

**DARE COUNTY TOURISM BOARD**

**FINANCIAL STATEMENTS**

**For the fiscal year ended  
June 30, 2015**

**DARE COUNTY TOURISM BOARD OFFICERS**

**Tim Cafferty, Chair  
Susie Walters, Vice-Chair  
Nancy Caviness, Secretary  
Dorie Fuller, Treasurer  
Ervin Bateman, Assistant Treasurer**

**ADMINISTRATION & FINANCIAL STAFF**

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

**DARE COUNTY TOURISM BOARD**  
**Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2015**

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**JOHNSON, BURGESS,  
MIZELLE & STRAUB, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**Partners:**  
Debbie J. Burgess, CPA  
Richard B. Mizelle, Jr., CPA  
Richard D. Straub, CPA, PC  
Lisa S. Murphy, CPA, PC

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, 2015, 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

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Dare County Tourism Board  
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### ***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, 2015, 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 on pages 4 through 12, and Other Post Employment Benefit Schedule of Funding Progress and Employer Contributions on pages 43 and 44, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions on pages 46 and 47 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***

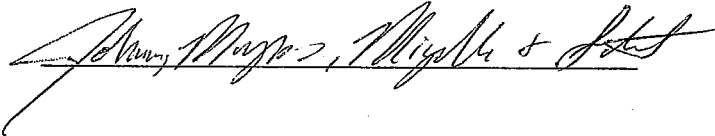
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dare County Tourism Board's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules 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

To the Board of Directors  
Dare County Tourism Board  
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prepare the 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, BURGESS, MIZELLE & STRAUB, LLP  
Certified Public Accountants



Kitty Hawk, North Carolina  
October 22, 2015

## **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, 2015. 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 \$23,770,529 (*net position*), which represents an increase of \$1,355,835 over the prior fiscal year.

As of the close of the current fiscal year, The Dare County Tourism Board's governmental funds reported combined ending fund balances of \$11,589,000 an decrease of \$ 955,853 in comparison with the prior year. Of this amount \$6,277,846 (54.2%) is restricted. The restricted amount includes \$ 5,064,500 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 \$4,206,626, or 91.1 percent of total general fund expenditures for the fiscal year.

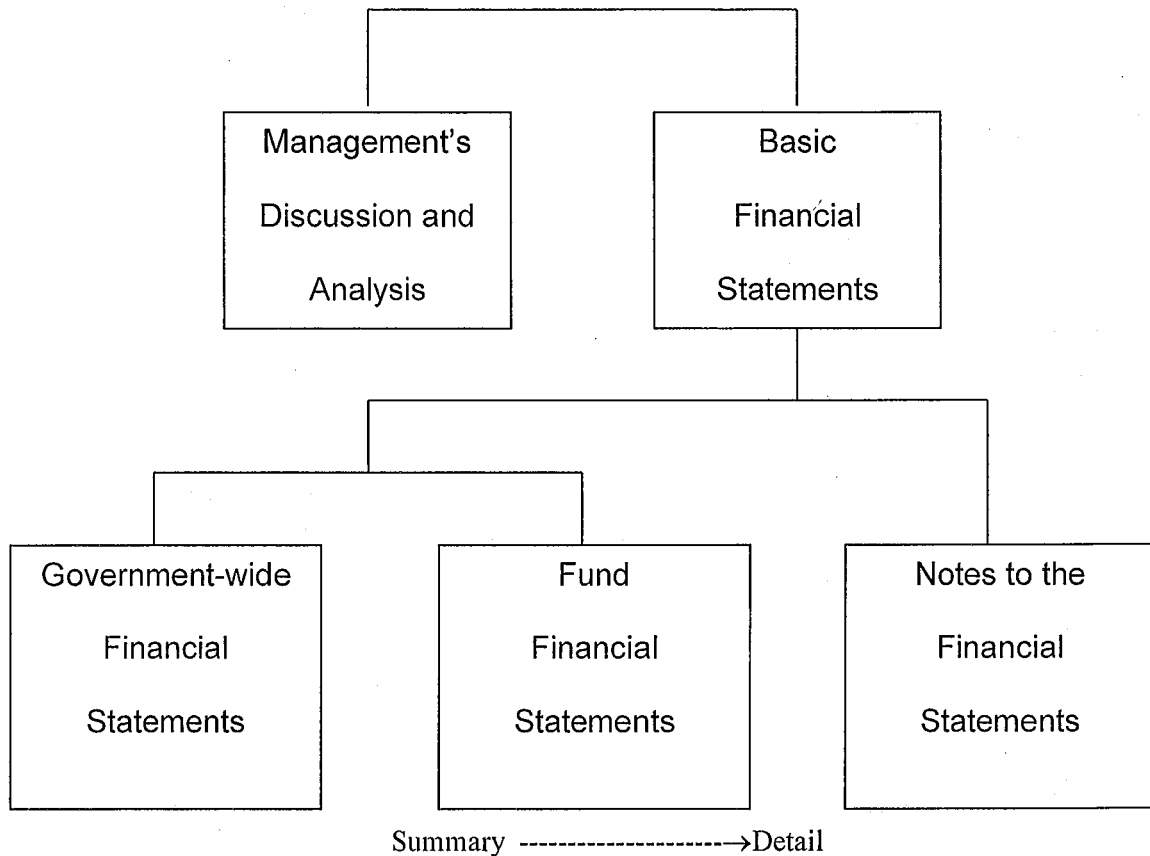
Occupancy and prepared food and beverage tax revenues, which is the primary funding source for the Board, increased \$ 231,176 or 3.7% over the prior year for a total amount collected of \$6,407,577.

### **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.

A project ordinance was adopted for the Event Site Capital Project Fund.

**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 42 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 43 of this report.

#### Government-Wide Financial Analysis

#### The Dare County Tourism Board's Net Position

Figure 2

	Governmental Activities, as restated		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 12,115,486	\$ 12,605,888	\$ 35,809	\$ 37,670	\$ 12,151,295	\$ 12,643,558
Capital assets	12,673,505	10,355,758	-	-	12,673,505	10,355,758
Deferred outflows of resources	50,945	49,532	-	-	50,945	49,532
Total assets and deferred outflows of resources	24,839,936	23,011,178	35,809	37,670	24,875,745	12,693,090
Current liabilities	452,240	70,399	1,500	800	453,740	71,199
Long-term liabilities	439,456	562,955	-	-	439,456	562,955
Deferred inflows of resources	212,020	-	-	-	212,020	-
Total liabilities and deferred inflows of resources	1,103,716	633,354	1,500	800	1,105,216	634,154
Net position:						
Net investment in capital assets	12,673,505	10,355,758	-	-	12,673,505	10,355,758
Restricted	6,277,846	7,606,837	-	-	6,277,846	7,606,837
Unrestricted	4,784,869	4,415,229	34,309	36,870	4,819,178	4,452,099
Total net position	\$ 23,736,220	\$ 22,377,824	\$ 34,309	\$ 36,870	\$ 23,770,529	\$ 22,414,694

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 \$23,770,529 as of June 30, 2015. Of the total net position, \$12,673,505, or 53.3%, 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, \$6,277,846, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,784,869 is unrestricted.

**Figure 3**

**Dare County Tourism Board Changes in Net Position**

	Governmental Activities, as restated		Business-type Activities, as restated		Total	Total
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 222,432	\$ 204,309	\$ 3,275	\$ 2,450	\$ 225,707	\$ 206,759
General revenues:						
Occupancy taxes	4,167,321	4,054,904			4,167,321	4,054,904
Prepared food and beverage tax	2,240,256	2,121,497			2,240,256	2,121,497
Investment earnings	21,476	20,062	57	18	21,533	20,080
Total revenues	6,651,485	6,400,772	3,332	2,371	6,654,817	6,403,240
<b>Expenses:</b>						
Governing Body	25,441	24,553			25,441	24,553
Promotion and General	4,395,847	4,355,670			4,395,847	4,355,670
Welcoming Function	271,746	272,188			271,746	272,188
Event Site			5,893	7,572	5,893	7,572
Projects	600,055	932,121			600,055	932,121
Total expenses	5,293,089	5,584,532	5,893	7,572	5,298,982	5,592,104
Increase in net position before transfers	1,358,396	816,240	(2,561)	(5,104)	1,355,835	811,136
Fund transfers	-	-	-	-	-	-
Increase in net position	1,358,396	816,240	(2,561)	(5,104)	1,355,835	811,136
Net position, July 1, restated	22,377,824	21,684,422	36,870	41,974	22,414,694	21,726,396
Net position, June 30	<u>\$23,736,220</u>	<u>\$22,500,662</u>	<u>\$ 34,309</u>	<u>\$ 36,870</u>	<u>\$23,770,529</u>	<u>\$22,537,532</u>

Beginning Net Position is restated for net pension liability and deferred outflows from 2014. Additional pension accruals from 2014 were unavailable.

**Governmental activities.** Governmental activities increased the Board's net position by \$1,358,396, thereby accounting for 100.2 percent of the total growth of net position. Of this amount \$ 957,236 is reserved for encumbrances. Tax collections increased \$ 231,176 (3.7%) from the prior year, showing a continued growth in the tourism industry. During the year, \$2,901,800 was budgeted to be used for Phase I construction of an event site. This accounts for the majority of the increase in capital assets and net position. Expenses were planned conservatively and well managed within the budget.

**Business-type activities:** Business-type activities decreased the Board's net position by (\$2,561). The Event Site Fund shows a reduction in net position. Rental revenues have been kept low to encourage the use of the property and have not covered the maintenance and other managerial expenses of the land.

### **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 \$5,302,005, while total fund balance was \$6,524,500. 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 114.8 percent of general fund expenditures while total fund balance is 141.2 percent of the same amount.

At June 30, 2015, the governmental funds of Dare County Tourism Board reported a combined fund balance of \$11,589,000, a 7.6 percent decrease over last year. This decrease is mostly due to capital improvements at the event site.

**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 allocate more funds to increase the grant programs and merchandise expenditures in General Fund and an amendment to establish the Capital Project Fund – Event Site.

The occupancy and prepared meals tax revenues were more than budget due to the conservative approach taken during the budgeting process. Dare County had an increase again in travel expenditures in the area despite Hurricane Arthur hitting the county on July 4<sup>th</sup> weekend. The summer months (approximately 71% of the Board's revenue) experienced growth of 3.0 percent over the prior year. These revenues are subjected to many external factors beyond our control including the national economy and the threat of inclement weather. Therefore a conservative budget allows the Board to anticipate any unexpected decreases in revenue.

Promotional and general expenses were less than budgeted amounts, primarily due to a several large grants and a website redesign project being encumbered and not paid out until the next fiscal year. Other factors include lower postage due to expected increases in rates that did not occur, printing and production projects that were done in house and saved money, no

unforeseen legal issues, and an employee who resigned and position was not filled until late June saving on payroll as well as benefits.

**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 \$34,309. The total decrease in net position was (\$ 2,561).

The Event Site Fund posted a decrease of net position in the amount of (\$2,561). 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. There was one new event booked on the site for Fiscal Year 14-15, a craft beer festival. Once again, the most successful event was the Outer Banks Seafood Festival held in October. Other events that returned to the site were stunt kite festival and an art fair. 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, 2014, totals \$10,355,758 (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><b>Governmental Activities</b></u>
Land	\$ 8,751,361
Construction in Progress	2,456,320
Buildings	1,320,173
Intangible Assets	72,925
Computer equipment	40,102
Furniture and Equipment	32,624
Total	<u><b>\$12,673,505</b></u>

Major capital asset transactions during the year include the following:

- Construction in progress – Event Site of \$2,386,179

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**

Fiscal Year 14/15 got off to a bumpy start, with Hurricane Arthur leading into the July 4<sup>th</sup> weekend. July is typically the largest month of the year in terms of occupancy tax collections, so any disruption is significant; however, gains in August quickly "righted the ship" and the fiscal year ended in positive territory.

National economic factors impacting Dare County tourism showed some optimism, as indicated by increases in national consumer confidence and travel intention indices. Fuel prices dropped dramatically during the fiscal year as well making travel easier and more affordable.

The Visitors Bureau refined its marketing efforts during the fiscal year to build on previous successes and address areas for improvement. Social media and email marketing continued to demonstrate tremendous year-over-year growth and opportunities for engaging with prospective visitors. Of these online communities, Facebook led the way once again, at least in terms of Outer Banks audience size, numbering 608,909 by the end of the fiscal year and adding more than 53,000 followers. The consumer email audience also experienced meteoric growth, adding more than 100,000 during that same timespan for a total audience of 470,989 by fiscal year end.

The Bureau has cultivated these relationships while also exploring new ones. Instagram followers experienced sizable growth with no plateau in sight. Meanwhile, the Visitors Bureau added a Tumblr account to its website to provide another means for connecting with previous and prospective visitors. Tumblr and Instagram are both visually based, which lend themselves to the promotion of the Outer Banks and its uncharacteristic beauty. Other traditional ad avenues, like TV and print, saw the continuation of the Outer Banks Soul campaign and its powerful branding imagery.

The 2015 Travel Guide was redesigned to a larger format, with larger images and more of an editorial approach. While the branding impact was increased by this change, the Bureau decreased the overall page count to manage the production expense. "First-third-of-book" and "first ad" premium positions were created and sold to generate additional ad revenues.

The Bureau's main marketing outlet, the [outerbanks.org](http://outerbanks.org) website, showed modest growth, but the rise of mobile devices in the travel consideration process has necessitated the move to a Responsive Website Design. As such, the Bureau led an RFP process and selected an agency to create this next iteration of the [outerbanks.org](http://outerbanks.org) site. The new site should be launched in late spring of 2016. It will integrate many more advertising opportunities for local travel partners, and therefore, added revenue for the Visitors Bureau to channel back into marketing for the destination.

Beyond these marketing programs, the Tourism Board and Visitors Bureau also sought to positively impact visitation by creating a promotion called "Get to the OBX Faster!" The initiative, with its alternate routes and encouragement of Friday and Sunday check-ins, was in response to a broader community-wide discussion, looking for ways to alleviate traffic delays and the accompanying frustration experienced by visitors. Early anecdotal feedback was positive and represents a step in the right direction for protecting the all-important summer business.

Other community-enhancing initiatives included delivery of the Board-funded Oregon Inlet Economic Impact study in the beginning of the fiscal year and the yearlong Visitor Profile study at the end of the fiscal year. The Oregon Inlet study was used to leverage the importance of maintaining an open and reliable inlet. The impact of tourism related to the Inlet led the Tourism Board to contribute to emergency dredge funding in the early spring of 2015, and then later, a pledge to contribute up to \$1 million to a proactive dredging effort.

The Tourism Board's role, and more specifically, the extent to which occupancy tax collection dollars will be used in future dredging efforts remains uncertain, but the financial pressure that

projects like dredging and beach nourishment place on the community are likely to prompt additional discussions regarding occupancy tax.

Fiscal year 14-15 was a significant one for Outer Banks events. The Bureau's relatively new Event Grant (the consolidation and revamp of previous Special Projects and Tourism Assistance grants) was found to be well received by the public and easier to administer. The Established Event Developer grant guidelines were fine-tuned and the program saw increased public demand. Nearly 30 events were funded at least in part by the Visitors Bureau through these two grant types.

Perhaps the most dramatic progress in terms of events occurred at The Soundside event site (formerly the Outer Banks Event Site). Following an RFP process, a contractor was hired for Phase 1 construction services. The first phase of the project was completed in the summer of 2015. In the meantime, The Tourism Board and Town of Nags Head developed a new Memorandum of Understanding giving the Tourism Board the authority and responsibility for development and daily management of the site.

A stuntkite competition, the Windmill Point Art Fair and the inaugural OBX Brewfest took place during The Soundside's Phase 1 construction, but the 4<sup>th</sup> Outer Banks Seafood Festival welcomed thousands of people to the completed site and with very positive reviews. The Bureau also hosted its first developed event, a concert on the beach, coinciding with National Tourism Week and the 3<sup>rd</sup> OBX Tourism Summit.

#### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

The budget for fiscal year 15-16 assumes an increase of 4%. The most significant changes within the marketing expenditures include an increase to Advertising-Electronic to reflect the development of a new responsive design website; a decrease to the Research line-item following the previous year's larger commitment for a visitor profile study; and an increase to travel writer tours to build on the success of Visitor Bureau hosted immersion trips with several writers on-site at the same time. The new fiscal year budget also anticipates the replacement of some aging HVAC units at the Bureau's Roanoke Island welcome center.

The Established Event Developer grant was increased as more events have become eligible. Also related to events, the General Fund shows a transfer of dollars from Events Development & Promotion into the Event Site enterprise fund. The transfer was necessary to fund the higher costs of maintaining the property. The Bureau is reviewing and updating the site rental policies to help offset some cost.

Similarly, the Capital Project Fund was established to track the Phase 1 development expenses of the Soundside event site. This fund utilizes dollars transferred from the Restricted Fund, not the General Fund. The fund will close out Phase 1 expenditures in fiscal year 2015-2016. The Board is considering the time frame for development of Phase 2.

#### **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](http://www.outerbanks.org) or send an email to [Bognich@outerbanks.org](mailto:Bognich@outerbanks.org) for more information.

**Dare County Tourism Board**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,762,095	\$ 35,809	\$ 5,797,904
Miscellaneous accounts receivable	3,054	-	3,054
Due from other governmental units	1,116,888	-	1,116,888
Accrued interest receivable	5,306	-	5,306
Inventories	9,149	-	9,149
Restricted cash and cash equivalents	5,133,952	-	5,133,952
Total current assets	12,030,444	35,809	12,066,253
Non-current assets:			
Net pension asset	85,042	-	85,042
Capital assets (Note 1):			
Land	8,751,361	-	8,751,361
Event Site - Contruction in Progress	2,456,320	-	2,456,320
Other capital assets, net of depreciation	1,465,824	-	1,465,824
Total capital assets	12,673,505	-	12,673,505
Total assets	24,788,991	35,809	24,824,800
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan in current fiscal year	50,945	-	50,945
Total deferred outflows of resources	50,945	-	50,945
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	441,445	-	441,445
Unearned revenue	-	1,500	1,500
Current portion of long-term liabilities	10,795	-	10,795
Total current liabilities	452,240	1,500	453,740
Long-term liabilities:			
Accrued vacation and comp	56,542	-	56,542
Other postemployment benefits	382,914	-	382,914
Total long-term liabilities	439,456	-	439,456
Total liabilities	891,696	1,500	893,196
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	212,020	-	212,020
Total deferred inflows of resources	212,020	-	212,020
<b>NET POSITION</b>			
Net investment in capital assets	12,673,505	-	12,673,505
Restricted for:			
Stabilization by State Statute	6,277,846	-	6,277,846
Unrestricted	4,784,869	34,309	4,819,178
Total net position	\$ 23,736,220	\$ 34,309	\$ 23,770,529

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

**Dare County Tourism Board  
Statement of Activities  
For the Year Ended June 30, 2015**

		<u>Program Revenues</u>
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>Primary government:</b>		
Governmental Activities:		
Governing Body	\$ 25,441	\$ -
Promotion and General	4,395,847	222,432
Welcoming Function	271,746	-
Projects	600,055	
Total governmental activities (See Note 1)	<u>5,293,089</u>	<u>222,432</u>
Business-type activities:		
Event Site	5,893	3,275
Total business-type activities	<u>5,893</u>	<u>3,275</u>
Total primary government	<u>\$ 5,298,982</u>	<u>\$ 225,707</u>
Component units:		
General revenues:		
Taxes:		
Other taxes		
Transfers		
Investment earnings		
Total general revenues, special items, and transfers		
Change in net position		
Net position-beginning, previously reported		
Restatement		
Net position, beginning, restated		
Net position-ending		

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



Exhibit 2

Net (Expense) Revenue and Changes in Net Postion		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (25,441)	\$ -	\$ (25,441)
(4,173,415)	-	(4,173,415)
(271,746)	-	(271,746)
(600,055)	-	(600,055)
(5,070,657)	-	(5,070,657)
-	(2,618)	(2,618)
-	(2,618)	(2,618)
(5,070,657)	(2,618)	(5,073,275)
6,407,577	-	6,407,577
-	-	-
21,476	57	21,533
-	-	-
6,429,053	57	6,429,110
1,358,396	(2,561)	1,355,835
22,500,662	36,870	22,537,532
(122,838)	-	(122,838)
22,377,824	36,870	22,414,694
\$ 23,736,220	\$ 34,309	\$ 23,770,529

**Dare County Tourism Board  
Balance Sheet  
Governmental Funds  
June 30, 2015**

	Major Funds			Total Governmental Funds
	General	Soundside Event Site	Special Revenue	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,762,095	-	-	\$ 5,762,095
Restricted cash and cash equivalents		\$ 868,087	\$ 4,265,865	5,133,952
Miscellaneous accounts receivable	3,054		-	3,054
Due from other governmental units	837,666		279,222	1,116,888
Accrued interest receivable	4,015		1,291	5,306
Inventory	9,149		-	9,149
Total assets	<u>\$ 6,615,979</u>	<u>\$ 868,087</u>	<u>\$ 4,546,378</u>	<u>\$ 12,030,444</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 91,479	\$ 349,966	\$ -	\$ 441,445
Total liabilities	<u>91,479</u>	<u>349,966</u>	<u>-</u>	<u>441,445</u>
<b>FUND BALANCES</b>				
Non Spendable				
Inventories	9,149		-	9,149
Restricted				
Stabilization by State Statute	1,213,346	518,122	4,546,378	6,277,846
Committed				
Committed in Capital Project Fund	-			-
Assigned				
Designated for subsequent year's expenditures	1,095,379		-	1,095,379
Unassigned	4,206,626		-	4,206,626
Total fund balances	<u>\$ 6,524,500</u>	<u>\$ 518,122</u>	<u>\$ 4,546,378</u>	<u>11,589,000</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.	12,673,505
Net pension asset	85,042
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	50,945
Pension related deferrals	(212,020)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	(450,252)
Net position of governmental activities	<u>\$ 23,736,220</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, 2015**

	Major Funds			Total Governmental Funds
	General Fund	Soundside Event Site	Special Revenue Fund	
<b>REVENUES</b>				
Tax Revenues				
Occupancy	\$ 3,125,491		\$ 1,041,830	\$ 4,167,321
Prepared Food and Beverage	1,680,192		560,064	2,240,256
Ad sales - Travel Guide	151,200			151,200
Sale of merchandise	44,167			44,167
Other Revenues	27,065		-	27,065
Investment income	11,184	2,501	7,791	21,476
Total revenues	5,039,299	2,501	1,609,685	6,651,485
<b>EXPENDITURES</b>				
Current:				
Governing Body	25,441		-	25,441
Promotion and General	4,270,841		1,875	4,272,716
Welcoming Function	274,305		-	274,305
Projects	-		600,055	600,055
Capital outlay	48,642	2,386,179	-	2,434,821
Total expenditures	4,619,229	2,386,179	601,930	7,607,338
Excess (deficiency) of revenues over expenditures	420,070	(2,383,678)	1,007,755	(955,853)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	2,901,800		2,901,800
Transfers to other funds	-		(2,901,800)	(2,901,800)
Total other financing sources (uses)	-	2,901,800	(2,901,800)	-
Net change in fund balance	420,070	518,122	(1,894,045)	(955,853)
Fund balances-beginning	6,104,430	-	6,440,423	12,544,853
Fund balances-ending	\$ 6,524,500	\$ 518,122	\$ 4,546,378	\$ 11,589,000

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, 2015

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

Net changes in fund balances - total governmental funds	\$ (955,853)
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:	2,317,746
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	50,945
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.	
Other post-retirement benefits	(44,624)
Pension expense	(4,140)
Compensated absences	(5,678)
Total changes in net position of governmental activities	<u>\$ 1,358,396</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, 2015**

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Occupancy tax	\$ 2,735,073	\$ 2,735,073	\$ 3,125,491	\$ 390,418
Prepared Food and Beverage	1,402,180	1,402,180	1,680,192	278,012
Ad Sales - Travel Guide	160,000	160,000	151,200	(8,800)
Merchandise sales	38,580	41,000	44,167	3,167
Other	16,000	16,000	27,065	11,065
Investment earnings	10,080	10,170	11,184	1,014
<b>Total revenues</b>	<b>4,361,913</b>	<b>4,364,423</b>	<b>5,039,299</b>	<b>674,876</b>
<b>Expenditures:</b>				
Current:				
Governing Body	29,401	29,401	25,441	3,960
Promotional and General	5,069,946	5,139,456	4,319,483	819,973
Welcoming	292,425	297,425	274,305	23,120
Projects	-	-	-	-
<b>Total expenditures</b>	<b>5,391,772</b>	<b>5,466,282</b>	<b>4,619,229</b>	<b>847,053</b>
<b>Revenues over (under) expenditures</b>	<b>(1,029,859)</b>	<b>(1,101,859)</b>	<b>420,070</b>	<b>1,521,929</b>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Appropriated Fund Balance	1,029,859	1,101,859	-	(1,101,859)
<b>Total other financing sources (uses)</b>	<b>1,029,859</b>	<b>1,101,859</b>	<b>-</b>	<b>(1,101,859)</b>
<b>Revenues and other sources over (under) expenditures and other uses</b>	<b>-</b>	<b>-</b>	<b>420,070</b>	<b>420,070</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>6,104,430</b>	
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,524,500</b>	

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

Exhibit 5

Special Revenue Fund

Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ 911,691	\$ 911,691	\$ 1,041,830	\$ 130,139
467,393	467,393	560,064	92,671
-	-	-	-
-	-	-	-
-	-	-	-
6,000	6,000	7,791	1,791
1,385,084	1,385,084	1,609,685	224,601
-	-	-	-
1,875	1,875	1,875	-
-	-	-	-
7,139,455	4,237,655	600,055	3,637,600
7,141,330	4,239,530	601,930	3,637,600
(5,756,246)	(2,854,446)	1,007,755	3,862,201
-	-	-	-
-	(2,901,800)	(2,901,800)	-
5,756,246	5,756,246	-	(5,756,246)
5,756,246	2,854,446	(2,901,800)	(5,756,246)
-	-	(1,894,045)	(1,894,045)
-	-	6,440,423	
\$ -	\$ -	\$ 4,546,378	

**Dare County Tourism Board  
Statement of Net Position  
Proprietary Funds  
June 30, 2015**

	<b>Non-Major Event Site</b>	<b>Total</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 35,809	\$ 35,809
Accounts receivable		-
Inventory		-
Total current assets	<u>35,809</u>	<u>35,809</u>
Total assets	<u>\$ 35,809</u>	<u>\$ 35,809</u>
<b>LIABILITIES</b>		
Current liabilities:		
Security Deposits	\$ 1,500	\$ 1,500
Accounts payable		-
Total current liabilities	<u>1,500</u>	<u>1,500</u>
Total liabilities	<u>1,500</u>	<u>1,500</u>
<b>NET POSITION</b>		
Unrestricted	34,309	34,309
Total net position	<u>\$ 34,309</u>	<u>\$ 34,309</u>
Total liabilities and net position	<u>\$ 35,809</u>	<u>\$ 35,809</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, 2015**

	Non-Major Event Site	Total
<b>OPERATING REVENUES</b>		
Lease income	\$ 3,275	3,275
Other operating revenues	-	-
Total operating revenues	<u>3,275</u>	<u>3,275</u>
<b>OPERATING EXPENSES</b>		
Insurance	235	235
Repairs and maintenance	4,750	4,750
Office expenses	-	-
Other operating expenses	908	908
Total operating expenses	<u>5,893</u>	<u>5,893</u>
Operating income (loss)	<u>(2,618)</u>	<u>(2,618)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	57	57
Total nonoperating revenue	<u>57</u>	<u>57</u>
(expenses)	<u>57</u>	<u>57</u>
Income (loss) before contributions and transfers	<u>(2,561)</u>	<u>(2,561)</u>
Change in net position	(2,561)	(2,561)
<b>Total net position - beginning</b>	<u>36,870</u>	<u>36,870</u>
<b>Total net position - ending</b>	<u>\$ 34,309</u>	<u>34,309</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, 2015**

	<b>Non-Major Event Site</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 3,975	\$ 3,975
Cash paid for goods and services	(5,893)	(5,893)
Net cash provided (used) by operating activities	(1,918)	(1,918)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	57	57
Net increase (decrease) in cash and cash equivalents	(1,861)	(1,861)
Balances-beginning of the year	37,670	37,670
Balances-end of the year	\$ 35,809	\$ 35,809
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ (2,618)	\$ (2,618)
Increase (decrease) in security deposits	700	700
Total adjustments	700	700
Net cash provided by operating activities	\$ (1,918)	\$ (1,918)

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

# **DARE COUNTY TOURISM BOARD**

## **Notes to Financial Statements**

**June 30, 2015**

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### **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, 2015

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

**Fund Financial Statements:** The fund financial statements provide information about the Board's funds. Separate statements for each fund category – governmental and proprietary – are presented. The 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.

**Capital Project Funds.** The Board has one capital project fund which is used to account for the construction of an Event Site.

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

# **DARE COUNTY TOURISM BOARD**

## **Notes to Financial Statements**

**June 30, 2015**

government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include 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. A project ordinance was adopted for the Event Site Capital Project Fund. 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, 2015, 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

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

June 30, 2015

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

The Board's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

### 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 and the Capital Project 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. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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
Furniture and equipment	5 – 10 years
Computers	5 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

June 30, 2015

### 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 one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has one item that meets this criterion, deferrals of pension expense that result from the implementation of GASB Statement 68.

### 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, 2015 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 - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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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.

#### **9. Pensions**

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

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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recognized when due and the Dare County Tourism Board has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

### NOTE 2. DETAILED NOTES ON ALL FUNDS

#### A. ASSETS

##### 1. Deposits

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

At June 30, 2015, the Board's deposits had a carrying amount of \$ 8,913,602 and a bank balance of \$ 8,960,658. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$ 7,960,658 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2015, the Board had cash on hand of \$ 400.

##### 2. Restricted Assets

Money in the Special Revenue Fund and Capital Project 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:	\$4,265,865
Capital Project Fund:	\$ 868,087
Total	\$5,133,952

##### 3. Investments

At June 30, 2015, the Dare County Tourism Board had \$2,017,854 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Board has no policy regarding credit risk.



# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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### 4. Due from Other Governmental Units

The Board has recognized an amount due from other governmental units which is comprised of the June, 2015 occupancy tax receipts in the amount of \$ 790,772 and the meals tax receipts of \$ 326,116 for a total receivable of \$1,116,888.

### 5. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 8,751,360	\$ -	\$ -	\$ 8,751,360
Construction in Process-Event Site	70,141	2,386,179	-	2,456,320
Total capital assets not being depreciated	8,821,501	2,386,179	-	11,207,680
<b>Capital assets being depreciated:</b>				
Buildings	1,973,661	-	-	1,973,661
Intangible assets	149,750	26,475	-	176,225
Computer equipment	132,489	21,247	(1,861)	151,875
Furniture and equipment	299,188	920	-	300,108
Total capital assets being depreciated	2,555,088	48,642	(1,861)	2,601,869
<b>Less accumulated depreciation for:</b>				
Buildings	608,737	44,752	-	653,489
Intangible assets	53,300	50,000	-	103,300
Computer equipment	100,476	12,630	(1,335)	111,772
Furniture and equipment	258,317	9,166	-	267,483
Total accumulated depreciation	1,020,831	116,548	(1,335)	1,136,044
Total capital assets being depreciated, net	1,534,257	(67,906)	(526)	1,465,825
<b>Governmental activity capital assets, net</b>	<u>\$10,355,758</u>	<u>\$ 2,318,273</u>	<u>\$ (526)</u>	<u>\$12,673,505</u>

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

Promotion and General \$ 116,548

# DARE COUNTY TOURISM BOARD

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### Construction commitments

The Board has active the following construction project as of June 30, 2015. At year end, the Board's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Event Site, Phase I	\$ 2,386,179	\$ 240,509

### B. LIABILITIES

#### 1. Pension Plan Obligations

##### a. North Carolina Local Governmental Employees' Retirement System

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

*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.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

**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, 2015, was 7.07% 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 \$50,945 for the year ended June 30, 2015.

**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, 2015, the Board reported an asset of \$85,042 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset 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, 2014, the Board's proportion was 0.014%, which was the same as its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Board recognized pension expense of \$4,141. At June 30, 2015, 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	\$ -	\$ 9,293
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	197,974
Change in proportion and differences between Board contributions and proportionate share of contributions	-	4,753
Board contributions subsequent to the measurement date	50,945	-
Total	<u>\$ 50,945</u>	<u>\$ 212,020</u>

\$50,945 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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Year Ended June 30:		
2016		\$ ( 53,014 )
2017		( 53,014 )
2018		( 53,014 )
2019		( 52,979 )
2020		-
Thereafter		-
Total		(212,021)

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:

# DARE COUNTY TOURISM BOARD

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability (asset)	\$ 288,667	\$ (85,041)	\$ (399,692)

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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

### b. Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, which is available to all Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Board has complied with changes in the law, which governs the Board's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts which had been deferred by the plan participants were required to be reported as assets of the Board. Effective for the current fiscal year and in accordance with GASB Statement 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the Board's Deferred Compensation Plan is no longer reported within the Board's Agency Funds.

### c. 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 who participate in the North Carolina Local Governmental Employees' Retirement System (System), have at least five years of creditable service with the Board and were hired prior to June 30, 2008. 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. The Board may amend the benefit provisions.

Membership of the plan consisted of the following at June 30, 2015:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet	
Receiving benefits	0
Active plan members	<u>11</u>
Total	14

*Funding Policy.* The Board pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Board has chosen to fund the healthcare benefits on a pay as you go basis.

The current annual required contribution (ARC) rate is 18.5% of annual covered payroll. For the fiscal year ended June 30, 2015 the Board made payments of \$ 9,968 for post-retirement health benefit premiums, or 1.5% of covered payroll. Employees contributed \$333 for dental care.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The Board's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Board's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 53,968
Interest on net OPEB obligation	13,963
Adjustment to annual required contribution	(13,339)
Annual OPEB cost (expense)	54,592
Contributions made	( 9,968)
Increase (decrease) in net OPEB obligation	44,624
Net OPEB obligation, beginning of year	349,085
Net OPEB obligation, end of year	<u>\$ 393,709</u>

The Board's annual cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 54,592	18.3%	\$ 393,709
2014	\$ 42,108	21.7%	\$ 349,085
2013	\$ 42,054	28.7%	\$ 316,129

**Funded Status and Funding Progress.** As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$478,028. The covered payroll was \$ 668,230, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 71.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

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medical cost trend increase of 7.5 to 5.00 percent annually. The investment rate included a 3.0 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

### 2. Other Employment Benefits

**Death Benefit Plan.** The Board has elected to provide death benefits to employees through the Death Benefit Retirement Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State administered, cost-sharing plan funded on a one year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$ 50,000. All death benefit payments are made by the Death Benefit Plan and not by the Board. The Board does not determine the number of eligible participants. The Board has no liability beyond the payment of monthly contributions, which were \$0 for the fiscal year ended June 30, 2015. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
less than 10	1	2014
10 - 20	2	2015
20 or more	3	2016

The Dare County Tourism Board will have a two year reprieve. Contributions will resume in the fiscal year beginning July 1, 2015.

### 3. Deferred Outflows and Inflows of Resources

The Board has the following deferred outflows of resources:

Contributions to pension plan in current fiscal year: \$ 50,945

The Board has the following deferred inflows of resources

Pension deferrals: \$ 212,020

### 3. 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 \$ 1 million per occurrence, property coverage up to the total insurance



## DARE COUNTY TOURISM BOARD

### Notes to Financial Statements

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values of the property policy and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Board upon request.

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

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

In accordance with G.S. 159-29, the Board's employees that have access to \$100 or more at any given time of the Board's funds are covered under a blanket bond in the amount of \$25,000. The finance officer is 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, 2014:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Accrued vacation & comp	\$ 50,864	\$ 5,678	\$ -	\$ 56,542	\$ -
Net pension liability	172,370		172,370	-	-
Other postemployment benefits	<u>349,085</u>	<u>54,592</u>	<u>9,968</u>	<u>393,709</u>	<u>10,795</u>
Total long-term liabilities	<u>\$572,319</u>	<u>\$ 60,270</u>	<u>\$ 182,338</u>	<u>\$ 450,251</u>	<u>\$ 10,795</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

#### C. INTERFUND BALANCES AND ACTIVITY

Transfers to/from other funds at June 30, 2015, consist of the following:

From the Special Revenue Fund to the Event Site Capital Project Fund \$2,901,800

During the 2015 fiscal year, the Board made a transfer from the Special Revenue Fund to a Capital Project Fund to begin the development of an Event Site on land held jointly with the Town of Nags Head.

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

June 30, 2015

### D. EXPENDITURES

#### Operating Leases

In December 2012, 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 \$ 5,700. During 2015, \$22,800 was paid in rent expense.

In April 2014, the Board entered into a new copier lease and the prior lease was bought out. The new lease is for a period of 63 months with payments of \$400 per month with the option to continue on a month to month basis after the lease expires. Rent expense for 2015 was \$ 4,800.

The future minimum lease payments are as follows:

2016	27,596
2017	27,596
2018	16,196
2019	4,796
	<u>\$ 76,184</u>

### E. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Funds
Capital Assets	\$12,673,505
Less: Long-term Debt	0
Net Investment in Capital Assets	\$12,673,505

### F. FUND BALANCE

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

<i>Total fund balance-General Fund</i>	<i>\$ 6,524,500</i>
Less:	
Inventories	9,149
Stabilization by State Statute	1,213,346
Appropriated Fund Balance in 2014 budget	1,095,379
Working Capital / Fund Balance Policy	3,467,335
Remaining Fund Balance	739,291

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>
	\$ 368,611	\$ 588,625

# DARE COUNTY TOURISM BOARD

## Notes to Financial Statements

June 30, 2015

\$ 368,611

\$ 588,625

### 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 \$1,115,810 was transferred for future capital projects. Additionally, all interest earnings in the special revenue fund are designated for "green space" acquisition. During the current year there was \$ 7,791 of interest revenue designated for "green space" acquisition. The Board also transferred \$750,000 into a new line item for dredging of Oregon Inlet and Hatteras Inlet. During 2006, the designations for natural, historic and cultural resources and infrastructure were capped at \$500,000.

Activity for future capital projects was as follows during the year ended June 30, 2015:

<u>Project</u>	<u>Balance July 1,</u> <u>2014</u>	<u>Current Year</u> <u>Additions</u>	<u>Current Year</u> <u>Expenses/Transfers/</u> <u>Adjustments</u>	<u>Balance June 30,</u> <u>2015</u>
Multi-purpose Facility	\$ 3,347,326	\$ 829,760	\$ (2,901,800)	\$ 1,275,286
Natural, historic, cultural	358,649	141,351	(319,250)	180,750
Infrastructure	359,850	142,277	(100,000)	402,127
Green Space	736,694	10,213	(650,000)	96,907
Dredging OI & HI	-	-	750,000	750,000
Total	\$ 4,802,519	\$ 1,123,601	\$ (3,221,050)	\$ 2,705,070

### NOTE 3. COMMITMENTS

In October 2010, the Board entered into a contract with MMGY Worldwide to provide internet advertising services beginning October 1, 2010 and ending December 31, 2011. The contract may be automatically renewed for successive one-year terms thereafter. The contract was renewed until December 31, 2015. MMGY Worldwide will receive an 11% commission on all gross media purchases and a monthly charge of \$1,000 to develop a custom measurement process.

On May 19, 2015, the Board entered into a contract with Simpleview, LLC for the redesign of the outerbanks.org website at a cost of \$52,950. The contract also has annual hosting and licensing fees of \$33,300, which are due quarterly beginning at design approval. The contract is effective through June 30, 2016 but may be renewed for additional terms of one year.

### NOTE 4. JOINT VENTURES

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

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

## **DARE COUNTY TOURISM BOARD**

### **Notes to Financial Statements**

**June 30, 2015**

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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 will be complete during the summer of 2015.

#### **NOTE 5. SUMMARY OF EFFECTS OF SUBSEQUENT EVENTS**

The Board acts as an in-house advertising agency and for the fiscal year July 1, 2015-June 30, 2016 the Board has entered into advertising insertion orders with various media totaling \$786,063.

On July 14, 2015 the Dare County Tourism Board reached an agreement with Quad Graphics for the printing of 425,000 copies of The 2016 Travel Guide and related materials for the total cost of \$171,135 plus freight.

On August 19, 2015, the Board entered into an agreement with American Bus Association to be a Marketplace 2016 sponsor in the amount of \$5,500.

On July 26, 2015, the Board entered into an agreement with The Ground Guys for landscaping and irrigation services at the event site. The term of the contract is from August 1, 2015 until December 31, 2015 in the amount of \$25,331.40. The payments are made monthly.

On August 27, 2015, the Board amended the FY2015-2016 budget to reallocate \$1,000,000 of funds currently held in the Special Revenue Fund to a new budgetary line item, Hatteras and Oregon Inlet Dredging, to be paid to Dare County upon completion of a dredging project. The Board transferred \$750,000 of money designated for future capital projects and \$250,000 of undesignated money to the line item.

#### **NOTE 6. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT**

The Board implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Board to record beginning net pension liability and the effects on net position of contributions made by the Board during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental activities decreased by \$122,838.

## Required Supplementary Financial Data

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

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- Schedule of Funding Progress for the Other Postemployment Benefits.
- Schedule of Employer Contributions for the Other Postemployment Benefits.
- Notes to the Required Schedules for the Other Postemployment Benefits.
- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

**Dare County Tourism Board  
Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/14	-	478,028	478,028	0%	668,230	71.5%
12/31/12	-	471,538	471,538	0%	640,100	73.7%
12/31/10	-	359,913	359,913	0%	620,054	58.0%
6/30/10	-	681,976	681,976	0%	602,888	113.1%

**Dare County Tourism Board  
Other Postemployment Benefits  
Required Supplementary Information  
Schedule of Employer Contributions**

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<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2015	53,968	18.5%
2014	41,543	22.0%
2013	41,543	29.0%

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**Notes to the Required Schedules:**

The information presented in the required supplementary schedules was determined as part actuarial valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, Open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend	
Pre-Medicare trend rate	7.5-5.0%
Post Medicare trend rate	5.5-5.0%
Year of Ultimate trend rate	2020
*Includes inflation at	3.0%
Cost-of living adjustments	None

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

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Board's proportion of the net pension liability (asset) (%)	0.01442%	0.01430%
Board's proportion of the net pension liability (asset) (\$)	\$ (85,041)	\$ 172,370
Board's covered-employee payroll	\$ 725,971	\$ 705,995
Board's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 11.71%)	24.42%
Plan fiduciary net position as a percentage of the total pension liability**	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 Two Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 50,945	\$ 49,532
Contributions in relation to the contractually required contribution	50,945	49,532
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 725,971	\$ 705,995
Contributions as a percentage of covered-employee payroll	7.02%	7.02%

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, 2015

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Tax Revenues:				
Occupancy	\$ 2,735,073	\$ 3,125,491	\$ 390,418	\$ 3,041,178
Prepared Food and Beverage	1,402,180	1,680,192	278,012	1,591,123
Total	<u>4,137,253</u>	<u>4,805,683</u>	<u>668,430</u>	<u>4,632,301</u>
Other Revenues:				
Merchandise Revenue	41,000	44,167	3,167	44,874
Sale of Advertising - Travel Guide	160,000	151,200	(8,800)	156,600
Other	16,000	27,065	11,065	2,835
Total	<u>217,000</u>	<u>222,432</u>	<u>5,432</u>	<u>204,309</u>
Investment earnings	10,170	11,184	1,014	10,428
Total revenues	<u>4,364,423</u>	<u>5,039,299</u>	<u>674,876</u>	<u>4,847,038</u>
<b>Expenditures:</b>				
Governing Body:				
Director compensation		17,100		17,000
Payroll taxes		1,350		1,429
Professional services		-		-
Travel		3,562		2,658
Director & Officers' Insurance		2,822		2,985
Miscellaneous items		607		481
Total	<u>29,401</u>	<u>25,441</u>	<u>3,960</u>	<u>24,553</u>
Promotional and General				
Personnel:				
Salaries - full time		648,477		629,154
Salaries - part time		69,043		69,959
Payroll taxes		54,089		52,874
Employee insurance		133,737		139,569
Retirement		48,386		47,048
Workman's compensation		2,159		2,044
Employee relations		1,551		1,190
Training		5,405		8,317
Total Personnel	<u>999,211</u>	<u>962,847</u>	<u>36,364</u>	<u>950,155</u>
Services:				
Audit		5,625		5,625
Legal		6,933		6,265
Contract Services		15,153		15,028
Other Professional Services		-		-
Administrative Advertising		826		322
Total Services	<u>39,425</u>	<u>28,537</u>	<u>10,888</u>	<u>27,240</u>

**Dare County Tourism Board**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2015

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Other:				
Research		84,240		31,941
Advertising - printed		807,225		746,039
Advertising - production fee		34,661		42,109
Advertising - events		68,470		81,140
Advertising - electronic		1,231,264		1,240,332
Advertising - internet agency fee		128,255		134,779
Public relations		9,443		20,807
Legal notices		3,065		426
Brochures/production & printing		14,279		19,677
Promotional aids		5,178		5,587
Familiarization tours		38,917		35,373
Group sales		15,712		10,118
Community appreciation		15,000		15,000
Special Projects Grant program		-		104,763
Tourism Assistance Grant program		24,097		67,652
Event Grant program		117,794		6,731
Established Event Developer Grant		92,500		92,500
Tousim Summit		13,083		13,290
Postage		166,085		151,406
Travel		28,678		26,980
Vehicle maintenance		2,363		2,659
Registrations		26,080		26,686
Travel show exhibit		3,649		4,631
Dues and subscriptions		26,487		25,285
Insurance		12,159		13,455
Telephone		19,251		21,647
Expendable equipment		280		1,533
Technical support		10,386		1,441
Utilities		8,338		8,806
Cleaning/maintenance supplies		1,277		1,497
Building maintenance		3,145		4,261
Equipment service contracts		2,094		2,014
Equipment rental		24,476		31,082
Equipment repairs		-		194
Office supplies		12,613		13,247
Web Site/Internet		24,670		32,133
Travel Guide production and printing		152,117		149,692
Travel Guide freight		25,205		26,398
Merchandise purchases		25,359		28,802
Credit card bank charges		1,562		1,579
Capital Outlay		48,642		13,675
Total Other	4,100,820	3,328,099	772,721	3,257,367
Total Promotional & General	5,139,456	4,319,483	819,973	4,234,762

**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, 2015**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Welcoming				
Aycock Brown Welcome Center				
Personnel:				
Salaries - full time		36,308		35,265
Salaries - part time		65,963		66,922
Payroll taxes		8,071		8,330
Employee insurance		3,641		7,600
Retirement		2,559		2,484
Workman's Compensation		395		385
Employee Relations		465		385
Training		283		186
Total Personnel	122,247	117,685	4,562	121,557
Services:				
Contracted Services		7,920		7,920
Total Services	7,920	7,920	-	7,920
Other:				
Uniforms		18		286
Postage		98		96
Travel		215		126
Dues and subscriptions		143		258
Insurance		1,915		2,175
Telephone		3,833		3,537
Expendable Equipment		563		195
Utilities		5,430		5,197
Cleaning/maintenance supplies		512		500
Building maintenance		7,146		1,233
Equipment repairs		-		250
Office supplies		2,848		2,956
Capital Outlay		-		1,241
Total Other	27,183	22,721	4,462	18,050
Total Welcoming - Aycock Brown Center	157,350	148,326	9,024	147,527
Roanoke Island Welcome Center				
Personnel:				
Salaries - part time		101,706		99,326
Payroll taxes		7,860		8,378
Worker's compensation		390		400
Employee relations		666		595
Training		319		299
Total	120,170	110,941	9,229	108,998
Services:				
Contracted services		1,950		2,014
Total services	2,200	1,950	250	2,014

**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, 2015

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
Other:				
Uniforms		307		531
Travel		564		682
Insurance		1,920		2,360
Telephone		5,433		4,772
Expendable Equipment		291		2,282
Utilities		807		765
Cleaning/maintenance supplies		113		130
Building maintenance		2,120		1,600
Equipment maintenance		-		250
Office supplies		1,533		1,519
Capital Outlay		-		3,562
Total	<u>17,705</u>	<u>13,088</u>	<u>4,617</u>	<u>18,453</u>
Total Welcoming - Roanoke Island	<u>140,075</u>	<u>125,979</u>	<u>14,096</u>	<u>129,465</u>
Total Welcoming	<u>297,425</u>	<u>274,305</u>	<u>23,120</u>	<u>276,992</u>
Total expenditures	<u>5,466,282</u>	<u>4,619,229</u>	<u>847,053</u>	<u>4,536,307</u>
Revenues over (under) expenditures	<u>(1,101,859)</u>	<u>420,070</u>	<u>1,521,929</u>	<u>310,731</u>
Other financing sources (uses):				
Transfers (to) from other funds:				
Restricted Fund, as restated for prior year	-	-	-	-
Merchandise Fund	-	-	-	-
Travel Guide Fund	-	-	-	-
Appropriated Fund Balance	<u>1,101,859</u>	<u>-</u>	<u>(1,101,859)</u>	<u>-</u>
Total	<u>\$ 1,101,859</u>	<u>\$ -</u>	<u>\$ (1,101,859)</u>	<u>\$ -</u>
Revenues and other financing sources over expenditures and other financing uses	-	420,070	420,070	310,731
Fund balances:				
Beginning of year, July 1		6,104,430		5,793,699
End of year, June 30		<u>\$ 6,524,500</u>		<u>\$ 6,104,430</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, 2015**

	2015			2014
	Budget	Actual	Variance Positive (Negative)	Actual
<b>Revenues:</b>				
Operating revenues:				
Lease income	\$ 3,000	\$ 3,275	\$ 275	\$ 2,450
Other income	200	-	(200)	-
Unappropriated Funds	4,880	-	(4,880)	-
Interest income	20	57	37	18
Total	<u>8,100</u>	<u>3,332</u>	<u>(4,768)</u>	<u>2,468</u>
Total revenues	<u>8,100</u>	<u>3,332</u>	<u>(4,768)</u>	<u>2,468</u>
<b>Expenditures:</b>				
Insurance	700	235	465	454
Utilities	1,300	908	392	1,204
Repairs and maintenance	6,000	4,750	1,250	5,914
Office expenses	100	-	100	-
Total	<u>8,100</u>	<u>5,893</u>	<u>2,207</u>	<u>7,572</u>
Revenues over expenditures	-	(2,561)	(2,561)	(5,104)
Revenues over expenditures and other financing (uses)	<u>\$ -</u>	<u>(2,561)</u>	<u>\$ (2,561)</u>	<u>(5,104)</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Net income		<u>\$ (2,561)</u>		<u>\$ (5,104)</u>

**Dare County Tourism Board  
Capital Projects Fund - Soundside Event Site  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
From Inception and For the Fiscal Year Ended June 30, 2015**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Event Site Project:					
Investment earnings	20	-	2,501	2,501	2,481
Total revenues	20	-	2,501	2,501	2,481
<b>Expenditures</b>					
Event Site Project:					
Capital outlay:	2,901,820	-	2,386,179	2,386,179	515,641
Total expenditures	2,901,820	-	2,386,179	2,386,179	515,641
Revenues under expenditures	(2,901,800)	-	(2,383,678)	(2,383,678)	518,122
<b>Other Financing Sources</b>					
Event Site Project :					
Transfers from other funds:					
Special Revenue Fund	2,901,800	-	2,901,800	2,901,800	-
Total other financing sources	2,901,800	-	2,901,800	2,901,800	-
Net change in fund balance	\$ -	\$ -	518,122	\$ 518,122	\$ 518,122
Fund Balance, beginning			-		
Fund Balance, Ending			\$ 518,122		