

DARE COUNTY TOURISM BOARD
FINANCIAL STATEMENTS

**For the fiscal year ended
June 30, 2021**

DARE COUNTY TOURISM BOARD OFFICERS

Jeff Pruitt, Chair
Tim Cafferty, Vice-Chair
Webb Fuller, Secretary
Ervin Bateman, Treasurer
Monica Thibedeau, Assistant Treasurer

ADMINISTRATION & FINANCIAL STAFF

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

DARE COUNTY TOURISM BOARD
Annual Financial Report
For the Fiscal Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dare County Tourism Board, a component unit of Dare County, as of and for the year ended June 30, 2021, 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, 2021, 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 purposed of additional analysis and are not a required part of the basic financial statements.

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

To the Board of Directors
Dare County Tourism Board
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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 25, 2021

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, 2021. 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 \$34,735,569 (*net position*), which represents an increase of \$ 4,237,057 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 \$15,670,908 an increase of \$4,589,935 in comparison with the prior year. Of this amount \$ 7,862,587 (50.2%) is restricted. The restricted amount includes \$ 4,862,945 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 \$5,431,982 or 111.2 percent of total general fund expenditures for the fiscal year.

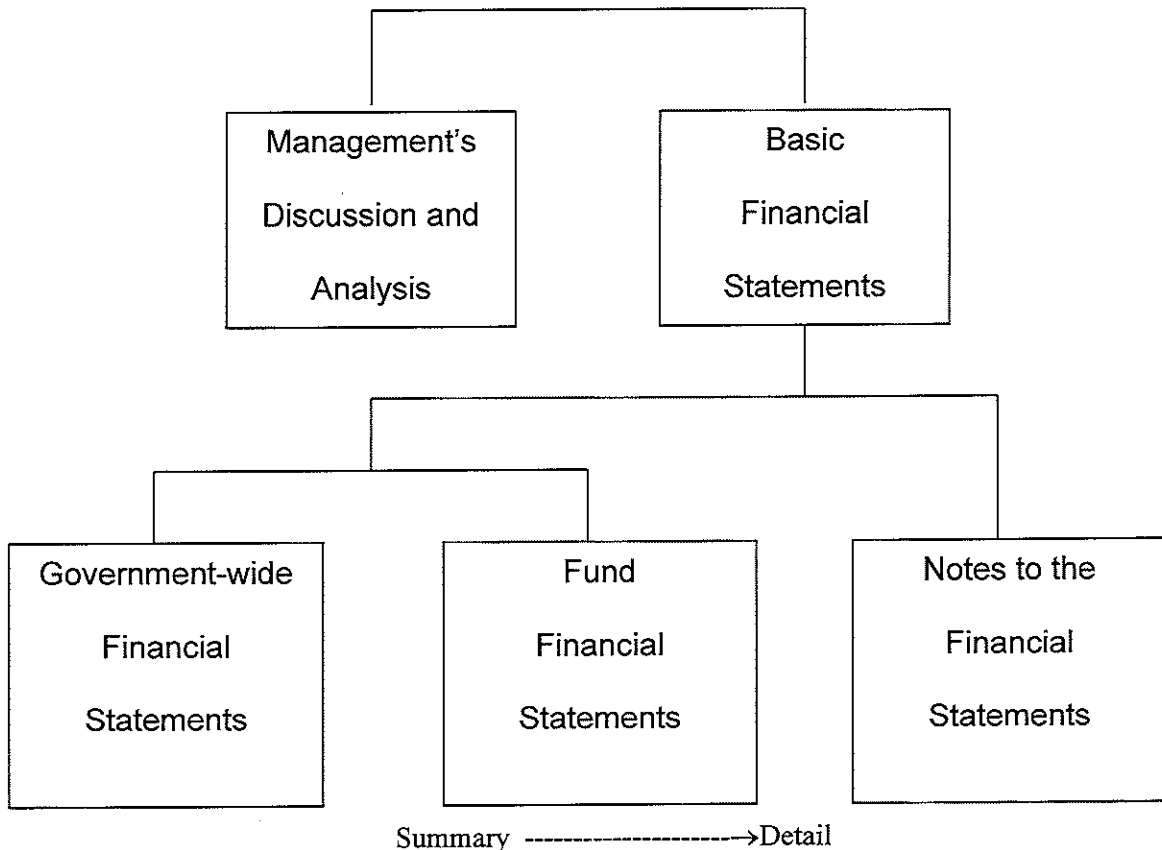
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, increased \$ 3,089,005 or 42.9% less than the prior year for a total amount collected of \$10,296,795.

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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 15,741,427	\$ 11,228,585	\$ 323,899	\$ 160,917	\$ 16,065,326	\$ 11,389,502
Capital assets	19,747,367	20,155,385	34,422	34,422	19,781,789	20,189,807
Deferred outflows of resources	374,412	253,947	-	-	375,774	253,947
Total assets and deferred outflows of resources	35,863,206	31,637,917	358,321	195,339	36,222,889	31,833,256
Current liabilities	70,519	147,612	12,810	7,106	83,329	154,718
Long-term liabilities	1,343,296	1,115,501	-	-	1,343,296	1,115,501
Deferred inflows of resources	59,333	64,524	-	-	59,333	64,524
Total liabilities and deferred inflows of resources	1,473,148	1,327,637	12,810	7,106	1,485,958	1,334,743
Net position:						
Net investment in capital assets	19,747,367	20,155,385	34,422	34,422	19,781,789	20,189,807
Restricted	7,862,587	4,589,280	-	-	7,862,587	4,589,280
Unrestricted	6,780,104	5,565,615	311,089	153,811	7,092,555	5,719,426
Total net position	\$ 34,390,058	\$ 30,310,280	\$ 345,511	\$ 188,233	\$ 34,735,569	\$ 30,498,513

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 \$34,735,569 as of June 30, 2021. Of the total net

position, \$19,781,789, or 56.9%, reflects the Board's net investment in capital assets (e.g. buildings, land and furniture and equipment). The Dare County Tourism Board uses these capital assets to provide services to citizens and visitors to Dare County; consequently, these assets are not available for future spending. An additional portion of the Board's net position, \$ 7,862,587, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$ 7,091,193 is unrestricted, an increase of \$1,373,129.

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

- Exceptionally strong occupancy revenues for the fiscal year, an increase of \$2,443,617, 50.3 percent.
- A conservative budget that provided an overall decrease in expenditures for the fiscal year.

Figure 3

Dare County Tourism Board Changes in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 160,785	\$ 190,535	\$ 58,828	\$ 58,158	\$ 219,613	\$ 248,693
General revenues:						
Occupancy taxes	7,304,760	4,861,143	-	-	7,304,760	4,861,143
Prepared food and beverage tax	2,992,035	2,346,647	-	-	2,992,035	2,346,647
Capital grants and contributions	21,500	700,000	-	-	21,500	700,000
Investment earnings	39,305	183,476	378	678	39,683	184,154
Total revenues	10,518,385	8,281,801	59,206	58,836	10,577,591	8,340,637
Expenses:						
Governing Body	22,439	24,753	-	-	22,439	24,753
Promotion and General	5,144,802	5,951,059	-	-	5,144,802	5,951,059
Welcoming Function	231,665	209,475	-	-	231,665	209,475
Event Site	-	-	172,958	221,779	172,958	221,779
Projects	768,670	981,306	-	-	768,670	981,306
Total expenses	6,167,576	7,166,593	172,958	221,779	6,340,534	7,388,372
Increase in net position before transfers	4,350,809	1,115,208	(113,752)	(162,943)	4,237,057	952,265
Fund transfers	(271,030)	(227,135)	271,030	227,135	-	-
Increase in net position	4,079,779	888,073	157,278	64,192	4,237,057	952,265
Net position, beginning	30,310,279	29,422,206	188,233	124,041	30,498,512	29,546,247
Net position, June 30	<u>\$34,390,058</u>	<u>\$30,310,279</u>	<u>\$ 345,511</u>	<u>\$ 188,233</u>	<u>\$34,735,569</u>	<u>\$30,498,512</u>

Governmental activities. Governmental activities increased the Board's net position by \$4,079,779, thereby accounting for 96.3 percent of the total growth of net position. The full amount is reserved for encumbrances. Tax collections increased \$ 3,089,005 (42.8%) from

the prior year. The increase was mostly due to very high occupancy receipts as visitors began to travel and were looking for open and safe spaces when Covid-19 restrictions began to ease. Expenses were planned conservatively and well managed within the budget.

Business-type activities: Business-type activities increased the Board's net position by \$ 157,278. 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. Lease income remains \$40,710 yearly and a few events were held this year as Covid-19 restrictions began to ease. The main increase in net position is due to postponing several large expenses since the site was largely unoccupied. A transfer from General Fund will be used to fund activities from the site until rental revenues begin to offset the cost of maintaining the site.

Financial Analysis of the Board's Funds

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

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

The general fund is the chief operating fund of The Dare County Tourism Board. At the end of the current fiscal year, the Board's fund balance available was \$5,431,982, while total fund balance was \$10,807,963. 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 111.17 percent of general fund expenditures while total fund balance is 221.2 percent of the same amount.

At June 30, 2021, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$15,670,908, a 41.4 percent increase over last year. Meals and occupancy taxes set record highs for the current year despite the pandemic. The taxes ended with a 42.8 percent increase over the prior year and expenditures were planned and managed within budget.

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

Several budget revisions were made during the year to reallocate line item expenses to better manage line items. There was a budget amendment to increase appropriations in order to launch a safety campaign due to COVID-19.

The occupancy taxes and prepared meals taxes were more than budget due to the conservative approach taken during the budgeting process. Dare County once again experienced a strong year in travel expenditures despite the pandemic. The summer months (approximately 71% of the Board's revenue) experienced growth of 12.84 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. A grant from VisitNC in the amount of \$21,500 was used to offset costs associated with pandemic advertising and protective equipment.

Promotional and general expenses were less than budgeted amounts, primarily due to staff restructuring and shorter hours at the welcome centers. Other factors include several large grants being encumbered due to postponement or cancellation of events, no unforeseen legal issues, printing a travel inspiration piece instead of a large guide, very little travel for conventions and meetings, and a postponement of a large research project.

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 \$ 323,899. The total increase in net position was \$ 162,982.

The Event Site Fund posted an increase of net position in the amount of \$ 162,982. 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.. Due to COVID-19 most events planned at the site were postponed or cancelled. Revenues also include rent from a tenant running an adventure park. The main expense is for landscaping and maintenance. Several landscaping expenses were postponed since there were no events at the site. 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, 2021, totals \$19,781,789 (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	4,560,554	-
Event Site	2,108,093	-
Intangible Assets	44,661	-
Computer equipment	29,031	-
Furniture and Equipment	128,340	-
Total	<u>\$19,747,367</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

The fiscal year 2020/2021 began where the previous one left off: embroiled in the uncertainty of a global pandemic and immersed in the challenges of record-breaking visitation. Visitors flocked to the shores of what was perceived to be a “safe” travel destination and the Dare County community and its tourism industry struggled to meet the demand.

The national workforce shortages prompted by COVID-19 were felt hugely at home with restaurants cutting back on hours, and in some cases days, of operation. Lodging businesses, retail and attractions were forced to adjust as well. In a way, it seemed like a struggle to survive, not unlike the somewhat familiar scramble to recover from natural disasters. This time, though, the challenge was to make the most of the business opportunity.

Occupancy collections established year-over-year records every single month of the fiscal year; likewise, meals collections crushed many of the prior monthly records. At a time when we were already seeing record numbers, the OBX appeared on several “Best of” lists and Netflix released a new series titled “Outer Banks.” Both of which helped to expand national and international awareness for the barrier islands.

The Outer Banks Visitors Bureau, like other businesses, hurried to welcome guests, bringing back furloughed staff and establishing protocols to try to keep everyone safe.

A portion of the Federal relief dollars became credit and grant programs administered through the State tourism office. The Visitors Bureau, because of its losses during the spring of 2020, qualified for these programs. The awards were used to offset some COVID-related expenses and augment marketing efforts to jumpstart visitation.

The Visitors Bureau's local safety campaign that ran during the summer of 2020 helped to keep the Dare COVID case count at manageable levels, but as the fiscal year wore on and especially once the vaccine became available, state mandates on masks and capacity limits were removed, making that type of messaging obsolete.

The Bureau's marketing refocused on its primary mandate of driving overnight visitation. Attractors that had proven to be popular with COVID-concerned travelers – open outdoor spaces, uncrowded beaches, drive-to proximity for most of the U.S. population and an abundance of vacation rental homes (offering limited exposure to people outside of the immediate travel party) – were highlighted in the copy and images of advertising, media relations, social media and website communications.

Meanwhile, the strategy that was employed earlier -- encouraging open communication between the Bureau's marketing agencies -- proved to be extremely beneficial as the pandemic necessitated frequent quick adjustments to marketing plan's timing and messaging. With these relationships and marketing infrastructure like website, email and social audiences firmly in place, the Visitors Bureau was able to capitalize on the expanding audiences without missing a beat.

The Bureau was able to proactively further its marketing efforts by, among other things, creating specialized “workflow” email groups based on particular interests, such as, food, arts and culture and fishing. By targeting and messaging these individuals more specifically, we increased engagement rates by 3x. The Visitors Bureau also invested in data sources to improve targeting and conversion (UberMedia) and to enhance its projections of future visitation (KeyData).

New partnerships were developed to reach untapped audiences and to deepen the connection between the Visitors Bureau and prospective guests. We initiated a sweepstakes opportunity with Advance Autoparts to leverage the company's strong following, generate incredible visibility for the OBX and convert thousands of sweepstakes contestants into engaged Outer Banks email subscribers for future marketing.

The Bureau partnered with tourism counterparts in 6 northeastern NC counties to create a shared website and cross-promotional effort highlighting significant African-American sites in the area. We also expanded our relationship with the National Park Service through its non-profit friends group, Outer Banks Forever, establishing a webcam at Wright Brothers National Memorial. The Bureau negotiated exclusive business rights to embed this popular webcam feed within our website. Finally, the Bureau partnered with NOAA and Oceana to host a virtual dive of the USS Monitor on our social media channels, providing a unique experience for our audiences and raising awareness for our area's shipwreck history and diving options.

While the fiscal year saw tremendous growth in visitation, events continued to experience great disruption. Practically all of the fiscal year's events were either postponed, reformatted or cancelled. The Visitors Bureau worked hard to communicate the changes with guests, but also, to help grant-receiving event developers understand how to manage their grants while still satisfying the Tourism Board's guidelines.

An Advisory Committee appointed by the Board to assist with plans for the development of an economically viable Event Center resumed its work despite COVID. The Committee had a series of meetings, identifying and hearing from representatives at comparable facilities and eventually agreeing on a concept for the Center that was best suited to our area.

The Event Center was conceived to be just over 48,000 gross square feet with the main portion being a 25,000 square foot event hall. The group recognized site and market constraints and opted against pursuing a traditional convention center. Instead, upon unanimous vote, the Committee recommended to the Tourism Board an Event Center much smaller in scale and with more immediate benefit to local audiences.

Beyond providing an indoor space for the types of events already occurring at the outdoor site, other primary use-types included smaller footprint sporting events, concerts and social events (banquets, galas). The Event Center is still expected to have some appeal for meetings and smaller tradeshows typically oriented to visitors. Notably, the Advisory Committee did not recommend pursuing a hotel partner on Tourism Board-owned land. A hotel's physical demands on the site (septic primarily) and its likely requirement for a subsidy were key reasons cited by the Committee to forego a hotel partner.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Soon after the start of the new fiscal year, the Tourism Board held a special meeting to review the Advisory Committee's recommendation. Following discussion, the Board voiced its support for the Committee's proposed Event Center concept by unanimous vote. The Bureau then met with the County Commissioners to present the concept. The Dare County Board of Commissioners later adopted a resolution in support of it, again by unanimous vote.

As part of the process, the Committee identified a few areas in which the Event Center plans deviated from the Town of Nags Head's current Unified Development Ordinance, and possibly, State wastewater treatment site requirements. The Bureau and Tourism Board will

work with local engineers, the Town and State to address these gaps and will also determine how best to fund the development.

Another initiative concerning The Soundside event site involved the decision to design and build a boardwalk to the west of the site. At the time of this writing, the Tourism Board had reviewed preliminary design plans and authorized pre-scoping meetings to occur with appropriate regulatory agencies.

Both projects will involve substantial Tourism Board investment but are viewed to have huge long-term positive impacts for the community and Dare County tourism.

By the fall of 2021, several large events like the Jeep Jam, Outer Banks Seafood Festival and the reformatted Half Marathon had returned while others like the Duck Jazz Festival decided to cancel. While events continue to be impacted by COVID, the landscape appears to be closer to what we're used to seeing.

Meanwhile, record occupancy and meals collections have continued, even despite the comparison to what were previous records in June, July and August of 2020. Early projections for the summer of 2022 are strong, too, but as we've seen repeatedly on the Outer Banks, anything can happen. The main budgeting challenge now is to anticipate when the record collections will ebb and to what extent.

Budget projections for FY21-22 remain conservative, leaning heavily on multi-year averages to balance out some of the more recent swings. Line-items cut within the previous budget have been replenished, and in some cases, increased. One such line-item, increased by recent Budget Amendment, involved part-time personnel hourly rates. The hiring rate was increased to respond to the tight labor market and the difficulty in attracting hourly employees. Rates for existing hourly employees were also adjusted.

The Travel Guide has been another area impacted by COVID budgetary considerations. Last year, the Guide was reformatted from its original 88 pages to that of an 8-page "inspiration" brochure, in part due to budgetary concerns and the expense of the bigger Guide, but also in part to test the role of the Guide in compelling visitation – were prospective visitors requesting the Guide simply to be inspired by the area and its vacation possibilities or did they truly want the detailed planning elements?

The response from visitors was consistent and emphatic: give us the tools we need to plan our trip. Consequently, the 2022 Guide will expand considerably to 44 pages and will bring back many of the planning tools found before. However, the Bureau is still seeking to balance useful, detailed information (more pages) with the reality of the Guide's significant expense. The 2022 Guide, therefore, tries to strike a more sustainable balance between the two interests.

Picking up on a theme from the previous fiscal year, the Visitors Bureau continues to explore new partnership opportunities. It is expanding a previous initiative with Outer Banks Forever and placing webcams at Fort Raleigh and the Cape Hatteras Lighthouse. We also collaborated with Outer Banks Forever to host social media premier events with NPS Rangers, excavating a sea turtle nest on the Seashore, and later, sharing the efforts of an in-progress archeological dig at Fort Raleigh. These partnerships allow the friends group to build awareness for its organization and highlight the parks, while also giving us the chance to connect visitors more deeply with the destination.

Our longstanding partnership with VisitNC, the State tourism office, has led to a couple of new collaborations. First, is our participation in the NC Outdoor Alliance. This is a

cooperative program between VisitNC, participating destinations and a national organization called Leave No Trace Behind. The program centers around a pledge and awareness campaign, which is designed to promote responsible use and enjoyment of outdoor attractions. The second VisitNC collaboration involves a company called Flip.to who specializes in helping lodging properties drive better conversions and relationship management through first-party data and automated marketing triggers. VisitNC is underwriting the expense for at least two years. The Visitors Bureau is introducing the company to local travel partners and will collect aggregated data through the program to better inform our own marketing.

Speaking of marketing, the Bureau has made several recent improvements to the website to further enhance its use by visitors and building on the traffic growth the site has experienced over the last two years. Advertising efforts continue to look for new ways to learn more about our guests through geolocation and credit card data (Zartico) while also fine-tuning our approach through retargeting and tailored messaging. Investments behind Connected Television (CTV) are increasing as a share of spend relative to traditional television spot markets buys. Custom content development remains a key focus for the FY21-22 plan.

All in all, the Tourism Board and Visitors Bureau are seeing strong production through their marketing efforts and the outlook for future visitation is very promising. Events are returning and the prospect of an Event Center is closer now than it has ever been. Partnerships and cooperative initiatives are expanding. We will no doubt continue to face considerable challenges moving forward, but the Dare County tourism industry has once again shown its remarkable resilience in the face of adversity.

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, 2021**

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,512,546	\$ 323,899	\$ 9,836,445
Miscellaneous accounts receivable	2,790	-	2,790
Due from other governmental units	1,804,896	-	1,804,896
Accrued interest receivable	1,826	-	1,826
Inventories	8,196	-	8,196
Restricted cash and cash equivalents	4,411,173	-	4,411,173
Total current assets	15,741,427	323,899	16,065,326
Non-current assets:			
Capital assets (Note 1):			
Land	12,876,688	34,422	12,911,110
Event Site, net of depreciation	2,108,093	-	2,108,093
Other capital assets, net of depreciation	4,762,586	-	4,762,586
Total capital assets	19,747,367	34,422	19,781,789
Total assets	35,488,794	358,321	35,847,115
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	213,260	-	213,260
Other post employment benefits deferrals	161,152	-	161,152
Total deferred outflows of resources	374,412	-	374,412
LIABILITIES			
Current liabilities:			
Accounts payable	70,519	6,610	77,129
Unearned revenue	-	6,200	6,200
Total current liabilities	70,519	12,810	83,329
Long-term liabilities:			
Accrued vacation and comp	66,439	-	66,439
Net pension liability	404,869	-	404,869
Other postemployment benefits	871,988	-	871,988
Total long-term liabilities	1,343,296	-	1,343,296
Total liabilities	1,413,815	12,810	1,426,625
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	20,022	-	20,022
Other post employment benefits deferrals	39,311	-	39,311
Total deferred inflows of resources	59,333	-	59,333
NET POSITION			
Net investment in capital assets	19,747,367	34,422	19,781,789
Restricted for:			
Stabilization by State Statute	7,862,587	-	7,862,587
Unrestricted	6,780,104	311,089	7,091,193
Total net position	\$ 34,390,058	\$ 345,511	\$ 34,735,569

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, 2021**

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	\$ 22,439	\$ -	\$ -	\$ (22,439)	\$ -	\$ (22,439)
Promotion and General	5,144,802	160,785	21,500	(4,962,517)	-	(4,962,517)
Welcoming Function	231,665	-	-	(231,665)	-	(231,665)
Projects	768,670	-	-	(768,670)	-	(768,670)
Total governmental activities (See Note 1)	6,167,576	160,785	21,500	(5,985,291)	-	(5,985,291)
Business-type activities:						
Event Site	172,958	58,828	-	-	(114,130)	(114,130)
Total business-type activities	172,958	58,828	-	-	(114,130)	(114,130)
Total primary government	\$ 6,340,534	\$ 219,613	\$ 21,500	(5,985,291)	(114,130)	(6,099,421)
Component units:						
General revenues:						
Taxes:						
Other taxes				10,296,795	-	10,296,795
Transfers				(271,030)	271,030	-
Investment earnings				39,305	378	39,683
Total general revenues, special items, and transfers				10,065,070	271,408	10,336,478
Change in net position				4,079,779	157,278	4,237,057
Net position, beginning				30,310,279	188,233	30,498,512
Net position-ending				\$ 34,390,058	\$ 345,511	\$ 34,735,569

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

**Dare County Tourism Board
Balance Sheet
Governmental Funds
June 30, 2021**

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and cash equivalents	\$ 9,512,546	-	\$ 9,512,546
Restricted cash and cash equivalents		\$ 4,411,173	4,411,173
Miscellaneous accounts receivable	2,790	-	2,790
Due from other governmental units	1,353,672	451,224	1,804,896
Accrued interest receivable	1,278	548	1,826
Inventory	8,196	-	8,196
Total assets	<u>\$ 10,878,482</u>	<u>\$ 4,862,945</u>	<u>\$ 15,741,427</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 70,519	-	\$ 70,519
Total liabilities	<u>70,519</u>	<u>-</u>	<u>70,519</u>
FUND BALANCES			
Non Spendable			
Inventories	8,196	-	8,196
Restricted			
Stabilization by State Statute	2,999,642	4,862,945	7,862,587
Assigned			
Designated for subsequent year's expenditures	2,368,143	-	2,368,143
Unassigned	5,431,982	-	5,431,982
Total fund balances	<u>\$ 10,807,963</u>	<u>\$ 4,862,945</u>	<u>15,670,908</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.	\$ 19,747,367
Deferred outflows of resources related to pensions are not reported in the funds	213,260
Deferred outflows of resources related to OPEB are not reported in the funds	161,152
Pension deferrals reported as deferred inflows of resources are not reported in the funds	(20,022)
OPEB deferrals reported as deferred inflows of resources are not reported in the funds	(39,311)
Long-term liabilities used in governmental activities are not financial uses and therefore not reported in the funds:	
Accrued liabilities	(66,439)
Net pension	(404,869)
Net OPEB liability	(871,988)
Net position of governmental activities	<u>\$ 34,390,058</u>

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

Dare County Tourism Board
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds		Total Governmental Funds
	General Fund	Special Revenue Fund	
REVENUES			
Tax Revenues			
Occupancy	\$ 5,478,570	\$ 1,826,190	\$ 7,304,760
Prepared Food and Beverage	2,244,026	748,009	2,992,035
Website advertising	114,456	-	114,456
Ad sales - Travel Guide	35,000	-	35,000
Sale of merchandise	7,320	-	7,320
Grant income	21,500	-	21,500
Other Revenues	4,009	-	4,009
Investment income	32,336	6,969	39,305
Total revenues	7,937,217	2,581,168	10,518,385
EXPENDITURES			
Current:			
Governing Body	22,439	-	22,439
Promotion and General	4,609,286	2,625	4,611,911
Welcoming Function	225,343	-	225,343
Projects	-	768,670	768,670
Capital outlay	29,057	-	29,057
Total expenditures	4,886,125	771,295	5,657,420
Excess (deficiency) of revenues over expenditures	3,051,092	1,809,873	4,860,965
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(271,030)	-	(271,030)
Total other financing sources (uses)	(271,030)	-	(271,030)
Net change in fund balance	2,780,062	1,809,873	4,589,935
Fund balances-beginning	8,027,901	3,053,072	11,080,973
Fund balances-ending	\$ 10,807,963	\$ 4,862,945	\$ 15,670,908

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, 2021

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

Net changes in fund balances - total governmental funds		\$ 4,589,935
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	29,057	
Depreciation expense for government assets	(437,075)	
Asset impairment loss	<u>-</u>	(408,018)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		75,027
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		21,597
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	(129,312)	
OPEB plan expense	(72,157)	
Compensated absences	<u>2,707</u>	(198,762)
Total changes in net position of governmental activities		<u><u>\$ 4,079,779</u></u>

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

Dare County Tourism Board
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	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	\$ 2,936,036	\$ 3,498,536	\$ 5,478,570	\$ 1,980,034	\$ 978,679	\$ 1,166,179	\$ 1,826,190	\$ 660,011
Prepared Food and Beverage	1,622,330	1,622,330	2,244,026	621,696	540,776	540,776	748,009	207,233
Website advertising revenue	75,000	75,000	114,456	39,456	-	-	-	-
Ad Sales - Travel Guide	-	35,000	35,000	-	-	-	-	-
Merchandise sales	-	5,000	7,320	2,320	-	-	-	-
Grant income	-	21,500	21,500	-	-	-	-	-
Other	1,000	1,000	4,009	3,009	-	-	-	-
Investment earnings	50,000	50,145	32,336	(17,809)	23,000	23,000	6,969	(16,031)
Total revenues	4,684,366	5,308,511	7,937,217	2,628,706	1,542,455	1,729,955	2,581,168	851,213
Expenditures:								
Current:								
Governing Body	30,895	30,895	22,439	8,456	-	-	-	-
Promotional and General	5,908,085	6,521,775	4,638,343	1,883,432	2,625	2,625	2,625	-
Welcoming	292,478	302,933	225,343	77,590	-	-	-	-
Projects	-	-	-	-	4,389,926	4,577,426	768,670	3,808,756
Total expenditures	6,231,458	6,855,603	4,886,125	1,969,478	4,392,551	4,580,051	771,295	3,808,756
Revenues over (under) expenditures	(1,547,092)	(1,547,092)	3,051,092	4,598,184	(2,850,096)	(2,850,096)	1,809,873	4,659,969
Other financing sources (uses):								
Transfers to other funds	(271,030)	(271,030)	(271,030)	-	-	-	-	-
Appropriated Fund Balance	1,818,122	1,818,122	-	(1,818,122)	2,850,096	2,850,096	-	(2,850,096)
Total other financing sources (uses)	1,547,092	1,547,092	(271,030)	(1,818,122)	2,850,096	2,850,096	-	(2,850,096)
Revenues and other sources over (under) expenditures and other uses	-	-	2,780,062	2,780,062	-	-	1,809,873	1,809,873
Fund balances, beginning of year	-	-	8,027,901		-	-	3,053,072	
Fund balances, end of year	\$ -	\$ -	\$ 10,807,963		\$ -	\$ -	\$ 4,862,945	

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, 2021**

	Non-Major Event Site	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 323,899	\$ 323,899
Total current assets	<u>323,899</u>	<u>323,899</u>
Capital Assets:		
Land improvements	34,422	34,422
Total non current assets	<u>34,422</u>	<u>34,422</u>
Total assets	<u>\$ 358,321</u>	<u>\$ 358,321</u>
LIABILITIES		
Current liabilities:		
Site Damage Deposits	\$ 6,200	\$ 6,200
Accounts payable	6,610	6,610
Total current liabilities	<u>12,810</u>	<u>12,810</u>
Total liabilities	<u>12,810</u>	<u>12,810</u>
NET POSITION		
Invested in capital assets, net of related debt	34,422	34,422
Unrestricted	311,089	311,089
Total net position	<u>\$ 345,511</u>	<u>\$ 345,511</u>
Total liabilities and net position	<u>\$ 358,321</u>	<u>\$ 358,321</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, 2021

	Non-Major Event Site	Total
OPERATING REVENUES		
Site rental income	\$ 13,000	13,000
Lease income	45,828	45,828
Total operating revenues	<u>58,828</u>	<u>58,828</u>
OPERATING EXPENSES		
Other professional fees	8,090	8,090
Insurance	7,200	7,200
Utilities	18,374	18,374
Repairs and maintenance	137,809	137,809
Office expenses	348	348
Other operating expenses	1,137	1,137
Total operating expenses	<u>172,958</u>	<u>172,958</u>
Operating income (loss)	<u>(114,130)</u>	<u>(114,130)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	378	378
Total nonoperating revenue	<u>378</u>	<u>378</u>
(expenses)	<u>378</u>	<u>378</u>
Income (loss) before		
contributions and transfers	<u>(113,752)</u>	<u>(113,752)</u>
Transfer from General Fund	<u>271,030</u>	<u>271,030</u>
Change in net position	157,278	157,278
Total net position - beginning	<u>188,233</u>	<u>188,233</u>
Total net position - ending	<u>\$ 345,511</u>	<u>345,511</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, 2021**

	Non-Major Event Site	Total
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 59,828	\$ 59,828
Cash paid for goods and services	(168,254)	(168,254)
Net cash provided (used) by operating activities	<u>(108,426)</u>	<u>(108,426)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer from General Fund	271,030	271,030
Net cash provided (used) by noncapital financing activities	<u>271,030</u>	<u>271,030</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	378	378
Net increase (decrease) in cash and cash equivalents	162,982	162,982
Balances-beginning of the year	160,917	160,917
Balances-end of the year	<u>\$ 323,899</u>	<u>\$ 323,899</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ (114,130)	\$ (114,130)
Increase (decrease) in accounts payable	4,704	4,704
Increase (decrease) in site damage deposits	1,000	1,000
Total adjustments	5,704	5,704
Net cash provided by operating activities	<u>\$ (108,426)</u>	<u>\$ (108,426)</u>

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

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2021

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, 2021

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

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – governmental and proprietary – are presented. The Board has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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

The Tourism Board reports the following major governmental funds:

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

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

The Tourism Board reports the following 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, 2021

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, 2021, 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

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Portfolio, a SEC-registered (2a-7) money market mutual fund is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Board pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The assets in the Special Revenue Fund are classified as restricted because their use is restricted by House Bill 225 for services or programs needed due to the impact of tourism on the County.

4. 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 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so

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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, 2021 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 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

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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.

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9. Pensions

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

NOTE 2. STEWARDSHIP, COMPLIANCE, and ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Board's General Fund exceeded the authorized appropriations made by the governing board for merchandise purchases by \$832. This over-expenditure occurred because an increase in merchandise purchases towards the end of fiscal year. Because expense on the inventory is recognized when sold, the fiscal year ended before the final sales and related expenses were recognized.

NOTE 3. 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, 2021, the Board's deposits had a carrying amount of \$12,065,874 and a bank balance of \$12,244,774. Of the bank balance, \$1,250,000 was covered by federal depository insurance, and \$10,994,774 in interest bearing deposits were covered by collateral held under the Pooling Method.

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At June 30, 2021, the Board had cash on hand of \$ 200.

2. Restricted Assets

Money in the Special Revenue Fund is classified as restricted assets because its use is restricted to services or programs needed due to the impact of tourism on the county per North Carolina General Assembly House Bill 225.

Dare County Tourism Board Restricted Cash

Governmental Activities

Special Revenue Fund: \$4,411,173

3. Investments

At June 30, 2021, the Dare County Tourism Board had \$ 2,181,544 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board has no policy regarding credit risk.

4. Due from Other Governmental Units

The Board has recognized an amount due from other governmental units which is comprised of the June, 2021 occupancy tax receipts in the amount of \$1,316,700 and the meals tax receipts of \$ 488,196 for a total receivable of \$1,804,896.

5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

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	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,876,688	\$ -	\$ -	\$ 12,876,688
Total capital assets not being depreciated	12,876,688	-	-	12,876,688
Capital assets being depreciated:				
Buildings	5,656,378	-	-	5,656,378
Event Site	3,252,420	-	-	3,252,420
Intangible assets	109,812	23,862	-	133,674
Computer equipment	181,140	3,864	-	185,004
Furniture and equipment	402,791	1,331	-	404,122
Total capital assets being depreciated	9,602,541	29,057	-	9,631,598
Less accumulated depreciation for:				
Buildings	950,902	144,922	-	1,095,824
Event Site	907,096	237,231	-	1,144,327
Intangible assets	70,525	18,488	-	89,013
Computer equipment	144,133	11,840	-	155,973
Furniture and equipment	251,188	24,594	-	275,782
Total accumulated depreciation	2,323,844	437,075	-	2,760,919
Total capital assets being depreciated, net	7,278,697	(408,018)	-	6,870,679
Governmental activity capital assets, net	<u>\$20,155,385</u>	<u>\$ (408,018)</u>	<u>\$ -</u>	<u>\$19,747,367</u>

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

Promotion and General \$ 437,075

Business-type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 34,442	\$ -	-	\$ 34,422
Total capital assets	\$ 34,442	\$ -	-	\$ 34,422

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

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governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina, 27609, by calling (919) 981-5454 or at www.osc.nc.gov.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Dare County Tourism Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Dare County Tourism Board's contractually required contribution rate for the year ended June 30, 2021, was 10.2% 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 \$75,027 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Board reported a liability of \$404,869 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the

DARE COUNTY TOURISM BOARD**Notes to Financial Statements****June 30, 2021**

Board's proportion was 0.01133%, which was a decrease of .00065% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Board recognized pension expense of \$129,312. At June 30, 2021, 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	\$ 51,128	\$ -
Changes of assumptions	30,130	-
Net difference between projected and actual earnings on pension plan investments	56,975	-
Change in proportion and differences between Board contributions and proportionate share of contributions	-	20,020
Board contributions subsequent to the measurement date	75,027	-
Total	\$ 213,260	\$ 20,020

\$ 75,027 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 30,908
2023	45,287
2024	25,156
2025	16,862
2026	-
Thereafter	-
Total	\$ 118,213

Actuarial Assumptions. The total pension liability in the December 31, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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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, 2020 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 2019 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.

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:

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	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability (asset)	\$ 821,435	\$ 404,869	\$ 58,673

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

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, the date of the latest actuarial valuation:

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

Total OPEB Liability

The Board's total OPEB liability of \$ 871,988 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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Inflation	2.5 percent
Salary increases	3.5-7.75 percent, average, including inflation
Discount rate, prior to measurement date	3.50 percent
Discount rate, at measurement date	2.21 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, 2020	\$ 719,191
Changes for the year	
Service cost	28,464
Interest	25,878
Changes of benefit terms	-
Differences between expected and actual experience	(5,267)
Changes in assumptions or other inputs	120,426
Benefit payments	(16,704)
Net changes	\$ 152,797
Balance at 6/30/2021	\$ 871,988

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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, 2020 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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

Discount Rate Sensitivity			
	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 984,948	\$ 871,988	\$ 776,498

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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	\$ 821,038	\$ 871,988	\$ 930,560

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

For the year ended June 30, 2021, the Board recognized OPEB expense of \$72,157. At June 30, 2021, 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	\$ 20,016	\$ 8,626
Changes of assumptions	118,729	30,685
Benefit payments made subsequent to the measurement date	\$ 22,407	
Total	\$ 161,152	\$ 39,311

\$ 22,407 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30:		
2022	\$	15,445
2023		15,445
2024		16,411
2025		22,932
2026		21,502
Thereafter		7,699

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

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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 \$375 for the fiscal year ended June 30, 2021. 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	\$ 75,027
Benefit payments and administrative costs for OPEB made subsequent to the measurement date	22,407
Differences between expected and actual experience:	
Pension plan	51,128
OPEB benefits	20,016
Changes of assumptions:	
Pension plan	30,130
OPEB benefits	118,729
Net difference between projected and actual on pension plan investments	<u>56,975</u>
Total	\$ 374,412

The Board has the following deferred inflows of resources

Differences between expected and actual experience -	
OPEB benefits	\$ 8,626
Changes of assumptions – OPEB benefits	30,685
Changes in proportion and difference between employer contributions and proportionate share of contributions –	
Pension plan	<u>20,022</u>
Total	\$ 59,333

4. Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in three self-funded risk financing pools administered by the Risk Management Agency of the North Carolina League of Municipalities. Through these pools, the Board obtains general liability and auto liability coverage of \$ 5 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the

DARE COUNTY TOURISM BOARD

Notes to Financial Statements

June 30, 2021

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, 2021:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 69,146	\$ -	\$ 2,707	\$ 66,439	\$ -
Net pension liability	327,164	77,705	-	404,869	-
Other postemployment benefits	<u>719,191</u>	<u>174,768</u>	<u>21,971</u>	<u>871,988</u>	<u>-</u>
Total long-term liabilities	<u>\$ 1,115,501</u>	<u>\$ 252,473</u>	<u>\$ 24,678</u>	<u>\$ 1,343,296</u>	<u>\$ -</u>

C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2021, consist of the following:

From the General Fund to the Event Site Operating Fund: \$271,030

During the 2021 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. In August 2020, the Board renegotiated the lease and extended it for another forty-eight months, with quarterly payments of \$5,051. During 2021, \$20,829 was paid in rent expense.

In October 2019, the Board entered into a copier lease. The lease is for a period of forty-eight 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

DARE COUNTY TOURISM BOARD**Notes to Financial Statements****June 30, 2021**

this lease with additional payments of \$113 per month. Rent expense for 2021 was \$4,500 and \$1,356, respectively.

The future minimum lease payments are as follows:

2022	\$ 26,063
2023	26,063
2024	26,063
2025	<u>22,158</u>
	\$ 100,347

E. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Funds	Business type Activities
Capital Assets	\$19,747,367	\$ 34,422
Less: Long-term Debt	0	0
Net Investment in Capital Assets	\$19,747,367	\$ 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:

Total fund balance-General Fund	\$10,807,963
Less:	
Inventories	8,196
Stabilization by State Statute	2,999,642
Appropriated Fund Balance in 2021/2022 budget	2,368,143
Working Capital / Fund Balance Policy	4,730,639
Remaining Fund Balance	\$ 701,343

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>
	\$ 1,641,902	\$ 1,456,871

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 \$1,726,629 was

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2021

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, 2021:

<u>Project</u>	<u>Balance July 1, 2020</u>	<u>Current Year Additions</u>	<u>Current Year Expenses/Transfers/ Adjustments</u>	<u>Balance June 30, 2021</u>
Multi-purpose Facility	\$ 263,044	\$ 1,626,629	\$ -	\$ 1,889,673
Natural, historic, cultural	-	-	-	-
Infrastructure	461,170	-	-	461,170
L-T Unappropriated	500,000	100,000	(270,000)	330,000
Total	\$ 1,224,214	\$ 1,726,629	\$ (270,000)	\$ 2,680,843

NOTE 3. COMMITMENTS

On July 23, 2019, the Board entered into an agreement with The Ground Pros 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.

On April 6, 2021, the Board entered into an agreement with the Outer Banks Golf Association for a co-op marketing program beginning June 1, 2021 and ending June 30, 2022 in the amount of \$40,000.

On April 15, 2021, the Board entered into an agreement for professional services with Albemarle and Associates, Ltd for design and engineering of a boardwalk along the Soundside Event Site in the amount of \$ 85,550.

On April 30, 2021, the Board entered into an agreement with Ignite Social Media for social media and management expenses totaling \$382,380 to be paid over twelve months. The contract begins July 1, 2021 and ends June 30, 2022.

On May 2, 2021 and June 28, 2021, the Board entered into marketing authorizations with Hoffman York in the amount of \$ 55,856 and \$1,010,734 respectively for increased summer and fall digital, tv and traditional media.

On June 8, 2021 the Board entered into an agreement for professional services for design and engineering of a remodel on the administration building in the amount of \$ 18,500.

On June 28, 2021 the Board entered into an agreement with Martin Armes Communications, Inc for public relation assistance from July 1, 2021 to June 30, 2022 in the amount of \$28,000 to be paid quarterly.

NOTE 4. JOINT VENTURES

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

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

DARE COUNTY TOURISM BOARD
Notes to Financial Statements
June 30, 2021

2012. The parties agree that the Dare County Tourism Board shall make all decisions relating to the Site's management and will be responsible for collecting rental proceeds from users of the property and for paying expenses related to the property. The Board accounts for these monies in an Enterprise Fund. The parties agreed that any transfer of their interests in the property can only be made to the other party based on a value determined in accordance with the memorandum of agreement.

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

NOTE 5. SUMMARY OF EFFECTS OF SUBSEQUENT EVENTS

To Board contracts on a yearly renewal basis with Hoffinan York to provide marketing services for a monthly retainer of \$22,000, plus advertising fees. Advertising of \$1,010,734 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 3, 2021, the Dare County Tourism Board reached an agreement with Hoffman York for the printing of 150,000 Travel Guide booklets for a total cost of \$73,900.

On August 3, 2021, the Board entered into a research agreement with Hoffman York for research on consumer marketing in the amount of \$ 28,500.

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.

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

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 Eight Fiscal Years *

Local Government Employees' Retirement System

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

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

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

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

Local Government Employees' Retirement System

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 28,464	\$ 31,129	\$ 32,058	\$ 34,484
Interest	25,878	24,066	21,657	18,582
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(5,267)	29,054	(2,727)	(6,341)
Changes of assumptions	120,426	24,722	(23,949)	(41,273)
Benefit payments	(16,704)	(16,704)	(16,788)	(12,178)
Net change in total OPEB liability	<u>\$ 152,797</u>	<u>\$ 92,267</u>	<u>\$ 10,251</u>	<u>\$ (6,726)</u>
Total OPEB liability - beginning, as restated	<u>719,191</u>	<u>626,924</u>	<u>616,673</u>	<u>623,399</u>
Total OPEB liability - ending	<u><u>\$ 871,988</u></u>	<u><u>\$ 719,191</u></u>	<u><u>\$ 626,924</u></u>	<u><u>\$ 616,673</u></u>
 Covered payroll	 735,828	 782,255	 767,797	 739,549
Total OPEB liability as a percentage of covered payroll	118.50%	91.94%	81.65%	83.39%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

Individual Fund Statements and Schedules

**Dare County Tourism Board
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tax Revenues:				
Occupancy	\$ 3,498,536	\$ 5,478,570	\$ 1,980,034	\$ 3,645,857
Prepared Food and Beverage	1,622,330	2,244,026	621,696	1,759,985
Total	5,120,866	7,722,596	2,601,730	5,405,842
Other Revenues:				
Merchandise Revenue	5,000	7,320	2,320	16,548
Sale of Advertising - Travel Guide	35,000	35,000	-	79,360
Website Advertising	75,000	114,456	39,456	94,492
Grant income	21,500	21,500	-	-
Other	1,000	4,009	3,009	135
Total	137,500	182,285	44,785	190,535
Investment earnings	50,145	32,336	(17,809)	116,265
Total revenues	5,308,511	7,937,217	2,628,706	5,712,642
Expenditures:				
Governing Body:				
Director compensation		17,100		17,000
Payroll taxes		1,308		1,301
Travel		563		1,996
Director & Officers' Insurance		3,315		3,455
Miscellaneous items		153		1,001
Total	30,895	22,439	8,456	24,753
Promotional and General				
Personnel:				
Salaries - full time		720,086		788,871
Salaries - part time		65,382		59,946
Payroll taxes		58,364		62,753
Employee insurance		142,389		154,321
Retirement		75,027		71,330
401(k) match		6,417		6,785
Workman's compensation		1,646		1,853
Employee relations		594		1,501
Training		1,721		8,890
Total Personnel	1,132,965	1,071,626	61,339	1,156,250
Services:				
Audit		7,875		7,500
Legal		8,380		6,475
Contract Services		15,028		16,528
Other Professional Services		5,165		20,488
Administrative Advertising		487		269
Total Services	54,105	36,935	17,170	51,260
Travel Guide:				
Travel Guide production and printing		-		150,308
Travel Guide freight		-		13,682
Total Travel Guide	-	-	-	163,990

**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, 2021**

	2021		2020
	Budget	Actual	Variance Positive (Negative)
Merchandise:			Actual
Merchandise purchases		4,352	8,963
Credit card bank charges		680	1,009
Total Travel Guide	4,200	5,032	(832)
Other:			
Research		23,100	74,326
Advertising - printed		1,190,482	939,288
Advertising - production fee		76,614	95,246
Advertising - events		9,779	20,182
Advertising - electronic		1,791,687	2,108,942
Community relations		5,519	15,479
Legal notices		150	51
Brochures/production & printing		13,586	3,558
Promotional aids		1,009	2,160
Familiarization tours		56,258	39,910
Group sales		-	20,055
Event Grant program		73,361	345,213
Established Event Developer Grant		-	3,985
Tousim Summit		269	1,064
Postage		106,683	164,360
Travel		1,140	27,764
Vehicle maintenance		545	862
Registrations		4,017	23,495
Travel show exhibit		-	72
Dues and subscriptions		25,199	38,797
Insurance		19,925	19,805
Telephone		21,633	22,989
Expendable equipment		410	570
Technical support		2,512	422
Utilities		6,378	7,208
Cleaning/maintenance supplies		697	741
Building maintenance		3,822	13,370
Equipment service contracts		2,437	1,360
Equipment rental		22,111	25,521
Equipment repairs		-	781
Office supplies		7,741	11,544
Web Site/Internet		28,629	24,212
Capital Outlay		29,057	44,733
Total Other	5,330,505	3,524,750	1,805,755
Total Promotional & General	6,521,775	4,638,343	1,883,432
			5,479,537

**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, 2021**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Welcoming				
Aycock Brown Welcome Center				
Personnel:				
Salaries - part time		62,236		57,926
Payroll taxes		4,591		4,494
Employee insurance		4,452		4,176
Workman's Compensation		170		200
Employee Relations		30		211
Total Personnel	94,830	71,479	23,351	67,007
Services:				
Contracted Services		8,275		7,096
Total Services	8,520	8,275	245	7,096
Other:				
Uniforms		156		73
Dues and subscriptions		-		222
Insurance		1,920		2,280
Telephone		8,460		8,461
Utilities		4,687		4,698
Cleaning/maintenance supplies		35		150
Building maintenance		1,613		352
Equipment repairs		-		264
Office supplies		1,199		1,714
Total Other	26,050	18,070	7,980	18,214
Total Welcoming - Aycock Brown Center	129,400	97,824	31,576	92,317
Roanoke Island Welcome Center				
Personnel:				
Salaries - part time		104,107		90,608
Payroll taxes		8,231		6,820
Worker's compensation		260		250
Employee relations		200		153
Total	150,505	112,798	37,707	97,831
Services:				
Contracted services		2,091		1,264
Total services	2,400	2,091	309	1,264

**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, 2021**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Other:				
Uniforms		267		166
Travel		415		348
Insurance		3,840		2,281
Telephone		5,767		5,772
Expendable Equipment		-		916
Utilities		606		595
Cleaning/maintenance supplies		189		301
Building maintenance		261		-
Office supplies		1,285		1,645
Capital Outlay		-		969
Total	20,628	12,630	7,998	12,993
Total Welcoming - Roanoke Island	173,533	127,519	46,014	112,088
Total Welcoming	302,933	225,343	77,590	204,405
Total expenditures	6,855,603	4,886,125	1,969,478	5,708,695
Revenues over (under) expenditures	(1,547,092)	3,051,092	4,598,184	3,947
Other financing sources (uses):				
Transfers (to) from other funds:				
Event Site	(271,030)	(271,030)	-	(227,135)
Appropriated Fund Balance	1,818,122	-	(1,818,122)	-
Total	\$ 1,547,092	\$ (271,030)	\$ (1,818,122)	\$ (227,135)
Revenues and other financing sources over expenditures and other financing uses	-	2,780,062	2,780,062	(223,188)
Fund balances:				
Beginning of year, July 1		8,027,901		8,251,089
End of year, June 30		<u>\$ 10,807,963</u>		<u>\$ 8,027,901</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, 2021**

	2021			2020
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Site rental income	\$ 12,500	\$ 13,000	\$ 500	\$ 8,930
Lease income	45,600	45,828	228	46,728
Other income	200	-	(200)	2,500
Unappropriated Funds	20,000	-	(20,000)	-
Interest income	150	378	228	678
Total	<u>78,450</u>	<u>59,206</u>	<u>(19,244)</u>	<u>58,836</u>
Total revenues	<u>78,450</u>	<u>59,206</u>	<u>(19,244)</u>	<u>58,836</u>
Expenditures:				
Event development & marketing	50,000	-	50,000	36,526
Other professional services	40,000	8,090	31,910	3,234
Insurance	7,200	7,200	-	6,423
Utilities	63,975	18,374	45,601	23,415
Repairs and maintenance	168,035	137,809	30,226	134,503
Office expenses	270	348	(78)	-
Unappropriated other expenses	20,000	1,137	18,863	17,678
Total	<u>349,480</u>	<u>172,958</u>	<u>176,522</u>	<u>221,779</u>
Revenues over expenditures	(271,030)	(113,752)	157,278	(162,943)
Other financing (uses):				
Transfers from General Fund	271,030	271,030	-	227,135
Total other financing (uses)	<u>271,030</u>	<u>271,030</u>	<u>-</u>	<u>227,135</u>
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>157,278</u>	<u>\$ 157,278</u>	<u>64,192</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Net income		<u>\$ 157,278</u>		<u>\$ 64,192</u>

October 25, 2021

To the Board of
Dare County Tourism Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dare County Tourism Board for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 24, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

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

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

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

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

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

MEMBERS OF AICPA AND NCACPA

To the Board of
Dare County Tourism Board
Page Two

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 25, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

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

Very truly yours,

Johnson, Mizelle, Straub & Murphy, LLP

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

October 25, 2021

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

We have audited the financial statements of Dare County Tourism Board for the year ended June 30, 2021, and have issued our report thereon dated October 25, 2021. Professional standards require that we provide you with the following information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 24, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Estimates

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

Corrected and Uncorrected Misstatement

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

Disagreements with the Management

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

Management Representations

We have requested certain representation from management that are included in the management representation letter dated October 25, 2021.

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Consultations with Other Independent Accountants

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

Issues Discussed Prior to Retention of Independent Auditors

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

Difficulties Encountered in Performing the Audit

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

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

Very truly yours,

Johnson, Mizelle, Straub & Murphy, LLP

Johnson, Mizelle, Straub, & Murphy, LLP