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 Seven Fiscal Years *

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Board's proportion of the net pension liability (asset) (%)	0.01198%	0.01280%	0.01297%	0.01341%	0.01436%	0.01442%	0.01430%
Board's proportion of the net pension liability (asset) (\$)	\$ 327,164	\$ 303,660	\$ 198,146	\$ 284,604	\$ 64,447	\$ (85,041)	\$ 172,370
Board's covered-employee payroll	\$ 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	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**	91.63%	94.18%	91.47%	98.09%	98.79%	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 Seven Fiscal Years**

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 71,330	\$ 60,219	\$ 58,092	\$ 56,368	\$ 49,687	\$ 50,945	\$ 49,532
Contributions in relation to the contractually required contribution	71,330	60,219	58,092	56,368	49,687	50,945	49,532
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 794,753	\$ 772,494	\$ 770,482	\$ 770,688	\$ 739,387	\$ 720,571	\$ 700,595
Contributions as a percentage of covered-employee payroll	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
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 31,129	\$ 32,058	\$ 34,484
Interest	24,066	21,657	18,582
Changes of benefit terms	-	-	-
Differences between expected and actual experience	29,054	(2,727)	(6,341)
Changes of assumptions	24,722	(23,949)	(41,273)
Benefit payments	(16,704)	(16,788)	(12,178)
Net change in total OPEB liability	<u>\$ 92,267</u>	<u>\$ 10,251</u>	<u>\$ (6,726)</u>
Total OPEB liability - beginning, as restated	626,924	616,673	623,399
Total OPEB liability - ending	<u><u>\$ 719,191</u></u>	<u><u>\$ 626,924</u></u>	<u><u>\$ 616,673</u></u>
 Covered payroll	 782,255	 767,797	 739,549
Total OPEB liability as a percentage of covered payroll	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

<u>Fiscal year</u>	<u>Rate</u>
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, 2020**

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tax Revenues:				
Occupancy	\$ 3,419,554	\$ 3,645,857	\$ 226,303	\$ 3,830,484
Prepared Food and Beverage	1,786,256	1,759,985	(26,271)	1,978,573
Total	5,205,810	5,405,842	200,032	5,809,057
Other Revenues:				
Merchandise Revenue	30,786	16,548	(14,238)	30,441
Sale of Advertising - Travel Guide	84,100	79,360	(4,740)	84,150
Website Advertising	105,000	94,492	(10,508)	107,039
Other	1,000	135	(865)	23,511
Total	220,886	190,535	(30,351)	245,141
Investment earnings	100,425	116,265	15,840	138,678
Total revenues	5,527,121	5,712,642	185,521	6,192,876
Expenditures:				
Governing Body:				
Director compensation		17,000		17,100
Payroll taxes		1,301		1,308
Travel		1,996		5,273
Director & Officers' Insurance		3,455		3,290
Miscellaneous items		1,001		240
Total	31,034	24,753	6,281	27,211
Promotional and General				
Personnel:				
Salaries - full time		788,871		758,881
Salaries - part time		59,946		67,339
Payroll taxes		62,753		61,082
Employee insurance		154,321		139,393
Retirement		71,330		60,219
401(k) match		6,785		6,521
Workman's compensation		1,853		1,654
Employee relations		1,501		1,803
Training		8,890		4,276
Total Personnel	1,184,325	1,156,250	28,075	1,101,168
Services:				
Audit		7,500		7,125
Legal		6,475		11,070
Contract Services		16,528		15,528
Other Professional Services		20,488		4,945
Administrative Advertising		269		478
Total Services	69,100	51,260	17,840	39,146
Travel Guide:				
Travel Guide production and printing		150,308		149,956
Travel Guide freight		13,682		16,535
Total Travel Guide	175,000	163,990	11,010	166,491

**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, 2020**

	2020		2019
	Budget	Actual	Variance Positive (Negative)
			Actual
Merchandise:			
Merchandise purchases		8,963	17,030
Office supplies		-	250
Credit card bank charges		1,009	1,265
Total Travel Guide	20,260	9,972	18,545
Other:			
Research		74,326	13,400
Advertising - printed		939,288	1,052,270
Advertising - production fee		95,246	85,732
Advertising - events		20,182	37,999
Advertising - electronic		2,108,942	1,808,777
Community relations		15,479	9,383
Legal notices		51	93
Brochures/production & printing		3,558	12,405
Promotional aids		2,160	6,892
Familiarization tours		39,910	63,546
Group sales		20,055	11,532
Event Grant program		345,213	385,329
Established Event Developer Grant		3,985	37,135
Tousim Summit		1,064	18,077
Postage		164,360	216,901
Travel		27,764	37,536
Vehicle maintenance		862	1,141
Registrations		23,495	20,380
Travel show exhibit		72	1,913
Dues and subscriptions		38,797	31,262
Insurance		19,805	16,810
Telephone		22,989	21,340
Expendable equipment		570	1,651
Technical support		422	2,153
Utilities		7,208	8,342
Cleaning/maintenance supplies		741	184
Building maintenance		13,370	25,036
Equipment service contracts		1,360	1,035
Equipment rental		25,521	26,694
Equipment repairs		781	475
Office supplies		11,544	11,183
Web Site/Internet		24,212	23,025
Capital Outlay		44,733	43,529
Total Other	5,195,563	4,098,065	4,033,160
Total Promotional & General	6,644,248	5,479,537	5,358,510

**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, 2020**

	2020		2019
	Budget	Actual	Variance Positive (Negative)
			Actual
Welcoming			
Aycock Brown Welcome Center			
Personnel:			
Salaries - part time		57,926	71,572
Payroll taxes		4,494	5,449
Employee insurance		4,176	4,187
Workman's Compensation		200	320
Employee Relations		211	157
Training		-	154
Total Personnel	104,915	67,007	37,908
Services:			
Contracted Services		7,096	7,920
Total Services	7,920	7,096	824
Other:			
Uniforms		73	241
Travel		-	109
Dues and subscriptions		222	140
Insurance		2,280	1,925
Telephone		8,461	7,864
Utilities		4,698	4,716
Cleaning/maintenance supplies		150	2
Building maintenance		352	2,003
Equipment repairs		264	198
Office supplies		1,714	2,440
Capital Outlay		-	7,280
Total Other	31,647	18,214	13,433
Total Welcoming - Aycock Brown Center	144,482	92,317	52,165
Roanoke Island Welcome Center			
Personnel:			
Salaries - part time		90,608	98,718
Payroll taxes		6,820	7,405
Worker's compensation		250	320
Employee relations		153	35
Training		-	402
Total	150,410	97,831	52,579
Services:			
Contracted services		1,264	1,659
Total services	2,200	1,264	936

**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, 2020**

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Other:				
Uniforms		166		281
Travel		348		458
Insurance		2,281		1,925
Telephone		5,772		5,377
Expendable Equipment		916		190
Utilities		595		799
Cleaning/maintenance supplies		301		258
Building maintenance		-		9,254
Office supplies		1,645		567
Capital Outlay		969		-
Total	<u>24,566</u>	<u>12,993</u>	<u>11,573</u>	<u>19,109</u>
Total Welcoming - Roanoke Island	<u>177,176</u>	<u>112,088</u>	<u>65,088</u>	<u>127,648</u>
Total Welcoming	<u>321,658</u>	<u>204,405</u>	<u>117,253</u>	<u>244,325</u>
Total expenditures	<u>6,996,940</u>	<u>5,708,695</u>	<u>1,288,245</u>	<u>5,630,046</u>
Revenues over (under) expenditures	<u>(1,469,819)</u>	<u>3,947</u>	<u>1,473,766</u>	<u>562,830</u>
Other financing sources (uses):				
Transfers (to) from other funds:				
Event Site	(227,135)	(227,135)	-	(183,200)
Sale of assets	-	-		-
Appropriated Fund Balance	1,696,954	-	(1,696,954)	-
Total	<u>\$ 1,469,819</u>	<u>\$ (227,135)</u>	<u>\$ (1,696,954)</u>	<u>\$ (183,200)</u>
Revenues and other financing sources over expenditures and other financing uses	-	(223,188)	(223,188)	379,630
Fund balances:				
Beginning of year, July 1		8,251,089		7,871,459
End of year, June 30		<u>\$ 8,027,901</u>		<u>\$ 8,251,089</u>

**Dare County Tourism Board
Proprietary Fund
Non-Major Event Site Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2020**

	2020			2019
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Site rental income	\$ 13,800	\$ 8,930	\$ (4,870)	\$ 17,660
Lease income	44,000	46,728	2,728	13,060
Other income	200	2,500	2,300	250
Unappropriated Funds	20,000	-	(20,000)	-
Interest income	325	678	353	503
Total	<u>78,325</u>	<u>58,836</u>	<u>(19,489)</u>	<u>31,473</u>
Total revenues	<u>78,325</u>	<u>58,836</u>	<u>(19,489)</u>	<u>31,473</u>
Expenditures:				
Event development & marketing	55,010	36,526	18,484	44,841
Other professional services	38,100	3,234	34,866	2,692
Insurance	6,430	6,423	7	1,200
Utilities	24,510	23,415	1,095	13,334
Repairs and maintenance	161,940	134,503	27,437	141,627
Office expenses	270	-	270	226
Unappropriated other expenses	19,200	17,678	1,522	11,150
Total	<u>305,460</u>	<u>221,779</u>	<u>83,681</u>	<u>215,070</u>
Revenues over expenditures	(227,135)	(162,943)	64,192	(183,597)
Other financing (uses):				
Transfers from General Fund	<u>227,135</u>	<u>227,135</u>	-	<u>183,200</u>
Total other financing (uses)	<u>227,135</u>	<u>227,135</u>	-	<u>183,200</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>64,192</u>	<u>\$ 64,192</u>	<u>(397)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Net income		<u>\$ 64,192</u>		<u>\$ (397)</u>