

**MOORE COUNTY
CONVENTION AND VISITORS BUREAU
(A COMPONENT UNIT OF MOORE COUNTY, NORTH CAROLINA)**

Report on Financial Statements

For the year ended June 30, 2021

Moore County Convention and Visitors Bureau

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Moore County Convention and Visitors Bureau

Bureau Members and Officials

For the year ended June 30, 2021

Officers

Tom Pashley, Chairman
Kelly Miller, Vice-Chairman
Andy Hofmann, Secretary-Treasurer

Board Members

Bonnie McPeake
George Little
Linda Parsons
Frank Quis
Matt Hausser
Warren Lewis
Natalie Dean-Hawkins - ex officio
Wayne Vest - ex officio
Caroline Xiong, Finance Officer - ex officio
Phil Werz, President & CEO

Independent Auditor's Report

To the Board of Directors
Moore County Convention and Visitors Bureau
Pinehurst, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Moore County Convention and Visitors Bureau (the "Bureau"), a component unit of Moore County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Bureau as of June 30, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Changes in the Total OPEB Liability and Related Ratios, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The List of Bureau Members and Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Elliott Davis, PLLC".

Raleigh, North Carolina
October 26, 2021

Moore County Convention and Visitors Bureau

Management's Discussion and Analysis For the year ended June 30, 2021

As management of the Moore County Convention and Visitors Bureau (the "Bureau"), we offer readers of the Bureau's financial statements this narrative overview and analysis of the financial activities of the Bureau for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Bureau's financial statements, which follow this narrative.

Financial Highlights

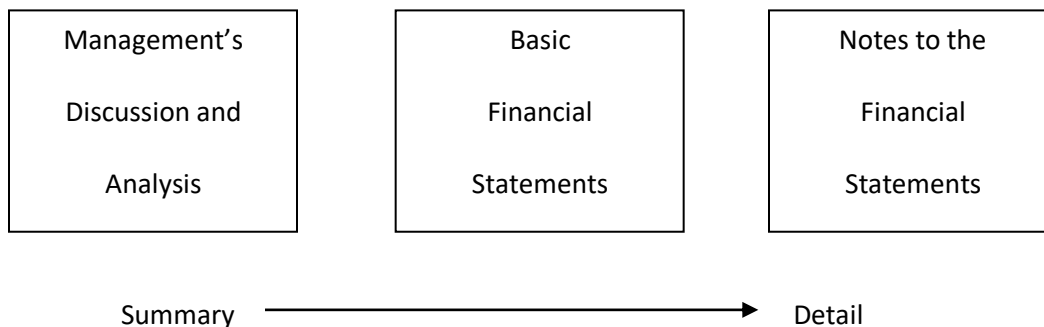
- The assets and deferred outflows of resources of the Bureau exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,006,661 (*net position*).
- The Bureau's total net position increased by \$472,010, primarily due to increased occupancy tax revenues and spending less than budgeted levels.
- As of the close of the current fiscal year, the Bureau's General Fund reported ending fund balance of \$1,604,319; \$280,977 of this amount is restricted by State statute.
- At the end of the current fiscal year, unassigned fund balance was approximately 82% of total fund balance or \$1,323,342.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bureau's basic financial statements. The Bureau's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Bureau through the use of government-wide statements and fund financial statements. The following diagram shows how the required components of the basic financial statements are arranged and relate to one another.

Required Components of the Annual Financial Report

Figure 1



Moore County Convention and Visitors Bureau

Management's Discussion and Analysis

For the year ended June 30, 2021

Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Bureau's financial status.

The next statements (Exhibits C and D) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Bureau's government. These statements provide more detail than the government-wide statements. There are two parts to the fund financial statements: 1) the governmental funds statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. This section provides more detailed information and should be read in conjunction with the statements.

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Bureau's progress in funding its obligation to provide other post-employment benefits to its employees.

Government-Wide Financial Statements

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

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

The government-wide financial statements can be found at Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Bureau's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bureau, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Bureau's budget ordinance. Funds of the Bureau are grouped into one category: governmental funds.

Moore County Convention and Visitors Bureau

Management's Discussion and Analysis *For the year ended June 30, 2021*

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

The Bureau adopts an annual budget for all its funds, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the management of the Bureau and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Bureau to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the operating fund demonstrates how well the Bureau complied with the budget ordinance and whether or not the Bureau succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows 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 operating fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements are after Exhibit E of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Bureau's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found after the Notes to the Financial Statements of this report.

Moore County Convention and Visitors Bureau

Management's Discussion and Analysis
For the year ended June 30, 2021

Government-Wide Financial Analysis

Moore County Convention and Visitors Bureau's Net Position

Figure 2

	June 30, 2021	June 30, 2020	\$ Change	% Change
Assets:				
Current and other assets	\$ 1,660,385	\$ 1,108,180	\$ 552,205	49.8%
Non-current assets	<u>10,671</u>	<u>11,321</u>	<u>(650)</u>	-5.7%
Total assets	<u>1,671,056</u>	<u>1,119,501</u>	<u>551,555</u>	49.3%
Deferred Outflows of Resources	<u>209,184</u>	<u>105,664</u>	<u>103,520</u>	98.0%
Liabilities:				
Current liabilities	59,066	29,731	29,335	98.7%
Non-current liabilities	<u>765,577</u>	<u>604,736</u>	<u>160,841</u>	26.6%
Total liabilities	<u>824,643</u>	<u>634,467</u>	<u>190,176</u>	30.0%
Deferred Inflows of Resources	<u>48,936</u>	<u>56,047</u>	<u>(7,111)</u>	-12.7%
Net Position:				
Net investment in capital assets	10,671	11,321	(650)	-5.7%
Restricted net position	280,977	125,800	155,177	123.4%
Unrestricted net position	<u>715,013</u>	<u>397,530</u>	<u>317,483</u>	79.9%
Total net position	<u>\$ 1,006,661</u>	<u>\$ 534,651</u>	<u>\$ 472,010</u>	88.3%

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Bureau exceeded liabilities and deferred inflows by \$1,006,661 as of June 30, 2021. The Bureau's net position increased by \$472,010 for the fiscal year ended June 30, 2021. The smallest portion of net position (1%) reflects the Bureau's net investment in capital assets (e.g., furniture, fixtures, and equipment). Although the Bureau's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay the debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining portion of the Bureau's net position represents resources that are subject to external restrictions on how they may be used.

A particular aspect of the Bureau's financial operations positively influenced the total unrestricted governmental net position:

- The Bureau benefitted from a very conservative 2020-21 fiscal year budget with higher than forecasted occupancy tax collections. The destination did not suffer as much financially during the COVID-19 pandemic due to a number of factors including being located in a rural county, ability to easily socially-

Moore County Convention and Visitors Bureau

Management's Discussion and Analysis

For the year ended June 30, 2021

distance and a massive national resurgence in the golf industry. These factors resulted in the ability for the Bureau to request \$500,000 via a pair of budget amendments in late 2020 which allowed for increased marketing for the spring of 2021. The additional marketing funds were used strategically to geo-target specific markets in the Carolinas and from Atlanta to Washington D.C. which produced all-time record occupancy tax collections in the months of January, March, April and May. Even with the additional spending, the Bureau ended the current fiscal year with a positive net position and moving more than \$500,000 to the fund balance.

Moore County Convention and Visitors Bureau's Changes in Net Position

Figure 3

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
Occupancy taxes	\$ 2,161,800	\$ 1,455,902	\$ 705,898	48.5%
Interest	4,699	12,245	(7,546)	100.0%
Grant revenue	25,750	-	25,750	100.0%
Miscellaneous revenues	<u>10,823</u>	<u>29,376</u>	<u>(18,553)</u>	-63.2%
Total revenues	<u>2,203,072</u>	<u>1,497,523</u>	<u>705,549</u>	47.1%
Expenses:				
Economic and physical development	<u>1,731,062</u>	<u>1,475,084</u>	<u>255,978</u>	17.4%
Change in net position	<u>472,010</u>	<u>22,439</u>	<u>449,571</u>	2003.5%
Net Position:				
Beginning of year - July 1	<u>534,651</u>	<u>512,212</u>	<u>22,439</u>	4.4%
End of year - June 30	<u>\$ 1,006,661</u>	<u>\$ 534,651</u>	<u>\$ 472,010</u>	88.3%

Governmental Activities. Governmental activities increased the Bureau's net position by \$472,010. Key elements of this increase are as follows:

- Total net occupancy taxes increased 48.5% when compared to the previous fiscal year; however a more fair comparison is to the fiscal year 2019 (the previous all-time record year) as the Bureau surpassed the previous record collections mark by 16.3%. The result was an all-time record year of occupancy tax collections in the current fiscal year of \$2,161,800.

Financial Analysis of the Bureau's Funds

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

Moore County Convention and Visitors Bureau

Management's Discussion and Analysis For the year ended June 30, 2021

Governmental Funds. The focus of the Bureau's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Bureau's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the operating fund of the Bureau. At the end of the current fiscal year, available fund balance in the General Fund was \$1,323,342 while total fund balance reached \$1,604,319. As a measure of the operating fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 78.76% of total operating fund expenditures while total fund balance represents 95.48% of that same amount.

At June 30, 2021, the General Fund of the Bureau reported a fund balance of \$1,604,319, an increase of \$522,870 in comparison with the prior fiscal year

Budgetary Highlights. There were several budget amendments in fiscal year 2021. Budget amendments typically fall into 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 Bureau's investment in capital assets as of June 30, 2021 totals \$10,671 (net of accumulated depreciation). These assets consist of the following:

Moore County Convention and Visitors Bureau's Capital Assets, Net of Accumulated Depreciation

Figure 4

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental Activities:				
Capital assets being depreciated:				
Buildings & improvements	\$ 13,000	\$ -	\$ -	\$ 13,000
Total depreciable assets	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Less accumulated depreciation for:				
Buildings & improvements	<u>1,679</u>	<u>650</u>	<u>-</u>	<u>2,329</u>
Total accumulated depreciation	<u>1,679</u>	<u>650</u>	<u>-</u>	<u>2,329</u>
Capital assets, net	<u>\$ 11,321</u>	<u>\$ (650)</u>	<u>\$ -</u>	<u>\$ 10,671</u>

Additional information on the Bureau's capital assets can be found in the notes to the basic financial statements.

Moore County Convention and Visitors Bureau

Management's Discussion and Analysis For the year ended June 30, 2021

Long-Term Debt. Long-term obligations include compensated absences, pension liability, and other post-employment benefits.

Moore County Convention and Visitors Bureau's Long-Term Debt

Figure 5

Changes in long-term liabilities:	Balance			Balance June 30, 2021	Current Portion
	July 1, 2020	Increases	Decreases		
Governmental Activities:					
Compensated absences payable	\$ 31,666	\$ 26,588	\$ 24,054	\$ 34,200	\$ 3,000
Net pension liability (LGERS)	112,514	40,429	-	152,943	-
Total OPEB Liability	463,556	117,878	-	581,434	-
Total	<u>\$ 607,736</u>	<u>\$ 184,895</u>	<u>\$ 24,054</u>	<u>\$ 768,577</u>	<u>\$ 3,000</u>

Additional information on the Bureau's long-term debt can be found in the notes to the basic financial statements.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities.

Actual expenditures increased in fiscal year 2021 by \$500,000 due to a surplus of occupancy tax collections. The budget amendments increased our budget to \$1.7 million, yet the Bureau still ended the fiscal year with a surplus of an additional \$500,000. The Bureau lost two long-time staffers to retirement. One position was eliminated as that person's duties were absorbed in-house. The other position was not filled and will likely be reimagined to create a need role yet to be determined.

Requests for Information

This report is designed to provide an overview of the Bureau's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the President and CEO; Convention and Visitors Bureau-Pinehurst, Southern Pines, 65 Community Road, Pinehurst, NC 28374.

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

Statement of Net Position

As of June 30, 2021

Assets

Current assets

Cash and cash equivalents	\$ 1,379,408
Accounts receivable, net	280,977
Total current assets	<u>1,660,385</u>

Non-current assets

Capital assets, net of depreciation	10,671
Total non-current assets	<u>10,671</u>
Total assets	<u>1,671,056</u>

Deferred outflows of resources

Pension deferrals	113,907
OPEB deferrals	95,277
Total deferred outflows of resources	<u>209,184</u>

Liabilities

Current liabilities

Accounts payable	31,064
Accrued salaries and benefits	25,002
Current portion of compensated absences	3,000
Total current liabilities	<u>59,066</u>

Long-term liabilities

Net pension liability	152,943
Non-current portion of compensated absences	31,200
Total other post-employment benefits liability	581,434
Total long-term liabilities	<u>765,577</u>
Total liabilities	824,643

Deferred inflows of resources

OPEB deferrals	48,936
Total deferred inflows of resources	<u>48,936</u>

Net position

Net investment in capital assets	10,671
Restricted:	
Stabilization by State statute	280,977
Unrestricted	715,013
Total net position	<u>\$ 1,006,661</u>

The accompanying notes are an integral part of the financial statements

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

Statement of Activities**For the year ended June 30, 2021**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Functions/Programs				
Primary Government				
Governmental Activities				
Economic and physical development	\$ 1,731,062	\$ -	\$ -	\$ (1,731,062)
General Revenues:				
Occupancy taxes				2,161,800
Interest				4,699
Grant revenue				25,750
Miscellaneous revenues				10,823
Total general revenues				2,203,072
Change in net position				472,010
Net position, beginning of year				534,651
Net position, end of year				\$ 1,006,661

The accompanying notes are an integral part of the financial statements

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

*Balance Sheet - Governmental Fund**As of June 30, 2021*

	General Fund
Assets	
Cash and cash equivalents	\$ 1,379,408
Accounts receivable	280,977
Total assets	<u>\$ 1,660,385</u>
Liabilities	
Accounts payable and accrued liabilities	\$ 31,064
Accrued salaries and benefits	25,002
Total liabilities	<u>56,066</u>
Fund balance	
Restricted	
Stabilization by State statute	280,977
Unassigned	1,323,342
Total fund balance	<u>1,604,319</u>
Total liabilities and fund balance	<u>\$ 1,660,385</u>

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

Total fund balance	\$ 1,604,319
Capital assets, net of depreciation	10,671
Net pension liability	(152,943)
Total OPEB liability	(581,434)
Deferred outflows of resources related to pensions are not reported in the funds	113,907
Deferred outflows of resources related to OPEB are not reported in the funds	95,277
Deferred inflows of resources related to pensions are not reported in the funds	-
Deferred inflows of resources related to OPEB are not reported in the funds	(48,936)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(34,200)</u>
Net position of governmental activities	<u>\$ 1,006,661</u>

The accompanying notes are an integral part of the financial statements

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund**For the year ended June 30, 2021**

	General Fund
Revenues	
Occupancy taxes	\$ 2,161,800
Interest	4,699
Grant revenue	25,750
Miscellaneous revenue	10,823
Total revenues	<u>2,203,072</u>
Expenditures	
Current - tourism	1,670,719
Capital outlay	9,483
Total expenditures	<u>1,680,202</u>
Net change in fund balance	522,870
Fund balance, beginning of year	<u>1,081,449</u>
Fund balance, end of year	<u><u>\$ 1,604,319</u></u>

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balance	\$ 522,870
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement	(2,534)
Change in deferred outflow - pension	18,713
Change in deferred outflow - OPEB	84,807
Change in deferred inflows - OPEB	7,111
Change in net pension liability	(40,429)
Change in OPEB liability	(117,878)

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

Depreciation expense for governmental assets	(650)
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 472,010</u></u>

The accompanying notes are an integral part of the financial statements

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

Budget and Actual Schedule

For the year ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Over/Under
Revenues				
Occupancy taxes	\$ 1,204,730	\$ 1,704,730	\$ 2,161,800	\$ 457,070
Interest	-	-	4,699	4,699
Grant revenue	-	25,750	25,750	
Miscellaneous revenue	14,270	14,270	10,823	(3,447)
Total revenues	<u>1,219,000</u>	<u>1,744,750</u>	<u>2,203,072</u>	<u>458,322</u>
Expenditures				
Salaries and benefits	565,964	583,214	572,070	11,144
Operating	678,036	1,186,536	1,098,649	87,887
Capital outlay	10,000	10,000	9,483	517
Total expenditures	<u>1,254,000</u>	<u>1,779,750</u>	<u>1,680,202</u>	<u>99,548</u>
Revenues over (under) expenditures	(35,000)	(35,000)	522,870	557,870
Other financing sources (uses)				
Fund balance appropriated	<u>35,000</u>	<u>35,000</u>	-	<u>(35,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	522,870	<u>\$ 522,870</u>
Fund balance				
Beginning of year, July 1			<u>1,081,449</u>	
End of year, June 30			<u>\$ 1,604,319</u>	

The accompanying notes are an integral part of the financial statements

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

For the year ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

The accounting policies of the Moore County Convention and Visitors Bureau (the "Bureau") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Bureau is a component unit of Moore County, North Carolina. The Bureau's financial statements presented herein include the financial position and operations of the Bureau and, accordingly, are not intended to present the financial position or results of operations of the Moore County, North Carolina.

The North Carolina General Legislature enacted a law, which authorized Moore County to levy a room occupancy and tourism development tax, and the Moore County Commissioners adopted a resolution levying this tax on May 14, 1987. The Moore County Commissioners created the Bureau as a public Bureau under the Local Government Budget and Fiscal Control Act.

In 2015, the General Legislature amended this legislation by House Bill 545. The Bureau is composed of nine voting members, serving without compensation and appointed by the County Commissioners. Quarterly reports are to be made to the County Commissioners. The Bureau may contract with any person, firm, or organization to advise and assist in carrying out its duty to promote travel, tourism, and conventions for Moore County.

Moore County appoints the governing Board of the Bureau, and the Bureau operates within Moore County's boundaries for the benefit of Moore County's residents. Moore County is not responsible for the debts or entitled to the surpluses of the Bureau. The Bureau has the power to approve its own budget, designate its own management, and maintain its own accounting system.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government, which is a single program government. These statements include the financial activities of the overall government, and disclose the activity of the Bureau as a governmental activity. The governmental activities are financed through occupancy taxes, intergovernmental revenues, and other non-exchange transactions. The Bureau has no business-type activities.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

B. Basis of Presentation, (continued)

The Statement of Activities presents a comparison between direct expenses and program revenue for the Bureau's single program activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Bureau's funds. The emphasis of fund financial statements is on the major governmental fund.

The Bureau reports the following major governmental fund:

General Fund. The General Fund is the Bureau's primary and only operating fund. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary source of revenue is occupancy taxes levied and collected by Moore County. The primary expenditures are for tourism development.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Bureau are maintained during the year using the current financial resources measurement funds and the modified accrual 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 are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On an accrual basis, revenue from Moore County's occupancy tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for 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 Bureau considers all revenues available if they are collected within 90 days after year-end.

D. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

E. Budgetary Data

As required by the Local Government Budget and Fiscal Control Act (G.S. 159, Article 3), the Board of Directors (the "Board") must adopt an annual balanced budget for all funds by July 1. The annual budget is prepared on the modified accrual basis of accounting to be compatible with the accounting system in recording transactions, as required by G.S. 159-26(c). Appropriations are made at the functional level and are amended as necessary by the governing Board. Expenditures may not exceed appropriations at the functional level for the General Fund. All annual appropriations lapse at year-end. The budget ordinance must be adopted by July 1 of the fiscal year or the Board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

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

Deposits

All deposits of the Bureau are made in Board-designated official depositories and are secured as required by North Carolina General Statute 159-31. The Bureau may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the Bureau may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity, (continued)

Investments

State law [G.S. 159-30(c)] authorizes the Bureau to invest in obligations of the United States of America or obligations fully guaranteed both as to principal and interest by the United States of America; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The NCCMT, which consists of a SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market fund (2a7) and maintains an AAAM rating from S&P and AAmf by Moody's Investor Service. The Government Portfolio is reported at fair value.

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Bureau considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Capital Assets

Minimum capitalization costs for the year ended June 30, 2021 were \$5,000 for all classes of assets. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using straight-line or accelerated methods over 10-50 years for buildings and improvements and 3-5 years for office equipment and furniture.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 Bureau has two items that meets this criterion, Other Post-Employment Benefits (OPEB) and pension deferrals. In addition to liabilities, the Statement of Net 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 Bureau has one item that meets the criterion for this category: OPEB deferrals.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity, (continued)

Compensated Absences

The vacation policy of the Bureau provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Bureau's governmental fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Bureau has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Bureau's sick leave policy provides 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 Bureau does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable 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. The Bureau reports no such balances at June 30, 2021.

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

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity, (continued)

Net Position/Fund Balances, (continued)

Restricted for Stabilization by State Statute - Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories 35-J-56 and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Bureau governing Board is the highest level of decision-making authority for the government that 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. The Bureau reports no such balances at June 30, 2021.

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the Bureau intends to use for specific purposes. The Board has the authority to assign fund balance. The Bureau reports no such balances at June 30, 2021.

Unassigned Fund Balance. Unassigned fund balance is the portion of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Bureau has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: federal funds, State funds, local non-Bureau funds, and Bureau 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 Bureau or when required by grant or other contractual agreements.

The Bureau has not adopted a fund balance policy.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity, (continued)

Net Position/Fund Balances, (continued)

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

Total Fund Balance:	
General Fund	\$ 1,604,319
Less:	
Stabilization by State statute	<u>280,977</u>
Available fund balance	<u>\$ 1,323,342</u>

Defined Benefit Cost Sharing Plan

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

Note 2. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Bureau are either insured or collateralized under the Pooling Method. 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 Bureau, these deposits are considered to be held by the Bureau's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Bureau or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Bureau under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Bureau has no policy regarding custodial credit 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.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds

A. Assets, (continued)

Deposits, (continued)

The Bureau complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

The Bureau has no formal policy regarding custodial credit risk for deposits.

At June 30, 2021, the Bureau's deposits had a bank balance and carrying amount of \$1,379,408. Of the bank balance, \$250,000 is fully covered by federal depository insurance, and the remaining was covered by collateral held under the Pooling Method.

Receivables

The Bureau received approximately 99% of its revenue from Moore County during the year ended June 30, 2021, under room occupancy tax levies of Moore County. Receivables consist primarily of room occupancy taxes collected on behalf of the Bureau. At June 30, 2021, the Bureau was owed room occupancy tax collections from Moore County in the amount of \$280,977.

The Bureau expects all receivables at June 30, 2021 to be collectable and therefore does not recognize an allowance for doubtful accounts.

Capital Assets

The following is a summary of changes in capital assets:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental Activities:				
Capital assets being depreciated:				
Buildings & improvements	\$ 13,000	\$ -	\$ -	\$ 13,000
Total depreciable assets	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>13,000</u>
Less accumulated depreciation for:				
Buildings & improvements	<u>1,679</u>	<u>650</u>	<u>-</u>	<u>2,329</u>
Total accumulated depreciation	<u>1,679</u>	<u>650</u>	<u>-</u>	<u>2,329</u>
Capital assets, net	<u>\$ 11,321</u>	<u>\$ (650)</u>	<u>\$ -</u>	<u>\$ 10,671</u>

The amounts reflected as capital outlay on the Statement of Revenues, Expenditures and Changes in Fund Balance does not include any items that exceeded the Bureau's capitalization threshold and therefore were not reported as capital asset additions.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities

Local Governmental Employees' Retirement System

Plan Description - The Bureau is a participating employer in the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, and the State Superintendent, who serve as ex-officio members. The LGERS is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 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.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Local Governmental Employees' Retirement System, (continued)

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service, or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Bureau's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Bureau's contractually required contribution rate for the year ended June 30, 2021 was 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the Bureau were \$40,768 for the year ended June 30, 2021.

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Bureau reported a liability of \$152,943 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Bureau's proportion of the net pension liability was based on a projection of the Bureau's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Bureau's proportion was 0.00428%, which was an increase of 0.00016% from its proportion measured as of June 30, 2019.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Local Governmental Employees' Retirement System, (continued)

For the year ended June 30, 2021, the Bureau recognized pension expense of \$62,484. At June 30, 2021, the Bureau 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	\$ 19,314	\$ -
Changes of assumptions	11,382	-
Net difference between projected and actual earnings on pension plan investments	21,523	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,920	-
Contributions subsequent to the measurement date	40,768	-
Total	<u>\$ 113,907</u>	<u>\$ -</u>

\$40,768 reported as deferred outflows of resources related to pensions resulting from Bureau contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2022	\$ 23,331
2023	26,729
2024	16,709
2025	6,370
Total	<u>\$ 73,139</u>

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Local Governmental Employees' Retirement System, (continued)

Actuarial Assumptions - The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7 percent, net of pension plan investment expense, including inflation

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

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

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 market 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.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Local Governmental Employees' Retirement System, (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<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	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate - The discount rate used to measure the total pension liability was 7%. 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.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Local Governmental Employees' Retirement System, (continued)

Sensitivity of the Bureau's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Bureau's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Bureau's proportionate share of the net pension asset, or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Bureau's proportionate share of the net pension liability (asset)	<u>\$ 310,304</u>	<u>\$ 152,943</u>	<u>\$ 22,164</u>

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

Other Post-Employment Benefits

Plan Description - The Bureau's Board has adopted Moore County's OPEB policy. Under the terms of a County Resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Government Employees' Retirement System (System) and have at least 15 years of creditable service with the County. The Retiree Health Plan will become secondary coverage when a retiree has become eligible for Medicare or another employer-sponsored plan. For retirees whose hire date is on or after January 1, 2010, health coverage will end when the retiree becomes eligible for Medicare at age 65. Members that retire with at least 15 years of service up to 20 years, the retired member can participate in the Bureau's group health insurance plan at the group rates. Members that retire with at least 20 years of service up to 30 years, the Bureau will contribute 50% of the group rate on behalf of the retiree. Members that retire with 30 or more years of service, the Bureau will contribute 75% of the group rate on behalf of the retiree. Healthcare, prescription drugs, and dental benefits are provided by the Bureau. The Board Members may amend the benefit provisions. A separate report was not issued for the plan.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Other Post-Employment Benefits, (continued)

Membership of the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Inactive Members or Beneficiaries Currently Receiving Benefits	1
Inactive Members Entitled To But Not Yet Receiving Benefits	-
Active plan members	<u>6</u>
Total	<u><u>7</u></u>

Total OPEB Liability

The Bureau's total OPEB liability of \$581,434 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019. Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	2.21 percent
Health Care Cost Trends	
Pre-Medicare	7.00 percent for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00 percent for 2019 decreasing to an ultimate rate of 4.50% by 2021

The discount rate used to measure TOL was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index. Changes in assumptions and other inputs reflects a change in the discount rate from 3.50% to 2.21%.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 463,556
Changes for the year:	
Service Cost	6,177
Interest	16,440
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(10,240)
Net benefit payments	<u>105,501</u>
Net changes	<u>117,878</u>
Balance at June 30, 2021	<u><u>\$ 581,434</u></u>

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2019 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Bureau, as well as what the Bureau's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 686,516</u>	<u>\$ 581,434</u>	<u>\$ 497,174</u>

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Changes in the Total OPEB Liability, (continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the Bureau, as well as what the Bureau's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	\$ 491,558	\$ 581,434	\$ 693,079

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

For the year ended June 30, 2021, the Bureau recognized OPEB expense of \$26,658. At June 30, 2021, the Bureau reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 8,223	\$ 8,658
Changes of assumptions or other inputs	86,861	40,278
Contributions subsequent to the measurement date	193	-
Total	<u>\$ 95,277</u>	<u>\$ 48,936</u>

\$193 reported as deferred outflows of resources related to pensions resulting from Bureau contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows or outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Total</u>
2022	\$ 4,041
2023	4,041
2024	11,047
2025	15,913
2026	11,106
Thereafter	-
Total	<u>\$ 46,148</u>

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

B. Liabilities, (continued)

Other Employment Benefits

The Bureau has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die within 180 days after retirement or termination of service, and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Bureau has no liability beyond the payment of monthly contributions.

Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees who are not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the Bureau, the Bureau does not determine the number of eligible participants. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Bureau considers these contributions to be immaterial.

Changes in Long-Term Liabilities

	Balance			Balance	Current
Changes in long-term liabilities:	July 1, 2020	Increases	Decreases	June 30, 2021	Portion
Governmental Activities:					
Compensated absences payable	\$ 31,666	\$ 26,588	\$ 24,054	\$ 34,200	\$ 3,000
Net pension liability (LGERS)	112,514	40,429	-	152,943	-
Total OPEB Liability	<u>463,556</u>	<u>117,878</u>	<u>-</u>	<u>581,434</u>	<u>-</u>
Total	<u>\$ 607,736</u>	<u>\$ 184,895</u>	<u>\$ 24,054</u>	<u>\$ 768,577</u>	<u>\$ 3,000</u>

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

C. Deferred Outflows and Inflows of Resources

The Bureau has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

	Deferred Outflows of Resources
Differences between expected and actual experience - Pension	\$ 19,314
Differences between expected and actual experience - OPEB	8,223
Changes of assumptions - Pension	11,382
Changes of assumptions - OPEB	86,861
Net difference between projected and actual earnings on pension plan investments	21,523
Changes in proportion and differences between employer contributions and proportionate share of contributions - Pension	20,920
Contributions subsequent to the measurement date - Pension	40,768
Contributions subsequent to the measurement date - OPEB	193
Total	<u>\$ 209,184</u>

Deferred inflows of resources at year-end are comprised of the following:

	Deferred Inflows of Resources
Differences between expected and actual experience - OPEB	\$ 8,658
Changes of assumptions or other inputs - OPEB	40,278
Total	<u>\$ 48,936</u>

D. Room Occupancy Tax

In accordance with State Law [S.L. 1987-188], a room occupancy tax of 3% of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within Moore County that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3) and from the rental of private residences and cottages within Moore County that are exempt from the sales tax imposed under G.S. 105-164.4(a)(3) solely because they are rented for less than 15 days. This tax is in addition to any State or local sales tax. Gross proceeds of the tax are collected by Moore County and remitted to the Bureau net of the cost to Moore County of collecting the tax.

Moore County Convention and Visitors Bureau

Notes to the Financial Statements

June 30, 2021

Note 2. Detail Notes on All Funds, Continued

D. Room Occupancy Tax, (continued)

The bill ratified by the General Assembly and modified in 2011 and the resolution adopted by the Moore County Commissioners levying the room occupancy tax, states that the cost to Moore County for administering and collecting the tax are 3% of gross proceeds collected for the first \$500,000 of gross receipts and 1% of the remaining gross receipts collected each year. Revenues are recorded net of fees.

E. Risk Management

The Bureau is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees; and natural disasters. The Bureau carries commercial coverage for the following property liability and workers' compensation. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Bureau's responsibility to commercial coverage is to pay the premiums as assessed at the beginning of the year; its rights are to have covered claims paid.

In accordance with G.S. 159-29, the Bureau's employees that have access to \$100 or more at any given time of the Bureau's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$35,000.

Since the Bureau has no facilities within a recognized flood zone, it has elected not to carry additional flood insurance coverage.

Note 3. Subsequent Events

The 2019 novel coronavirus ("COVID-19") has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, may have a destabilizing effect on financial and economic activity and may increasingly have the potential to negatively impact the Bureau's and its customers' costs, tourism to Moore County, and the U.S. economy. These conditions could adversely affect the Bureau's business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of some of the Bureau's operations or other businesses of the Bureau's customers and suppliers, which could significantly disrupt the Bureau's operations and the operations of the Bureau's customers. The extent of the adverse impact of the COVID-19 outbreak on the Bureau cannot be predicted at this time.

The Bureau has evaluated subsequent events through October 26, 2021, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

Other Post-Employment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information
Last Four Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost at the end of year	\$ 6,177	\$ 11,004	\$ 11,735	\$ 13,394
Interest	16,440	17,123	15,620	13,783
Difference between expected and actual experience	-	12,717	(449)	-
Changes of assumptions or other inputs	(10,240)	(17,659)	(25,692)	(46,313)
Net benefit payments	105,501	392	-	-
Net change in total OPEB liability	<u>117,878</u>	<u>23,577</u>	<u>1,214</u>	<u>(19,136)</u>
Total OPEB liability - beginning	<u>463,556</u>	<u>439,979</u>	<u>438,765</u>	<u>457,901</u>
Total OPEB liability - ending	<u><u>\$ 581,434</u></u>	<u><u>\$ 463,556</u></u>	<u><u>\$ 439,979</u></u>	<u><u>\$ 438,765</u></u>
Covered payroll	\$ 406,331	\$ 420,915	\$ 396,088	\$ 449,778
Total OPEB liability as a percentage of covered payroll	143.09%	110.13%	111.08%	97.55%

Notes to Schedule

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

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

Moore County Convention and Visitors Bureau

(A Component Unit of Moore County, North Carolina)

*Local Governmental Employees' Retirement System**Required Supplementary Information**Last Eight Fiscal Years**

	*Proportionate Share of Net Pension Liability (Asset)							
	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.00428%	0.00412%	0.00411%	0.00455%	0.00482%	0.00504%	0.00550%	0.00487%
Proportion of the net pension liability (asset)	\$ 152,943	\$ 112,514	\$ 97,503	\$ 69,511	\$ 102,297	\$ 22,619	\$ (28,721)	\$ 66,296
Covered-employee payroll	\$ 420,915	\$ 396,088	\$ 449,778	\$ 421,539	\$ 425,843	\$ 391,854	\$ 382,637	\$ 387,246
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.34%	28.41%	21.68%	16.49%	24.02%	5.77%	-7.51%	17.12%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

	Contributions							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 40,768	\$ 37,672	\$ 30,697	\$ 33,733	\$ 30,562	\$ 28,872	\$ 27,704	\$ 27,052
Contributions in relation to the contractually required contribution	40,768	37,672	30,697	33,733	30,562	28,872	27,704	27,052
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Moore County Convention and Visitors Bureau's covered-employee payroll	\$ 401,653	\$ 420,915	\$ 396,088	\$ 449,778	\$ 421,539	\$ 425,843	\$ 391,854	\$ 382,637
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.50%	7.25%	6.78%	7.07%	7.07%

Pension schedules in the required supplementary information are intended to show information for ten years and that additional years' information will be displayed as it becomes available.