



**ROWAN COUNTY TOURISM BOARD OF DIRECTORS MEETING
TOURISM DEVELOPMENT AUTHORITY
CONVENTION & VISITORS BUREAU**

Wednesday, February 15, 2023, Noon

MEETING AGENDA

- I. Call to Order** **Krista Sullivan, Chair**

- II. Approval of Meeting Minutes** **Krista Sullivan, Chair**

- III. Financial Report**
 - A. Tourism Financial Report and Market Update** **James Meacham**
 - B. Annual Audit Reports** **Eddie Carrick, CPA**

- IV. Program of Work Report**
 - A. Destination Marketing Report** **Sarah Michalec**
 - B. Tourism Development**
 - 1. Wayfinding** **James Meacham & Sarah Michalec**
 - 2. Tourism Development Plan: Railwalk** **James Meacham**

- V. Additional Business**
 - A. Human Resources: Employee Benefits**
 - B. Fiscal Year 2023-24 Board Officers and Board Positions**

- VI. Adjourn**



**ROWAN COUNTY TOURISM
BOARD OF DIRECTORS MEETING**

Wednesday, January 18, 2023, 12:00 pm

BOARD MEETING MINUTES

Board Members Attending: Sada Troutman, Craig Pierce, Krista Sullivan, Karen Alexander, Kimberly Morgan, Richard Reinholz, Vivian Hopkins, John Ketner

Not Attending: Cyndi Greenwood, Therese Henderson, Michelle Patterson

TDA Staff: James Meacham, Sarah Michalec, Brooke Arrowood,

RCTDA Call to Order

Sullivan called the RCTDA to order at 12:05pm. Commissioner Pierce gave the group appreciation medals from the Rowan County Commission and thanked the Tourism Board for their continued commitment to Rowan County.

Approval of the Minutes

Motion: Craig Pierce made the motion for approval of the November 2022 minutes.

Second: Richard Reinholz

Motion: Approved

Organizational & Financial Update

Meacham reported occupancy tax revenues as of 12.30.22 for fiscal year 2022-23 with not a great deal of difference in the Dec financial statements from the prior month. Meacham said cash on hand is slightly above \$200,000 with receivables of \$236,000 from the November and December occupancy taxes. No real material changes to the balance sheet. Looking at the month of December, Revenue was under expenses by \$21,000. Meacham said this is due to having three payrolls in December and Polar Express marketing expenses. Year-to-date on the statement of activities shows \$45,000 in the black. Meacham said occupancy revenue is trending ahead of expectations with occupancy revenue roughly 10% ahead of budget. Based off fiscal 2021-22 this is a very strong start to the year with double digit increases for each month in occupancy. Meacham said revenue is currently on pace to come in January about 8-9% ahead of the previous January. This is very healthy growth especially for January. Meacham said that 2021-22 were all record collection monthly totals and 22-23 totals are new records.

Program of Work

Meacham noted that this is the actual yearend report for the calendar year 2022. Meacham highlighted that in the hotel occupancy rate this year finished above 70% and was a 2.8% increase due to a combo of demand and inflation. Meacham said he would not predict that will occur again in 2023 but he does expect to continue to see some rate growth. The local hotels were the most profitable they have ever been in 2022 with a Rev PAR of \$76. Lodging revenue was up 25% from the previous year. On Airbnb, Meacham noted that total number of local properties available in Rowan County increased by 20% in 2022.

Meacham reported that TDA staff and the Rowan County staff are working with a third-party company that allows the tracking down and pinpointing of any short-term rentals in the county that are not collecting sales and occupancy taxes. Airbnb and VRBO have entered into an agreement as the third-party companies to collect taxes (in North Carolina) from properties and make sure those properties remit the proper tax. There are other short-term rental companies emerging and some of those companies are not monitoring and voluntarily remitting sales and occupancy taxes. These companies are leaving those responsibilities up to the property owners and taxes are sometimes not being remitted. There is new company called Granicus that have started tracking the data on these properties. Staff has been working with Rowan County finance staff to secure this software and implement this new program to track the local properties who are doing short-term rentals. Meacham stated there are currently over 100 short-term rental properties located within the county. Meacham reported that there are fourteen other North Carolina counties currently using this software and staff hopes to have it up and running in February or March 2023.

Meacham reported that 2022 was a good year for group business with 935 room nights. Groups sales included the large events of the Pickleball tournament, the Little League Southeast World Series, and the Smoke Out along with many other small groups who received tourism support and provided room nights in 2022. Meacham noted that over 60,000 tickets were sold for Polar Express. Meacham commended the TDA marketing team for refreshing the brand in 2022 with the new website and design which was very successful.

Michalec reported that the new website launched in April 2022 with the change in domain to Visitrowancountync.com. Staff is seeing good things from that change and is continuing to do extensive search engine optimization to make sure that content is the best it can be to improve search engine ranking. Michalec reported that all photos and content was refreshed on the new site and the booking engine, Root Rez was added. This addition of a package booking platform led to 550 room nights and \$82,000 in revenue in 2022. In 2023, staff is looking forward to being able to utilize the booking widget on affiliate sites. Tourism partners will be able to use the widget on their websites so that visitors can book hotel rooms directly from their sites.

The photoshoots were very successful in 2022 with Bailey completing seven shoots at 45 sites producing over 6,100 images. Staff is very happy with the new photography, and it is being used extensively throughout all of the social media marketing platforms and on the website. Meacham noted that staff is being strategic and intentionally proprietary with the new photography and are not allowing use of the material without proper authorization and permission to extend the life of this marketing investment.

Michalec reported that the "Original" marketing campaign was utilized in 2022 promoting Explore, Eat, Adventure, and Experience Original through digit and traditional platforms that included *Our State*, SXM Media, billboards, social media, Google PPC and a few other avenues.

The Kannapolis Cannon Baller partnership was a huge success again in 2022. The sponsorship package included concourse signage, season tickets, "Where is Boomer" videos, and additional program ads. Michalec said that social media contests worked well to giveaway tickets. The partnership is already in place for 2023. In addition, Meacham said the hospitality appreciation event with the Cannon Ballers is in place for 2023 as well with a few additions such as a concert at the end of the game.

Michalec reported that the stay and play package program was able to resume the pre pandemic schedule in 2022 with packages sales performing well. Four packages were offered with 519 packages booked and 743 room nights.

The Salisbury F&M Trolleys ran for private rentals only in 2022. Staff is hoping to bring back trolley tours in spring of 2023. The trolleys did see a double digit increase from rentals from 2021. Staff is continuing to look at comparisons and building new ideas for what is next for the trolleys.

Michalec reported the visitrowancountync.com site saw 195,000 users with 359,000 page views and an average time on the site up by 26 seconds which speaks to the availability and accessibility of information in 2022. Staff is still working heavy with the SEO to make sure there is no loss with the domain change over from Salisbury to Rowan County. On social media platforms of Facebook and Instagram there was double digit growth in 2022. The content was displayed more than 4 million times which is up from 3 million in 2021. The most popular topics were Polar Express, Rowan County Fair, and the Cheerwine festival. The blog saw just over 17,000 views in 64 posts. Experience Org was the most popular blog and highlighted each of the municipalities in Rowan County. The Email newsletter open rate increased by 32% and subscribers increased by 28% in 2022. There was a new email template with the new brand refresh, and this helped gain viewer interest.

Michalec said that for next year staff will continue working with a local influencer on Tic Tok and Instagram and will begin identifying some smaller micro influencers to aid in that effort. In addition, there will be ongoing continued updates to the website through SEO research. The stay and play packages and group business work will continue and staff hopes to expand all of it. Additionally, as was mentioned earlier, the Root Rez widget sharing with community partner affiliate sites widget on their websites so that visitors can book hotel rooms directly from our partner sites will go into place.

Meacham gave a summary of the RPCA event which was in town last week and generated 600 room nights. This was multisite multi-location convention and staff did an amazing job of handling everything in his absence. Multiple hotels were utilized, and it was a big weekend for the area.

Meacham said that as was mentioned last month, staff had been looking at utilizing online influencers that have significant followers (significant being 750,000 plus) to help leverage the marketing message. One of the largest traveling segments to the destination is moms with small children. Meacham said that staying current on social media to reach the target audience requires constant change and evolution.

A small trend occurring is utilizing local social media influencers with a large following to drive traffic to various sites, attractions and events. Staff has identified a local influencer and have partnered with her to implement tourism related content into her messaging. Michalec reported that Jenna Faggart whose family owns Three Gems in downtown Salisbury and Kannapolis is one such influencer. Jenna uses social media to market her family businesses and has amassed a large number of followers.

Michalec showed the board a video produced last year when Jenna took her children to Patterson Farm for an event. This video was posted on her Instagram and Tic Tok sites. The comments and response to the video was huge. Michalec reached out to Jenna, and she was very excited about the possibility of working with tourism. Jenna lives and works in Rowan County and was happy to promote the area. Michalec previewed Jenna's first tourism content related videos relating to La Cava restaurant. The two videos produced 220,000 views, 20,000 likes, and 140,000 saves which means viewers are saving the video to have the restaurant information to use later. Gianni Moscardini at La Cava said that the videos garnered enormous social media traffic for La Cava's site. Jenna has also completed and posted a video for the NC Transportation Museum as well and that one has also generated a great deal of engagement from viewers. Jenna's content is being presented without coming across as a sponsored marketing post. The stats for her tourism related posts will be

listed in the coming marketing reports. Staff has entered into a contract with her for the 2023 year and content promoted will be strategic and planned. Several events coming up she is participating in include Wine about Winter and partnering with another family social media influencer in the spring for a stay at the Cherry Treesort that should reach 3 million followers.

Meacham said that eventually this partnership could be used for a very large giveaway that is contingent on a verified overnight stay. So that the influencer would be used to drive people to a substantial and large giveaway marketing campaign, such as a popular vehicle and/or cash prizes that would boost package sales and overnight stays.

Michalec said Jenna's content is very much organic, authentic, and the engagement is far higher than what staff can generate on the TDA social media channels. Michalec said that staff will also utilize smaller one-off influencers for various content occasionally in addition to Jenna's continuous content.

Tourism Development

Meacham reported that he and Michalec went before the Rowan County Commission last night and received approval for \$500,000 dollars for the countywide wayfinding signage. Buzz Bizzell has designed the system and staff will begin meeting with each municipality and complete the program.

Meacham thanked everyone for their words of kindness and concern regarding the passing of his father and will send information regarding the services out when all is confirmed.

The meeting adjourned at 12:50 pm.

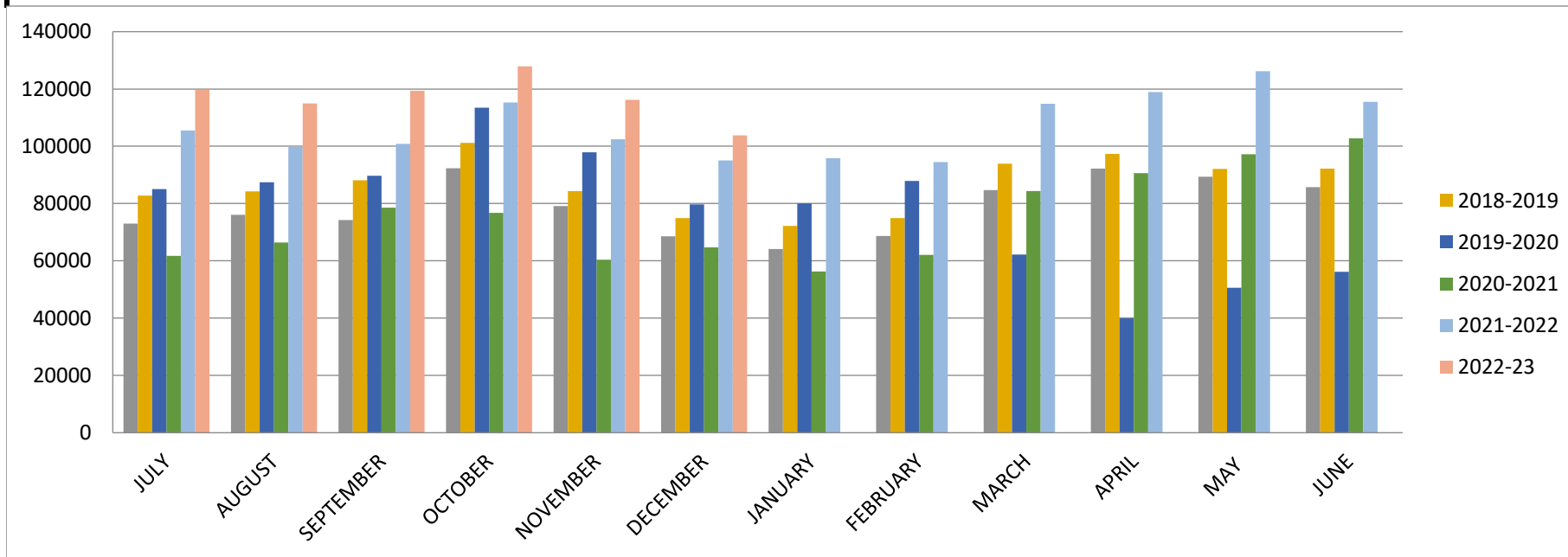
Respectfully submitted.

Lesley Pullium

SRCVB

Rowan County Occupancy Tax Receipts Collected (GROSS)

MONTH	FY18-19	FY19-20	%CHNG	FY20-21	%CHNG	FY21-22	%CHNG	FY22-23	%CHNG
July	82,827.79	85,062.04	2.7%	61,737.08	-27.4%	105,514.79	70.9%	119,693.09	13.4%
August	84,227.53	87,388.13	3.8%	66,399.96	-24.0%	99,851.17	50.4%	114,943.40	15.1%
September	88,060.74	89,694.58	1.9%	78,562.08	-12.4%	100,792.04	28.3%	119,384.91	18.4%
Quarter Total	255,116.06	262,144.75	2.8%	206,699.12	-21.2%	306,158.00	48.1%	354,021.40	15.6%
October	101,229.40	113,427.41	12.0%	76,794.51	-32.3%	115,324.55	50.2%	127,954.49	11.0%
November	84,418.19	97,848.24	15.9%	60,357.00	-38.3%	102,438.16	69.7%	116,182.15	13.4%
December	74,894.47	79,686.64	6.4%	64,749.41	-18.7%	95,874.73	48.1%	103,799.59	8.3%
Quarter Total	260,542.06	290,962.29	11.7%	201,900.92	-30.6%	313,637.44	55.3%	347,936.23	10.9%
January	72,190.74	80,100.88	11.0%	56,291.87	-29.7%	96,918.80	72.2%		
February	74,900.88	87,894.99	17.3%	62,049.03	-29.4%	94,530.61	52.3%		
March	93,890.99	62,149.01	-33.8%	84,372.26	35.8%	114,826.05	36.1%		
Quarter Total	240,982.61	230,144.88	-4.5%	202,713.16	-11.9%	306,275.46	51.1%		
April	97,300.73	39,870.97	-59.0%	90,628.43	127.3%	118,973.87	31.3%		
May	92,104.89	50,585.59	-45.1%	97,167.69	92.1%	126,185.96	29.9%		
June	92,254.88	56,142.85	-39.1%	102,792.30	83.1%	115,488.15	12.4%		
Quarter Total	281,660.50	146,599.41	-48.0%	290,588.42	98.2%	360,647.98	24.1%		
Adjmts Penalties									
Penalties									
Year Total	\$ 1,038,301.23	\$ 929,851.33	-10.4%	\$ 901,901.62	-3.0%	\$ 1,286,718.88	42.7%	\$ 829,912.12	





FINANCIAL SUMMARY REPORT AS OF 1-31-2023

Report Date: February 15, 2023

***The Tourism Authority utilizes modified accrual-based accounting in accordance with GASB. Year to date expenses typically run about 6 weeks ahead of year-to-date revenues. ***

Fiscal Year 2022-2023 Statement of Activities: Highlights as of 1-31-2023

- Occupancy tax revenues as of 1-31-23 for fiscal year 2022-23 on an accrual basis equaled \$827,297 and are 10.1% ahead of budget.
 - December 2022 actuals for occupancy taxes were \$103,799 and 8.3% ahead of Dec. 2021 and were an all time high for December.
 - January 2023 occupancy taxes are in line for \$107,500 and approximately 10% ahead of January 2022 and will be another all-time high collection for the month of January.
- Year to date revenue on an accrual basis has exceeded expenses by \$63,503.

Balance Sheet: Summary as of 1-31-2023

- Total Current Assets equaled \$463,173 and are up \$16,451 from the month ending December 31st.
- Accounts Receivables equaled \$229,021 a decrease of \$6,995 from the month ending December 31st. The receivables consist of December and January occupancy taxes.
- Cash on hand as of 1-31-23 equaled \$234,151 an increase of \$23,446 from the month ending December 31, 2022.

Local Comparable Employee Retirement Benefits

Organization	Employer Defined Benefit	Employer Defined Contribution
<i>Cabarrus County Tourism</i>	12.77% NC Pension	5% Match 401K
<i>City of Kannapolis</i>	13.04% NC Pension	3% Match 401K
<i>City of Salisbury</i>	13.04% NC Pension	3% Contribution 401K
<i>Rowan County</i>	13.04% NC Pension	3% Contribution 401K
<i>Rowan EDC</i>		10% Contribution 401K
<i>Rowan Tourism</i>		5% Match 457
<i>Rowan Tourism Proposed</i>		5% Contribution 457 5% Match 401K

**SALISBURY-ROWAN COUNTY
CONVENTION & VISITORS BUREAU, INC.**

FINANCIAL STATEMENTS

June 30, 2022 and 2021

**SALISBURY-ROWAN COUNTY
CONVENTION & VISITORS BUREAU, INC.**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Salisbury-Rowan County Convention & Visitors Bureau, Inc.
Salisbury, North Carolina

Opinion

I have audited the accompanying financial statements of Salisbury-Rowan County Convention & Visitors Bureau, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Salisbury-Rowan County Convention & Visitors Bureau, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Salisbury-Rowan County Convention & Visitors Bureau, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Salisbury-Rowan County Convention & Visitors Bureau, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Salisbury-Rowan County Convention & Visitors Bureau, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Salisbury-Rowan County Convention & Visitors Bureau, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Other Matters

Emphasis of Matter

As discussed in Note 10 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



Eddie Carrick CPA, PC
Lexington, North Carolina
December 20, 2022

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30,

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,632	\$ 23,428
Cash and cash equivalents-restricted	-	-
Prepaid rent	10,415	-
Accounts receivable	731	-
	23,777	23,428
Noncurrent Assets		
Land and construction in process	39,795	39,795
Office furniture, equipment, & leasehold improvements	235,217	235,217
Website	46,175	46,175
Trademark	33,717	33,717
Accumulated amortization	(13,487)	(11,239)
Accumulated depreciation	(260,079)	(237,209)
	81,337	106,455
Total noncurrent assets	81,337	106,455
Total Assets	\$ 105,115	\$ 129,883
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ -	\$ -
Current portion of note payable - SBA	3,629	-
Current portion of note payable - branding	-	78,891
Payroll taxes and withholdings	9,673	15,148
Total current liabilities	13,302	94,039
Long-term Liabilities		
Accrued vacation	39,377	32,831
Note payable - SBA	146,371	150,000
Note payable - PPP	-	66,748
Note payable - branding	-	165,310
Total long-term liabilities	185,748	414,889
Net Assets		
Without donor restrictions	(93,935)	(379,045)
With donor restrictions	-	-
Total net assets	(93,935)	(379,045)
Total Liabilities and Net Assets	\$ 105,115	\$ 129,883

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES

For Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
PPP loan proceeds forgiven	\$ 66,748	\$ -	\$ 66,748
Partner Support	1,137,244	-	1,137,244
Miscellaneous Revenues	396	-	396
Total support and revenue	<u>1,204,387</u>	<u>-</u>	<u>1,204,387</u>
Expenses			
Program services			
Marketing and visitors services	888,185	-	888,185
Supporting services			
General administration	<u>43,231</u>	<u>-</u>	<u>43,231</u>
Total expenses	<u>931,415</u>	<u>-</u>	<u>931,415</u>
Change in net assets before other financing sources (uses)	272,972	-	272,972
Other financing sources (uses):			
EIDL Grant	20,117	-	20,117
Interest (expense)	(7,981)	-	(7,981)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	285,109	-	285,109
Net assets at beginning of year	<u>(379,045)</u>	<u>-</u>	<u>(379,045)</u>
Net assets at end of year	<u>\$ (93,935)</u>	<u>\$ -</u>	<u>\$ (93,935)</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF ACTIVITIES

For Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
F&M Trolley System	\$ -	\$ -	\$ -
Partner Support	804,001	-	804,001
Miscellaneous Revenues	-	-	-
Total support and revenue	<u>804,001</u>	<u>-</u>	<u>804,001</u>
Expenses			
Program services			
Marketing and visitors services	783,479	-	783,479
Supporting services			
General administration	<u>60,860</u>	<u>-</u>	<u>60,860</u>
Total expenses	<u>844,339</u>	<u>-</u>	<u>844,339</u>
Change in net assets before other financing sources (uses)	(40,338)	-	(40,338)
Other financing sources (uses):			
EIDL Grant	-	-	-
Interest (expense)	(10,401)	-	(10,401)
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(50,739)	-	(50,739)
Net assets at beginning of year	<u>(328,307)</u>	<u>-</u>	<u>(328,307)</u>
Net assets at end of year	<u><u>\$ (379,045)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (379,045)</u></u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For Year Ended June 30, 2022

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Total</u>
Destination Marketing	\$ 389,460	\$ -	\$ 389,460
Tourism Professionals	393,102	-	393,102
Payroll Taxes and Unemployment	28,490	-	28,490
Health Insurance	39,095	-	39,095
Worker's Comp Insurance	1,442	-	1,442
Trolley	274	-	274
Development, Training and Travel	9,801	-	9,801
Visitors Center	26,523	-	26,523
Office Postage and Supplies	-	1,499	1,499
Accounting Services	-	11,483	11,483
Amortization	-	2,248	2,248
Depreciation	-	22,870	22,870
Miscellaneous expenses	-	5,130	5,130
	<u>\$ 888,185</u>	<u>\$ 43,231</u>	<u>\$ 931,415</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For Year Ended June 30, 2021

	<u>Program Expenses</u>	<u>Supporting Expenses</u>	<u>Total</u>
Destination Marketing	\$ 294,780	\$ -	\$ 294,780
Tourism Professionals	370,533	-	370,533
Payroll Taxes and Unemployment	25,999	-	25,999
Health Insurance	48,616	-	48,616
Worker's Comp Insurance	1,903	-	1,903
Trolley	366	-	366
Partnership Marketing	205	-	205
Development, Training and Travel	1,338	-	1,338
Visitors Center	39,736	-	39,736
Office Postage and Supplies	-	381	381
Accounting Services	-	16,440	16,440
Amortization	-	2,248	2,248
Depreciation	-	40,075	40,075
Miscellaneous expenses	-	1,716	1,716
	<u>\$ 783,479</u>	<u>\$ 60,860</u>	<u>\$ 844,339</u>

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

STATEMENT OF CASH FLOWS

For Year Ended June 30,

	2022	2021
Cash flows from operating activities:		
Cash received from partner support	\$ 1,203,262	\$ 804,001
Cash received from trolley system	-	-
Cash received from sales	396	-
Cash paid for goods and services	(460,058)	(372,782)
Cash paid for salaries and benefits	(455,583)	(401,029)
Net Cash Provided (Used) By Operating Activities	288,017	30,190
Cash flows from non-capital financing activities:		
None	-	-
Net Cash Provided (Used) By Non-Capital Financing Activities	-	-
Cash flows from capital and related financing activities:		
Proceeds (forgiveness) from notes payable	(66,748)	66,748
Grant proceeds	20,117	-
Principal payments on notes payable	(244,201)	(75,988)
Interest paid	(7,981)	(10,401)
Net Cash Provided (Used) By Capital and Related Financing Activities	(298,813)	(86,384)
Cash flows from investing activities:		
Proceeds from disposal of assets	-	-
Purchase of capital assets	-	-
Net Cash Provided (Used) by Investing Activities	-	-
Net Increase (Decrease) In Cash	(10,796)	10,549
Cash - Beginning of Year, July 1	23,428	12,879
Cash - End of Year, June 30	\$ 12,632	\$ 23,428
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Net Operating Income (Loss)	\$ 272,972	\$ (40,338)
Adjustments to reconcile net operating income to net cash used by operating activities:		
Depreciation & amortization	25,118	42,323
Changes in Current Assets and Liabilities:		
(Increase) decrease in accounts receivable	(729)	-
(Increase) decrease in prepaids	(10,415)	150
Increase (Decrease) in accounts payable	(5,475)	11,991
Increase (Decrease) in accrued vacation	6,546	16,064
Total adjustments	15,045	70,528
Net Cash Used By Operating Activities	\$ 288,017	\$ 30,190
Interest paid	\$ 7,981	\$ 10,401

See accompanying notes to financial statements.

SALISBURY-ROWAN COUNTY CONVENTION & VISITORS BUREAU, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

Note 1 - Nature of Bureau

The Salisbury-Rowan County Convention and Visitors Bureau, Inc. (Bureau) was established on April 9, 2013. Beginning July 1, 2013, the Bureau contracted with the Rowan Tourism Development Authority (TDA) and the Salisbury Tourism Development Authority to promote tourism in Rowan County.

The Bureau's operations began on August 12, 2013. The Bureau from its inception until November 1, 2018 managed the day to day activities of tourism enhancement for Rowan County. It was responsible for disbursing the occupancy tax collections of the Rowan County Tourism Development Authority and the Salisbury Tourism Development Authority.

Effective June 30, 2018, the North Carolina General Assembly approved new occupancy tax legislation for Rowan County. The new legislation eliminated the 3% Salisbury Occupancy tax and the Salisbury TDA. The new legislation also increased the Rowan County occupancy tax to 6% and restructured the Rowan County Tourism Development Authority.

On June 30, 2018, the Bureau's Board of Directors in coordination with the Rowan County Tourism Authority's Board of Directors, voted to either utilize and/or remit all remaining Bureau funds to the Tourism Authority on behalf of the Rowan County Tourism Authority by November 15, 2018. The Bureau began receiving monthly distributions from the Tourism Authority after November 15, 2018 to cover the costs of tourism marketing staff and branding.

Effective November 1, 2018, the Bureau remained under contract with the Rowan County Tourism Authority. The Bureau currently supports the Rowan County Tourism Authority through the services of tourism marketing, professional services, and community branding. The Bureau receives transfers of occupancy tax collected by the Rowan County Tourism Authority for these purposes.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The financial statements of the Bureau have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards ASC 958. Under ASC 958, the Bureau is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions net assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Bureau considers all unrestricted highly liquid investments with an initial maturity of twelve months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Bureau reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Bureau reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Expense Allocation

The costs of operating the Bureau's program and related supporting costs have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program and supporting services.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Income Tax Status

The Bureau is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Bureau files Form 990 and considers only the tax years ending June 30, 2022, 2021, and 2020 to be open for examination.

Property, Equipment and Depreciation

Property and equipment are stated at their original cost. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred. Major renewals, betterments, and acquisitions in excess of \$500 are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Note 3 – Compensated Absences

As part of the contractual agreement, the Bureau assumed all obligations for compensated absences from the Rowan County Tourism Development Authority, less the Tourism Authority's sole employee, its Director of Operations position.

The vacation policy of the Bureau provides for an unlimited accumulation of vacation leave. Fulltime staff receives 3 weeks paid vacation each year, unless otherwise define by a preexistent employment agreement. An employee's vacation leave is fully vested when earned.

The Bureau's sick leave policy provides for an unlimited accumulation of earned sick leave, at a rate of 12 days per year unless otherwise defined by a preexistent employment agreement. Sick leave does not vest. Since the Bureau does not have any obligation for the accumulation of sick leave until it is taken, no accrual for sick leave has been made.

Note 4 – Lease

The Bureau leases a commercial building located at 204 East Innes Street, Salisbury, North Carolina for \$2,249 per month. The location provides office space and facilities for the Bureau's programs. Rent expense totaled \$39,739 and \$31,118 for years ending June 30, 2022 and 2021, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5 – Note Payable

On August 10, 2016, the Bureau executed a \$500,000 unsecured promissory note with First Bank. Repayment terms include 24 monthly interest only payments beginning 9/10/15 to be termed to seventy eight monthly principal and accrued interest payments of \$7,199 beginning 10/10/2021 at 3.60%. Advances as of June 30, 2021 totaled \$446,834. Proceeds are to be used for the Rowan County Branding project.

The balance of the note was repaid in the current year.

On May 6, 2021, the Bureau executed a \$150,000 promissory note with the Small Business Administration, an Agency of the U.S Government. The note is collateralized by the assets of the Bureau. Repayment terms include 360 monthly principal and interest payments of \$641 beginning 5/7/2022 at 2.75% per annum. Proceeds are to be used for working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2021. The payments have been deferred to begin in the 22-23 fiscal year.

Year ending June 30:

2023	\$	3,629
2024		3,730
2025		3,834
2026		3,941
Thereafter		<u>134,866</u>
Total principal payments	\$	<u>150,000</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 6 – Concentration of Support and Credit Risk

The Bureau received approximately 100% and 100% of its 2022 and 2021 support from the following sources:

	2022	2021
Partner Support	\$ 1,137,244	\$ 804,001
	\$ 1,137,244	\$ 804,001

The Bureau maintains its cash balance at one financial institution located in Salisbury, North Carolina. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2022, the Bureau did not exceed FDIC insurance limits.

Note 7 – Retirement Plan

As of June 11, 2014, the Bureau participates in a Section 457(b) plan, The North Carolina Public Employee Deferred Compensation Plan, salary reduction plan that covers all participating full-time employees. Employees may contribute up to \$17,500. The Bureau provides a 3% matching contribution for all eligible participants. Contributions by the Bureau to the plan were \$9,333 and \$4,288 for the years ended June 30, 2022 and 2021, respectively.

Note 8 – Property and Equipment

Property and equipment consisted of the following as of June 30:

	2021	Increases	(Decreases)	2022
Land	\$ 39,795	\$ -	\$ -	\$ 39,795
Lease-hold improvements	20,459	-	-	20,459
Equipment	214,758	-	-	214,758
Website	46,176	-	-	46,176
Trademark	33,717	-	-	33,717
	354,905	-	-	354,905
Less accumulated depreciation & amortization	248,448	25,118	-	273,566
	\$106,455			\$ 81,337

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 9 – Availability of Financial Assets

The following reflects the Bureau's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 12,632
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Cash restricted by donor with purpose restrictions	-
Accounts payable	-
Accrued payroll taxes and withholdings	(9,673)
Current portion of notes payable	(3,629)
Financial assets available to meet cash needs for general expenditures within one year.	<u>\$ (670)</u>

As part of the Bureau's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Bureau relies on its agreement with Rowan County TDA to finance its liquidity needs.

Note 10 – Contingencies

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Bureau and its ability to carry out its activities which could impact its financial results.

Note 11 – Subsequent Events

Subsequent events occurring after the balance sheet date have been evaluated through December 20, 2022 which is the date the financial statements were available to be issued.

**Rowan County Tourism
Development Authority
Salisbury, North Carolina**

**Independent Auditor's Reports
Basic Financial Statements
And
Information Accompanying the
Basic Financial Statements**

**For the year ended
June 30, 2022**

Rowan County Tourism Development Authority

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June 30, 2022

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EDDIE CARRICK, CPA, PC
Certified Public Accountant

Independent Auditor's Report

To the Board of Directors
Rowan County Tourism Development Authority
Salisbury, North Carolina

Opinions

I have audited the accompanying financial statements of the governmental activities and major fund of the Rowan County Tourism Development Authority (a component unit of Rowan County), as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Rowan County Tourism Development Authority as of June 30, 2022 and 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Rowan County Tourism Development Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Rowan County Tourism Development Authority's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rowan County Tourism Development Authority 's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rowan County Tourism Development Authority 's ability to continue as a going concern for a reasonable period of time.

I are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 9, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 21, 2022, on my consideration of the Rowan County Tourism Development Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rowan County Tourism Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rowan County Tourism Development Authority's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note E7 to the financial statements, in January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. My opinion is not modified with respect to this matter



Eddie Carrick, CPA, PC
Lexington, North Carolina
October 21, 2022

VISIT ROWAN COUNTY

NORTH CAROLINA

ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY

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Management's Discussion and Analysis

As management of the Rowan County Tourism Development Authority, we offer the readers of the Rowan County Tourism Development Authority's financial statements this narrative overview and analysis of the financial activities of the Rowan County Tourism Development Authority for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial highlights

- The assets and deferred outflow of resources of the Rowan County Tourism Development Authority exceeded its liabilities and deferred inflow of resources at the close of the fiscal year by \$3,142,214 (*net position*).
- The government's total net position increased by \$476,746, primarily due to increased collections of occupancy tax and payoff of loan.
- As of the close of the current fiscal year, Rowan County Tourism Development Authority's governmental fund reported ending fund balance of \$398,189 with a net increase of \$123,120 in fund balance. Approximately 50% of this total amount, or \$197,245 is restricted or nonspendable.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$200,944, or 10% of total general fund expenditures for the fiscal year.
- The debt decreased by \$361,423 due to a decrease in pension liability of \$11,423 and an decrease in long-term debt of \$350,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Rowan County Tourism Development Authority's basic financial statements. As discussed in footnote B of the financial statements, the Authority is a special purpose entity operating for the single purpose of promoting tourism for Rowan County. As such, the Authority has opted to present its government-wide financial statements and fund statements together. The basic financial statements present two different views of the Authority through the government-wide financial statements and fund financial statements.

Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements report the government-wide financial statements and fund financial statements using a columnar format, with a reconciliation column between the two. The government-wide financial statement column provides both short and long-term information about the Authority's financial status.

Management Discussion and Analysis
Rowan County Tourism Development Authority

The next statement (Exhibit C) represents the budgetary comparison of the fund financial statements, which is required by General Statutes.

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.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Authority'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 Authority's financial status as a whole.

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

The governmental activities include all of the Authority's services. Occupancy taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Authority's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Rowan County Tourism Development Authority, 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 General Statutes or the Authority's budget ordinance. The sole fund of Rowan County Tourism Development Authority is a governmental (general) fund.

Governmental Funds – Government funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority'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 determine if there are more or less financial resources available to finance the Authority'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 part of the fund financial statements.

Management Discussion and Analysis
Rowan County Tourism Development Authority

The Rowan County Tourism Development Authority adopts an annual budget for the General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the county, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance the current period activities. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority 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 in the same format, language and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board 2) the final budget as amended by the board 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the differences or variance between the final budget and 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.

Notes to the Financial Statements – The notes provide additional information that is essential to the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 13 of this report.

Interdependence with Other Entities: The Authority receives no funds from the Federal Government or the State of North Carolina. Rowan County acts as the collecting agent for the tourism occupancy tax.

Management Discussion and Analysis
Rowan County Tourism Development Authority

Government-Wide Financial Statements

Rowan County Tourism Development Authority - Net Position

	<i>Governmental Activities</i>		
	2022	2021	2020
Current and other assets	\$ 400,613	\$ 279,924	\$ 202,252
Capital assets	2,750,994	2,747,736	2,838,174
Deferred outflow of resources	14,380	12,674	14,337
Total assets	<u>3,165,987</u>	<u>3,040,334</u>	<u>3,054,763</u>
Long-term liabilities	-	370,011	379,522
Other liabilities	11,012	4,855	2,051
Deferred inflow of resources	12,761	-	-
Total liabilities	<u>23,773</u>	<u>374,866</u>	<u>381,573</u>
Net position:			
Net investment in capital assets	2,750,994	2,397,736	2,488,174
Restricted	195,399	112,820	79,555
Unrestricted	195,822	154,912	105,461
Total net position	<u>\$ 3,142,214</u>	<u>\$ 2,665,468</u>	<u>\$ 2,673,190</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflow of resources of the Authority exceeded liabilities and deferred inflow of resources by \$3,142,214 as of June 30, 2022. The Authority's net position increased by \$476,746 for the fiscal year ended June 30, 2022. However, the largest portion (88%) reflects the Authority's net investment in capital assets (equipment and vehicular equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since capital assets cannot be used to liquidate these liabilities. An additional portion of the Authority's net position, \$195,399, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$195,822 is unrestricted.

Several particular aspects of the Authority's financial operations influenced the total unrestricted governmental net position:

- Increase in occupancy tax collections
- Receipt of ARPA funds of \$627,466 from Rowan County
- Payoff of existing long-term debt of \$350,000.

Management Discussion and Analysis
Rowan County Tourism Development Authority

Rowan County Tourism Development Authority - Changes in Net Position

	<i>Governmental Activities</i>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues:			
Occupancy taxes	\$ 1,266,679	\$ 882,285	\$ 925,093
Rental and shared expense revenue	99,987	111,008	104,607
Other	797,254	122,004	136,199
Total revenues	<u>2,163,922</u>	<u>1,115,297</u>	<u>1,165,899</u>
Expenses:			
Building expenses	169,169	91,913	72,828
Tourism development	1,518,005	1,031,107	1,042,652
Total expenses	<u>1,687,176</u>	<u>1,123,020</u>	<u>1,115,480</u>
Increase in net position	476,746	(7,723)	50,419
Net position, July 1	<u>2,665,468</u>	<u>2,673,190</u>	<u>2,622,771</u>
Net position, June 30	<u>\$ 3,142,214</u>	<u>\$ 2,665,468</u>	<u>\$ 2,673,190</u>

Governmental activities. Governmental activities increased the Authority's net position by \$476,746. Key elements of this increase are as follows:

- Increase in occupancy tax
- Receipt of ARPA funds of \$627,466 from Rowan County

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the only fund of the Authority. At the end of the current fiscal year, the Authority's fund balance available in the General Fund was \$200,944, while total fund balance reached \$398,189. The Authority currently has available fund balance of 10% of total General Fund expenditures, while total fund balance represents 20% of that same amount.

At June 30, 2022, the governmental funds of the Authority reported a combined fund balance of \$398,189 with a net increase in fund balance of \$123,120. Included in this change in fund balance are increases in fund balance in the General Fund.

Management Discussion and Analysis
 Rowan County Tourism Development Authority

General Fund Budgetary Highlights: During the fiscal year, the Authority made several revisions to the budget. 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, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Assets and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental activities as of June 30, 2022, totals \$2,750,994 (net of accumulated depreciation). These assets include buildings, computers, furniture and fixtures, office equipment, and trolleys.

Acquisitions during the year included building renovations and equipment purchases.

Rowan County Tourism Development Authority's
 Capital Assets (net of depreciation)

	<i>Governmental Activities</i>		
	2022	2021	2020
Land and CIP	\$ 250,604	\$ 250,604	\$ 250,604
Building	2,410,753	2,386,322	2,445,177
Equipment	15,917	7,602	9,697
Trolleys	73,720	103,208	132,696
	<u>\$ 2,750,994</u>	<u>\$ 2,747,736</u>	<u>\$ 2,838,174</u>

Additional information on the Authority's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt

Rowan County Tourism Development Authority's Outstanding Debt (Figure 5)

	<i>Governmental Activities</i>			<i>Total</i>		
	2022	2021	2020	2022	2021	2020
Compensated absences	\$ -	\$ -	\$ 12,590	\$ -	\$ -	\$ 12,590
Railwalk Interlocal Agreement	-	350,000	350,000	-	350,000	350,000
Net pension liability(LGERS)	8,588	20,011	16,932	8,588	20,011	16,932
	<u>\$ 8,588</u>	<u>\$ 370,011</u>	<u>\$ 379,522</u>	<u>\$ 8,588</u>	<u>\$ 370,011</u>	<u>\$ 379,522</u>

Economic Factors and Next Year's Budgets

The Tourism Authority Board of Directors voted in 2013 to contract marketing functions, programming, professional and visitor services and operations through the Salisbury-Rowan County Convention and Visitors Bureau, a NC 501(c), (6) not-for-profit. The Convention and Visitors Bureau (CVB) also manages the Rowan County Arts Council on behalf of the Rowan County Tourism Authority and the Tourism Authority's Trolley System. The Authority continues to manage the Gateway Office Building operations as owner of the property. The Tourism Authority seeks to maximize available resources for tourism marketing,

Management Discussion and Analysis
Rowan County Tourism Development Authority

Branding, visitor services and tourism development through its contracted relationship with the Salisbury-Rowan County Convention and Visitors Bureau, (CVB) by directing available resources to the CVB to fulfill the Authority's purpose.

Economic Factors and Fiscal Year 2022-23 Budget

The following key economic indicators will have a negative impact on the Authority's budget if they result in a decrease in occupancy tax revenues below budget:

- Continued impacts on inflation driving down consumer and business demand for travel, dining, visiting sites, attractions, and entertainment venues.
- Inflation's impacts on fuel and travel costs and its impacts on food and beverage costs.
- Continued impacts of supply and labor shortages impacting hospitality related businesses
- Economic recession set on by inflation and a reduction general economic demand
- Rising interest rates increasing the cost for capital projects preventing new product and businesses for being created or expanding.
- Unemployment rate increases if economic demand continues to slow down

The following key economic indicators may have a positive impact on the Authority's budget and may result in an increase in occupancy tax revenues above budget:

- Continued demand for travel and tourism related activities that were postponed due to the COVID-19 pandemic.
- Strong consumer demand for travel and leisure activities.
- No more COVID-19 restrictions.
- Return of business travel as the economy recovers from the COVID pandemic.
- New industrial projects in Rowan County including a Macy's distribution center.
- Inflation is driving lodging rates higher which in turn increase lodging revenue and occupancy tax revenues to the Tourism Authority.
- Return of large-scale events that draw a significant number of visitors to the community.
- Low unemployment rate.

Budget Highlights for the Fiscal Year Ending June 30, 2023

- Occupancy Tax revenues are projected to equal \$1,280,000 for Fiscal Year 2022-2023 and were based on FY 2021-2022 occupancy tax collections.
- Revenues from Gateway Building operations are expected to equal \$110,000
- Revenues from tourism services are budgeted at \$145,000 for FY22-23
- An anticipated \$500,000 from Rowan County is budgeted for the Tourism Authority to implement a County-wide wayfinding signage system.
- Total revenues and expenses to the Rowan County Tourism Authority for FY 2022-2023 were budgeted by the Board of Directors for \$2,036,000 respectively.

Requests for Information

This report is designed to provide an overview of the Authority'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 James Meacham, 204 East Innes Street, Salisbury, NC 28144 (704) 638-3100, or by e-mail at meacham@visitrowancountync.com)

ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of Rowan County)
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION
June 30, 2022
(With Comparative Net Position for June 30, 2021)

	General Fund	Adjustments (Note B)	2022	2021
			Statement of Net Position	
ASSETS				
Cash and investments	\$ 203,368	\$ -	\$ 203,368	\$ 167,104
Accounts receivable, net	195,399	-	195,399	112,820
Prepaid	1,846	-	1,846	-
Capital assets, net of accumulated depreciation		2,750,994	2,750,994	2,747,736
Total assets	\$ 400,613	2,750,994	3,151,607	3,027,660
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows		14,380	14,380	12,674
Total deferred outflows of resources		14,380	14,380	12,674
LIABILITIES				
Current liabilities				
Accounts payable	\$ 2,424	-	2,424	4,855
Long-term liabilities				
Pension liability	-	8,588	8,588	20,011
Railwalk interlocal agreement	-	-	-	350,000
Compensated absences	-	-	-	-
Total liabilities	2,424	8,588	11,012	374,866
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals		12,761	12,761	-
Total deferred inflows of resources		12,761	12,761	-
FUND BALANCE / NET POSITION				
Fund Balances:				
Stabilization by State Statute	195,399	(195,399)	-	-
Prepays	1,846	(1,846)	-	-
Unassigned	200,944	(200,944)	-	-
Total fund balance	398,189	(398,189)	-	-
Total liabilities deferred inflows and fund balance	\$ 400,613	(376,840)	23,773	374,866
Net position:				
Net invested in capital assets		-	2,750,994	2,397,736
Restricted by State Statute		-	195,399	112,820
Unrestricted		-	195,822	154,912
Total net position		\$ 3,142,214	\$ 3,142,214	\$ 2,665,468

Notes to the financial statements are an integral part hereof

ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of Rowan County)
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES / STATEMENT OF NET ACTIVITIES
For the fiscal year ended June 30, 2022
(With Comparative Statement of Net Activities for Year Ended June 30, 2021)

	General Fund	Adjustments (Note B)	Statement of Activities	
			2022	2021
REVENUES				
Occupancy taxes - current	\$ 1,266,679	\$ -	\$ 1,266,679	\$ 882,285
ARP Funds	627,466	-	627,466	-
Rental and shared expense revenues	99,987	-	99,987	111,009
Trolley revenues	29,721	-	29,721	24,205
Holiday Caravan	63,904	-	63,904	39,801
Partner services	75,896	-	75,896	56,439
Other income	269	-	269	1,559
Total revenues	<u>2,163,922</u>	<u>-</u>	<u>2,163,922</u>	<u>1,115,297</u>
EXPENDITURES				
CVB tourism staff and branding	1,131,827	-	1,131,827	816,050
ARP grants	152,483	-	152,483	-
Building expenses	169,169	-	169,169	91,913
Holiday Caravan expense	54,729	-	54,729	60,212
Salaries and wages	44,875	-	44,875	35,681
Professional	16,063	-	16,063	11,870
Capital projects	96,371	(96,371)	-	6,546
Trolley expense	3,384	-	3,384	6,277
Employee health and retirement	9,738	-	9,738	3,611
Other operating costs	2,024	-	2,024	3,474
Payroll taxes	3,237	-	3,237	2,707
Marketing supplies	116	-	116	1,311
Destination marketing, travel and development	3,500	-	3,500	410
Partner services expenses	-	-	-	367
Visitors center	3,286	-	3,286	-
Less, change in pension deferrals	-	(368)	(368)	4,743
Loan payments	350,000	(350,000)	-	-
Compensated absences	-	-	-	(12,590)
Depreciation	-	93,113	93,113	90,438
Total expenditures / expenses	<u>2,040,802</u>	<u>(353,626)</u>	<u>1,687,176</u>	<u>1,123,020</u>
Revenues over (under) expenditures	<u>123,120</u>	<u>353,626</u>	<u>476,746</u>	<u>(7,723)</u>
Change in fund balance	123,120			
Change in net position			476,746	(7,723)
Beginning of year	<u>275,069</u>		<u>2,665,468</u>	<u>2,673,190</u>
End of year	<u>\$ 398,189</u>		<u>\$ 3,142,214</u>	<u>\$ 2,665,468</u>

Notes to the financial statements are an integral part hereof

ROWAN COUNTY TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of Rowan County)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND
For the fiscal year ended June 30, 2022

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Occupancy taxes - current			\$ 1,266,679	
ARP funds			627,466	
Rental and shared expense revenues			99,987	
Trolley revenues			29,721	
Holiday Caravan			63,904	
Partner services			75,896	
Other income			269	
Total revenues	<u>\$ 1,166,000</u>	<u>\$ 2,120,475</u>	<u>2,163,922</u>	<u>\$ 43,447</u>
EXPENDITURES				
CVB tourism staff and branding			1,131,827	
ARP grants			152,483	
Building expenses			169,169	
Holiday Caravan expense			54,729	
Salaries and wages			44,875	
Professional			16,063	
Capital projects			96,371	
Trolley expense			3,384	
Employee health and retirement			9,738	
Other operating costs			2,024	
Payroll taxes			3,237	
Marketing supplies			116	
Destination marketing, travel and development			3,500	
Partner services expenses			-	
Visitors center			3,286	
Loan payments			350,000	
Total expenditures / expenses	<u>1,166,000</u>	<u>2,120,475</u>	<u>2,040,802</u>	<u>79,673</u>
Revenues over (under) expenditures			123,120	
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	-	-	-
Total financing sources (uses)	-	-	-	-
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	123,120	<u>\$ 123,120</u>
Fund balance - beginning of year			<u>275,069</u>	
Fund balance - end of year			<u>\$ 398,189</u>	

Notes to the financial statements are an integral part hereof

Rowan County Tourism Development Authority
(A component unit of the County of Rowan)

NOTES TO FINANCIAL STATEMENTS
As of or for the Year Ended June 30, 2022

I. Summary of significant accounting policies

The financial statements of the Rowan County Tourism Development Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting financial reporting principles. The following is a summary of the more significant accounting policies.

A. Reporting entity

The Rowan County Tourism Development Authority is a public authority under the North Carolina General Statutes. It was established by Rowan County to receive the local room occupancy tax collected by the Rowan County finance officer. Expenditure of these funds is limited to promoting travel, tourism and conventions in Rowan County and sponsor tourist-oriented events and activities in Rowan County. It is governed by a eleven-member appointed board. As required by generally accepted accounting principles, these financial statements present the Authority and any existing component unit, a legally separate entity for which the Authority is financially accountable. For the year ended June 30, 2022, the Authority had no component units.

The Rowan County Tourism Development Authority qualifies and is presented as a component unit of the County of Rowan, North Carolina.

B. Basis of presentation

Government-wide Statements: The statement of net position and the statement of activities display the information about the government. These statements include the activities of the overall government.

The statement of activities presents a comparison between direct expenses and revenues for the Authority's governmental activities. Revenues include occupancy tax from lodging establishments in Rowan County, charges for rentals of two motorized trolley cars and interest on cash deposits.

Fund Financial Statements: The fund financial statements provide information about the Authority's general fund. It is a governmental fund and is used to account for all financial resources of the Authority.

The Authority has implemented Government Accounting Standards Board Statement Number 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and related standards. These new standards provide for significant changes in terminology and presentation and for inclusion of Management's Discussion and Analysis as required supplementary information. Governmental Accounting Standards Board Statement Number 34 permits special purpose governments engaged in only governmental activities and operating only one program the option of presenting combined government-wide financial statements. The Authority has elected this option for presentation of the financial statements. In the combined statements, there is an Adjustments column in order to effect the transition from the fund to the government-wide financial statements.

Notes to the Financial Statements (continued)

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include occupancy taxes, grants, and donations. On an accrual basis, revenue from occupancy taxes is recognized in the fiscal year for which the taxes are earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

The Authority considers all revenue available if they are collected within 90 days after year end. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures.

D. Budgetary data

The Authority's budget is adopted as required by the North Carolina General Statutes. All annual appropriations lapse at the fiscal-year end. The budget is prepared using the modified accrual basis of accounting. Expenditures may not exceed appropriations at the program level.

Amendments are required for any revisions to the budget and must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity:

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust. The Authority's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2022, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Notes to the Financial Statements (continued)

2. Cash and Cash Equivalents

The Authority pools money 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.

3. Taxes Receivable

The Authority receives ninety-nine percent of room occupancy taxes which are levied at three percent of the gross receipts derived from the rental of any room lodging, or similar accommodation furnished by a hotel, motel or similar establishment within Rowan County, which is subject to the three percent sales tax imposed by the State under General Statute 105-164, 4(3). The occupancy taxes are collected by the Rowan County Finance Department monthly and made available, net of 1% in collection fee, to the Authority during the subsequent month.

4. Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$500 and an estimated useful life of more than two years. Purchased or constructed capital assets are reported at 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>Life</u>
Vehicles	6 yrs
Buildings	40 yrs
Furniture and office equipment	7-10 yrs
Computer equipment	5 yrs

5. 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 Authority has one item that meet this criterion, contributions made to the pension plan in the 2022 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 Authority has one item that meets the criterion for this category – deferrals of pension expense that result from the implementation of GASB Statement 68.

Notes to the Financial Statements (continued)

6. Compensated Absences

The vacation policy of the Authority provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Authority's government-wide funds, an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The Authority's sick leave policies provide for an unlimited accumulation of earned 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 Authority does not have any obligation for the accumulation of sick leave until it is actually taken, no accrual for sick leave has been made.

The Authority transferred substantially all obligations for compensated absences to the SRCVB as part of the contractual agreement. One employee is still covered.

7. Net Position/Fund Balance

Net Position

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; 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 the law through state statute.

Fund Balance

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.

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)].

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Authority's governing body (highest level of decision-making authority). 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 – portion of fund balance that the authority intends to use for specific purposes.

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

Notes to the Financial Statements (continued)

7. Net Position/Fund Balance (continued):

The Authority has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Authority funds, Authority 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Authority.

8. 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 Authority's employer contributions are recognized when due and the Authority 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.

II. Stewardship, Compliance, and Accountability:

A. Material Violations of Finance-Related Legal and Contractual Provisions:

1. Noncompliance with North Carolina General Statutes:

There were no issues of noncompliance noted.

III. Detail Notes on All Funds and Account Groups:

A. Assets:

1. Deposits

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names. 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 Authority, these deposits are considered to be held by the Authority's agents in their names. 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.

Notes to the Financial Statements (continued)

1. Deposits (continued)

The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists to undercollateralization, 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 Authority has no formal policy regarding custodial risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Authority complies with provisions of GS 159-31 when designating official depositories and verifying the deposits are properly secured.

At June 30, 2022, the Authority's deposits had a carrying amount of \$178,318 and a bank balance of \$183,414. The bank balances of the Authority are covered by up to \$250,000 of federal depository insurance. Any excess balance of deposits is collateralized under the Pooling Method as enumerated above.

2. Investments

At June 30, 2022, the Authority had \$25,050 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Authority has no policy regarding credit risk.

3. Accounts Receivable

Occupancy taxes levied at a 6% rate on overnight occupancy in Rowan County is collected and remitted to the Authority in the month following collections. At June 30, 2022, Rowan County had not remitted amounts collected for May and June in the amount of \$195,399.

4. Capital assets

Capital asset activity for the Authority for the year ended June 30, 2022:

Capital assets not being depreciated:			
Land and construction in progress	\$ 250,604	\$ -	\$ 250,604
Total capital assets not being depreciated:	250,604	-	250,604
Capital assets being depreciated:			
Building	2,605,029	83,371	2,688,400
Vehicles and motorized equipment	319,880	-	319,880
Equipment	88,032	13,000	101,032
Total capital assets being depreciated:	3,012,941	96,371	3,109,312
Less, accumulated depreciation for:			
Building	218,707	60,919	279,626
Vehicles and motorized equipment	216,672	29,488	246,160
Equipment	80,430	2,706	83,136
Total accumulated depreciation	425,371	93,113	608,922
Total capital assets being depreciated, net	3,587,570		2,500,390
Governmental activity capital assets, net	\$ 2,838,174		\$ 2,750,994

Depreciation expense was charged to the Statement of Activities in the amount of \$93,113 as of June 30, 2022.

Notes to the Financial Statements (continued)

B. Liabilities:

1. Pension Plan Obligations:

a. Local Governmental Employees' Retirement System

Plan Description. The Authority is a participating employer in the statewide Local Governmental Employee's 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. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of GS 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 supplemental information for LGERS. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, NC 27699-1410, by calling 919-981-5454, or at www.osc.nc.gov.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2022, was 9.04% 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 Authority were \$4,930 for the year ended June 30, 2022.

Refunds of Contributions – Authority 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.

Notes to the Financial Statements (continued)

a. Local Governmental Employees' Retirement System (continued)

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

At June 30, 2022, the Authority reported a liability of \$8,588 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022 (measured as of June 30, 2021), the Authority's proportion was 0.00054%, which was no change from its proportional share at June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the Authority recognized pension expense of \$4,562. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,732	\$ -
Changes of assumptions	5,396	-
Net difference between projected and actual earnings on pension plan investments	-	12,270
Changes in proportion and differences between Authority contributions and proportionate share of contributions	1,322	491
Authority contributions subsequent to the measurement date	4,930	-
Total	<u>\$ 14,380</u>	<u>\$ 12,761</u>

\$4,930 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 1,437
2024	100
2025	(1,094)
2026	(3,755)
	<u>\$ (3,312)</u>

Notes to the Financial Statements (continued)

a. Local Governmental Employees' Retirement System (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent
Investment rate of return	6.500 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table 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, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

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

Notes to the Financial Statements (continued)

a. Local Governmental Employees' Retirement System (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 2.50%. All rates of return and inflation are annualized.

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

Sensitivity of the Authority's proportionate share of the net pension asset to changes in the discount rate. The following presents the Authority's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 33,338	\$ 8,588	\$ (11,780)

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. Supplemental Retirement Income Plan for General Employees

Plan description. The Authority contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees employed by the Authority. Article 5 of GS Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. Article 12E of GS Chapter 143 requires the Authority to contribute each month an amount equal to 3% of each general employee, and all amounts contributed are vested immediately. Also, general employees may make voluntary contributions to the plan. Contributions for general employees for the year ended June 30, 2022 were \$0 which consisted of \$0 from the Authority and \$0 from the general employees.

2. Risk Management and related parties

RCTDA shares a common board with Salisbury-Rowan Convention and Visitors Bureau. During the year RCTDA contracted with SR CVB for services related to tourism development in the amount of \$1,131,827.

Notes to the Financial Statements (continued)

2. Risk Management and related parties (continued)

The Authority is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has property coverage up to \$3,463,600, general liability coverage up to \$2,000,000, workers' compensation at required statutory limits, employee health, and other commercial insurance coverage for various risks of loss. Claims have not exceeded coverage in the prior three years.

The Finance Officer was bonded as required by GS 159-29 for \$50,000.

3. Commitments

The Authority had no outstanding commitments at June 30, 2022.

4. Long-term debt

The Authority entered into an inter-local agreement with Rowan County for the construction of a pavilion in the Rail Walk District. The County is fronting the expense up to \$350,000. Due to Covid-19, the County had deferred the initial payment.

At June 30, 2022, the Authority had repaid the full amount of the obligation.

Rowan County Tourism Development Authority's Outstanding Debt (Figure 5)

	<i>Governmental Activities</i>			<i>Total</i>		
	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Compensated absences	\$ -	\$ -	\$ 12,590	\$ -	\$ -	\$ 12,590
Railwalk interlocal agreement	-	350,000	350,000	-	350,000	350,000
Net pension liability(LGERS)	8,588	20,011	16,932	8,588	20,011	16,932
	<u>\$ 8,588</u>	<u>\$ 370,011</u>	<u>\$ 379,522</u>	<u>\$ 8,588</u>	<u>\$ 370,011</u>	<u>\$ 379,522</u>

Change in long-term debt

	<i>Governmental Activities</i>		
	<i>2022</i>	<i>2021</i>	<i>change</i>
Compensated absences	\$ -	\$ -	\$ -
Railwalk interlocal agreement	-	350,000	(350,000)
Net pension liability(LGERS)	8,588	20,011	(16,932)
	<u>\$ 8,588</u>	<u>\$ 370,011</u>	<u>\$ (366,932)</u>

Notes to the Financial Statements (continued)

5. Net Investment in Capital Assets

	Governmental
Capital Assets	\$ 2,750,994
less: long-term debt	-
add: unexpended debt proceeds	-
Net investment in capital assets	<u>\$ 2,750,994</u>

6. Fund Balance

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

<u>Total fund balance - General Fund</u>	<u>\$ 398,189</u>
Less:	
Stabilization by State Statute	195,399
Appropriated Fund Balance in 2023 budget	-
Prepays	1,846
Remaining Fund Balance	<u>\$ 200,944</u>

7. Contingencies

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. The outbreak presents uncertainty and risk with respect to the Authority and its ability to carry out its activities which could impact its financial results.

IV. Significant Effects of Subsequent Events

Subsequent events occurring after the statement of financial position date have been evaluated through October 21, 2022, which is the date the financial statements were available to be issued.

Rowan County Tourism Development Authority
Salisbury, North Carolina
Rowan County Tourism Development Authority's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years *

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
RCTDA's proportion of the net pension liability (asset) (%)	0.00054%	0.00054%	0.00062%	0.00065%	0.00067%	0.00073%	0.00072%	0.00076%	0.00370%
RCTDA's proportion of the net pension liability (asset) (\$)	\$ 8,588	\$ 20,011	\$ 16,932	\$ 15,420	\$ 10,236	\$ 15,493	\$ 3,231	\$ (4,482)	\$ 43,482
RCTDA's covered-employee payroll	\$ 35,681	\$ 61,745	\$ 70,541	\$ 63,425	\$ 56,788	\$ 54,721	\$ 60,675	\$ 48,000	\$ 50,106
RCTDA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.07%	32.41%	24.00%	24.31%	18.02%	28.31%	5.33%	(9.34%)	86.78%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	91.63%	91.68%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Rowan County Tourism Development Authority
Salisbury, North Carolina
Rowan County Tourism Development Authority's Contributions
Required Supplementary Information
Last Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,930	\$ 3,611	\$ 5,582	\$ 5,488	\$ 4,744	\$ 4,132	\$ 3,651	\$ 3,700	\$ 3,228
Contributions in relation to the contractually required contribution	4,930	3,611	5,582	5,488	4,744	4,132	3,651	3,700	3,228
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
RCTDA's covered-employee payroll	\$ 44,875	\$ 35,661	\$ 61,745	\$ 70,541	\$ 63,425	\$ 56,788	\$ 54,721	\$ 60,675	\$ 48,000
Contributions as a percentage of covered-employee payroll	10.99%	10.12%	9.04%	7.78%	7.48%	7.28%	6.67%	6.10%	6.73%

**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An
Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Board of Directors

Rowan County Tourism Development Authority
Salisbury, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rowan County Tourism Development Authority, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprises the Rowan County Tourism Development Authority's basic financial statements, and have issued my report thereon dated October 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Rowan County Tourism Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rowan County Tourism Development Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rowan County Tourism Development Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eddie Carrick CPA, PC

A handwritten signature in black ink that reads "Eddie Carrick CPA, PC". The signature is written in a cursive, flowing style.

Lexington, North Carolina
October 21, 2022