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**MOORE COUNTY CONVENTION AND
VISITORS BUREAU**

(A COMPONENT UNIT OF MOORE COUNTY, NORTH CAROLINA)

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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David Byers, Vice-Chairman

Thomas Beddow, Secretary-Treasurer

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George Little

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Tom Pashley

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Wayne Vest – ex officio

Caroline Xiong, Chief Finance Officer – ex officio

Caleb Miles, President & CEO (through May 31, 2018)

Beverly Stewart – Interim President & CEO

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

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Board of Directors
Moore County Convention & Visitors Bureau
Southern Pines, 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 (A Component Unit of Moore County, North Carolina) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Moore County Convention and Visitors 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.

Opinions

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 Moore County Convention and Visitors Bureau as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, for fiscal year ended June 30, 2018, the Moore County Convention and Visitors Bureau adopted a new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions 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 assurance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 16, 2018

Management's Discussion and Analysis

As management of the Moore County Convention and Visitors Bureau, we offer readers of the Convention and Visitors Bureau's financial statements this narrative overview and analysis of the financial activities of the Convention and Visitors Bureau for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Convention and Visitors Bureau's financial statements, which follow this narrative.

Financial Highlights

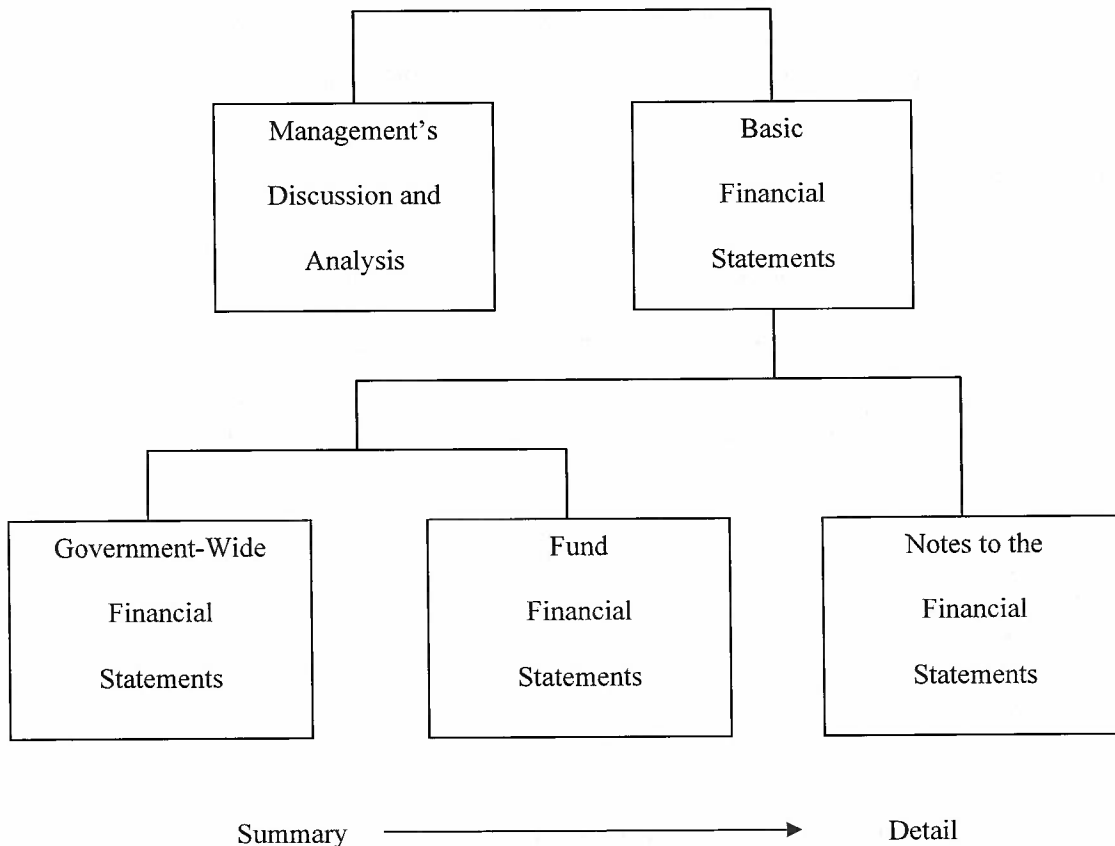
- The assets and deferred outflows of resources of the Convention and Visitors Bureau exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$167,354 (*net position*).
- The Convention and Visitors Bureau's total net position increased by \$231,267, primarily due to increased occupancy tax revenues.
- As of the close of the current fiscal year, the Convention and Visitors Bureau's General Fund reported ending fund balance of \$650,203; 100% of this amount is non-spensible and restricted.
- At the end of the current year, fund balance restricted for tourism was approximately 76% of total fund balance or \$494,377.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Convention and Visitors Bureau's basic financial statements. The Convention and Visitors 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 Convention and Visitors 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 Annual Financial Report

Figure 1



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 Convention and Visitors Bureau's financial status.

The next statements (Exhibits C through F) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Convention and Visitors 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**. The notes explain in detail some of the data contained in those statements.

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Convention and Visitors 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 Convention and Visitors Bureau'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 Convention and Visitors Bureau's financial status as a whole.

The two government-wide statements report the Convention and Visitors Bureau's net position and how it has changed. Net position is the difference between the Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors Bureau's budget ordinance. Funds of the Convention and Visitors Bureau are grouped into one category: governmental funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Convention and Visitors 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 Convention and Visitors Bureau's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Convention and Visitors 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 Convention and Visitors Bureau and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Convention and Visitors 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 Convention and Visitors Bureau complied with the budget ordinance and whether or not the Convention and Visitors 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 at Exhibit E.

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 F 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.

Government-Wide Financial Analysis

Moore County Convention and Visitors Bureau's Net Position

Figure 2

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 720,330	\$ 554,599
Deferred outflows of resources	<u>77,870</u>	<u>106,758</u>
Total assets and deferred outflows of resources	<u>798,200</u>	<u>661,357</u>
Other liabilities	590,182	439,632
Deferred inflows of resources	<u>40,664</u>	<u>3,585</u>
Total liabilities and deferred inflows of resources	<u>630,846</u>	<u>443,217</u>
Net position:		
Net investment in capital assets	12,621	4,159
Restricted	<u>154,733</u>	<u>213,981</u>
Total net position	<u>\$ 167,354</u>	<u>\$ 218,140</u>

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 Convention and Visitors Bureau exceeded liabilities and deferred inflows by \$167,354 as of June 30, 2018. The Convention and Visitors Bureau's net position increased by \$231,267 for the fiscal year ended June 30, 2018. The smallest portion of net position (8%) reflects the Convention and Visitors Bureau's net investment in capital assets (e.g., furniture, fixtures, and equipment). Although the Convention and Visitors 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 Convention and Visitors Bureau's net position represents resources that are subject to external restrictions on how they may be used.

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

- Total net occupancy taxes exceeded budget by 4.2% due to stronger than expected hotel room sales (reflected in steady hotel occupancy percentages and stronger daily rates) collectively for the fiscal year.

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

Figure 3

	2018	2017
Revenues:		
Occupancy taxes	\$ 1,618,924	\$ 1,553,668
Operating grants and contributions	30,848	-
Miscellaneous revenues	75,661	64,435
Total revenues	1,725,433	1,618,103
Expenses:		
Economic and physical development	1,494,166	1,464,326
Change in net position	231,267	153,777
Net position, beginning	218,140	64,363
Restatement	(282,053)	-
Net position, beginning as restated	(63,913)	64,363
Net position, ending	\$ 167,354	\$ 218,140

Governmental Activities. Governmental activities increased the Convention and Visitors Bureau's net position by \$231,267. Key elements of this increase are as follows:

- Total net occupancy taxes exceeded budget by 4.2% due to stronger than expected hotel room sales (reflected in steady hotel occupancy percentages and stronger daily rates) collectively for the fiscal year.
- A County contribution of \$30,848 related to an interlocal agreement between the County, Airport, and CVB for unused funds.

Financial Analysis of the Convention and Visitors Bureau's Funds

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

Governmental Funds. The focus of the Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors Bureau. At the end of the current fiscal year, available fund balance in the General Fund was \$494,377 while total fund balance reached \$650,203. 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 30.9% of total operating fund expenditures while total fund balance represents 40.7% of that same amount.

At June 30, 2018, the governmental fund of the Convention and Visitors Bureau reported a fund balance of \$650,203, an increase of \$126,745 in comparison with the prior year.

Budgetary Highlights. There were a few budget amendments in FY2018 which increased the expense budget by \$15,900 for CVB. Budget amendments 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 Convention and Visitors Bureau's investment in capital assets as of June 30, 2018 totals \$12,621 (net of accumulated depreciation). These assets consist of the following:

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

Figure 4

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Depreciable Capital Assets:				
Buildings & improvements	\$ -	\$ 13,000	\$ -	\$ 13,000
Office equipment and furniture	<u>67,230</u>	<u>-</u>	<u>67,230</u>	<u>-</u>
	<u>67,230</u>	<u>-</u>	<u>67,230</u>	<u>13,000</u>
Less Accumulated Depreciation:				
Buildings & improvements	-	379	-	379
Office equipment and furniture	<u>63,071</u>	<u>158</u>	<u>63,229</u>	<u>-</u>
	<u>63,071</u>	<u>\$ 537</u>	<u>\$ 63,229</u>	<u>379</u>
 Total capital assets, net	 <u>\$ 4,159</u>			 <u>\$ 12,621</u>

Additional information on the Convention and Visitors Bureau's capital assets can be found on page 23 of the basic financial statements.

Long-Term Debt. Long-term obligations include interlocal payable to Moore County, compensated absences, pension liability, and other post-employment benefits. During the current year, the Bureau paid off the interlocal payable.

**Moore County Convention and Visitors Bureau’s
Long-Term Debt**

Figure 5

	<u>Balance</u>			<u>Balance</u>		<u>Current</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Portion</u>	
Governmental Activities:						
Interlocal payable	\$ 96,980	\$ -	\$ 96,980	\$ -	\$ -	
Compensated absences payable	37,525	31,285	44,410	24,400	13,125	
Net pension liability (LGERS)	102,297	-	32,786	69,511	-	
Total OPEB Liability	<u>457,901</u>	<u>-</u>	<u>19,136</u>	<u>438,765</u>	<u>-</u>	
Total	<u>\$ 694,703</u>	<u>\$ 31,285</u>	<u>\$ 193,312</u>	<u>\$ 532,676</u>	<u>\$ 13,125</u>	

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities.

Actual expenditures remained consistent with prior year, up slightly at 1.9%, with a strong emphasis on targeted digital and print marketing.

Requests for Information

This report is designed to provide an overview of the Convention and Visitors 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.

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

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Primary Government Governmental Activities</u>
Assets:	
Current assets:	
Cash	\$ 551,883
Accounts receivable, net	147,526
Prepaid expenses	<u>8,300</u>
Total current assets	<u>707,709</u>
Non-current assets	
Capital assets:	
Capital assets, net of depreciation	<u>12,621</u>
Total assets	<u>720,330</u>
Deferred Outflows of Resources:	
Pension deferrals	<u>77,870</u>
Liabilities:	
Current liabilities:	
Accounts payable	23,562
Accrued salaries and benefits	10,023
Other liabilities	23,921
Current portion of compensated absences	<u>13,125</u>
Total current liabilities	70,631
Non-current liabilities:	
Net pension liability	69,511
Non-current portion of compensated absences	11,275
Total other post-employment benefits liability	<u>438,765</u>
Total non-current liabilities	<u>519,551</u>
Total liabilities	<u>590,182</u>
Deferred Inflows of Resources:	
Pension deferrals	1,968
OPEB deferrals	<u>38,696</u>
Total deferred inflows of resources	<u>40,664</u>
Net Position:	
Net investment in capital assets	12,621
Restricted:	
Stabilization by state statute	147,526
Tourism	<u>7,207</u>
Total net position	<u>\$ 167,354</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)**

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>
Assets:	
Cash	\$ 551,883 ✓
Accounts receivable	147,526 ✓
Prepaid expenses	<u>8,300</u>
Total assets	<u>\$ 707,709</u>
Liabilities:	
Accounts payable and accrued liabilities	\$ 23,562
Accrued salaries and benefits	10,023
Other liabilities	<u>23,921</u>
Total liabilities	<u>57,506</u>
Fund Balance:	
Non-spendable:	
Prepays	8,300
Restricted:	
Stabilization by state statute	147,526 ✓
Tourism	<u>494,377</u> ✓
Total fund balance	<u>650,203</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balance	650,203
Capital assets, net of depreciation	12,621
Net pension liability	(69,511)
Total OPEB liability	(438,765)
Deferred outflows of resources related to pensions are not reported in the funds.	77,870
Deferred inflows of resources related to pensions are not reported in the funds.	(1,968)
Deferred inflows of resources related to OPEB are not reported in the funds.	(38,696)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(24,400)</u>
Net position of governmental activities	<u>\$ 167,354</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, 2018**

	<u>Actual</u>
Revenues:	
Occupancy taxes	\$ 1,618,924
Contribution from Moore County	30,848
Miscellaneous revenue	75,661
Total revenues	<u>1,725,433</u> ✓
Expenditures:	
Salaries and benefits	589,551
Operating	897,592
Capital outlay	14,565
Interlocal payments to Moore County	96,980
Total expenditures	<u>1,598,688</u> ✓
Net change in fund balance	126,745 ✓
Fund Balance:	
Beginning of year – July 1	<u>523,458</u> ✓
End of year – June 30	<u>\$ 650,203</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)**

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

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

Net change in fund balance (Exhibit D)	\$ 126,745
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	13,125
Change in deferred outflow - pension	(28,888)
Change in deferred inflows - pension	1,617
Change in deferred inflows - OPEB	(38,696)
Change in net pension liability	32,786
Change in OPEB liability	19,136
Interlocal payable repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	96,980
Governmental funds report capital outlay as expenditure. 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:	
Capital outlay	13,000
Loss on disposal	(4,001)
Depreciation expense for governmental assets	<u>(537)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 231,267</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)**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GENERAL FUND
BUDGET AND ACTUAL SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Occupancy taxes	\$ 1,553,635	\$ 1,553,635	\$ 1,618,924	\$ 65,289
Contribution from Moore County	-	-	30,848	30,848
Miscellaneous revenue	116,060	116,060	75,661	(40,399)
Total revenues	<u>1,669,695</u>	<u>1,669,695</u>	<u>1,725,433</u>	<u>55,738</u>
Expenditures:				
Salaries and benefits	592,517	592,517	589,551	2,966
Operating	975,613	1,010,903	897,592	113,311
Capital outlay	18,000	18,000	14,565	3,435
Interlocal payments to Moore County	110,565	91,175	96,980	(5,805)
Total expenditures	<u>1,696,695</u>	<u>1,712,595</u>	<u>1,598,688</u>	<u>113,907</u>
Revenues over (under) expenditures	(27,000)	(42,900)	126,745	169,645
Other Financing Sources (Uses):				
Fund balance appropriated	<u>27,000</u>	<u>42,900</u>	-	<u>(42,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	126,745	<u>\$ 126,745</u>
Fund Balance:				
Beginning of year – July 1			<u>523,458</u>	
End of year – June 30			<u>\$ 650,203</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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies

The accounting policies of the Moore County Convention and Visitors Bureau (A Component Unit of Moore County, North Carolina) 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 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 Moore County Convention and Visitors Bureau as a public Convention and Visitors Bureau under the Local Government Budget and Fiscal Control Act.

In June 2011, the General Legislature amended this legislation by House Bill 545. The Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors Bureau, and the Convention and Visitors Bureau operates within the County's boundaries for the benefit of the County's residents. The County is not responsible for the debts or entitled to the surpluses of the Convention and Visitors Bureau. The Convention and Visitors 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 Convention and Visitors Bureau as a governmental activity. The governmental activities are financed through occupancy taxes, intergovernmental revenues, and other non-exchange transactions. The Convention and Visitors Bureau has no business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenue for the Convention and Visitors 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.

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

NOTES TO THE FINANCIAL STATEMENTS
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Fund Financial Statements. The fund financial statements provide information about the Convention and Visitors Bureau's funds. The emphasis of fund financial statements is on the major governmental fund.

The Convention and Visitors Bureau reports the following major governmental fund:

General Fund. The General Fund is the Convention and Visitors 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.

The General Fund is the Convention and Visitors Bureau's only major fund for the period ended June 30, 2018.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Convention and Visitors 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.

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 Convention and Visitors Bureau considers all revenues available if they are collected within 90 days after year-end.

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D. Budgetary Data

As required by the Local Government Budget and Fiscal Control Act (G.S. 159, Article 3), the governing 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 governing Board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

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

Deposits

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

Investments

State law [G.S. 159-30(c)] authorizes the Convention and Visitors Bureau 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 Convention and Visitors Bureau, 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 Convention and Visitor's Bureau's investments are reported at fair value. Non-Participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) government money market fund, is measured at amortized cost, with is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Convention and Visitors 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.

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Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements and expensed as the items are used.

Capital Assets

Minimum capitalization costs for the year ending June 30, 2018, 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 the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & improvements	10-50 years
Office equipment and furniture	3-5 years

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 Convention and Visitors Bureau has one item that meets this criterion, 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 Convention and Visitors Bureau has two items that meet the criterion for this category: OPEB deferrals and pension deferrals.

Compensated Absences

The vacation policy of the Convention and Visitors Bureau provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Convention and Visitors 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 Convention and Visitors 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.

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The Convention and Visitors 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 Convention and Visitors 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.

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

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

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State statute [G.S. 159-8(a)].

Restricted for Tourism – portion of fund balance that is restricted by revenue source for use for tourism promotion and related activities.

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 Convention and Visitor's 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.

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Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the Convention and Visitors Bureau intends to use for specific purposes. The Board has the authority to assign fund balance.

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 Convention and Visitors 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-Convention and Visitors Bureau funds, and Convention and Visitors 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 Convention and Visitors Bureau to deviate from this policy if it is in the best interest of the Convention and Visitors Bureau or when required by grant or other contractual agreements.

The Convention and Visitors Bureau has not adopted a fund balance policy.

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	\$ 650,203
Less:	
Non-spendable	8,300
Stabilization by state statute	<u>147,526</u>
Available fund balance	<u>\$ 494,377</u>

Defined Benefit Cost-Sharing Plans

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 Convention and Visitors Bureau'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.

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F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant area where estimates are made: depreciation lives.

2. Detail Notes On All Funds

A. Assets

Deposits

All the deposits of the Convention and Visitors 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 Convention and Visitors Bureau, these deposits are considered to be held by the Convention and Visitors 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 Convention and Visitors Bureau or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Convention and Visitors Bureau under the Pooling Method, the potential exists for 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 Convention and Visitors 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. The Convention and Visitors Bureau complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Convention and Visitors Bureau's deposits had a carrying amount of \$551,683 and a bank balance of \$551,683. 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. At June 30, 2018, the Convention and Visitors Bureau had petty cash of \$200.

Receivables

The Convention and Visitors Bureau received approximately 94% of its revenue from Moore County during the year ended June 30, 2018, under room occupancy tax levies of Moore County. Receivables consist primarily of room occupancy taxes collected on behalf of the

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Convention and Visitors Bureau. At June 30, 2018, the Convention and Visitors Bureau was owed room occupancy tax collections from Moore County in the amount of \$143,547.

The Convention and Visitors Bureau does not recognize an allowance for doubtful accounts.

Capital Assets

Capital asset activity for the Convention and Visitors Bureau for the year ended June 30, 2018, is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Governmental Activities:				
Capital assets being depreciated:				
Buildings & improvements	\$ -	\$ 13,000	\$ -	\$ 13,000
Office equipment and furniture	<u>67,230</u>	<u>-</u>	<u>(67,230)</u>	<u>-</u>
Total capital assets being depreciated	<u>67,230</u>	<u>13,000</u>	<u>(67,230)</u>	<u>13,000</u>
Less accumulated depreciation for:				
Buildings & improvements	-	379	-	379
Office equipment and furniture	<u>63,071</u>	<u>158</u>	<u>(63,229)</u>	<u>-</u>
Total accumulated depreciation	<u>63,071</u>	<u>\$ 537</u>	<u>\$ (63,229)</u>	<u>379</u>
Governmental activities capital assets, net	<u>\$ 4,159</u>			<u>\$ 12,621</u>

B. Pension Plan

Local Government 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, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as 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. Moore County Convention and Visitors 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. contractually required contribution rate for the year ended June 30, 2018, was 7.50% 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 Moore County Convention Visitors Bureau were \$33,733 for the year ended June 30, 2018.

Refunds of Contributions – Convention and Visitors Bureau's 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.

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

At June 30, 2018, the Convention and Visitors Bureau reported a liability of \$69,511 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Convention and Visitors 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, 2017, the Bureau's proportion was 0.00455%, which was a decrease of 0.00027% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Convention and Visitors Bureau recognized pension expense of \$28,219. At June 30, 2018, 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	\$ 4,005	\$ 1,968
Changes of assumptions	9,927	-
Net difference between projected and actual earnings on pension plan investments	16,877	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,328	-
Contributions subsequent to the measurement date	<u>33,733</u>	<u>-</u>
Total	<u>\$ 77,870</u>	<u>\$ 1,968</u>

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\$33,733 reported as deferred outflows of resources related to pensions resulting from Convention and Visitors Bureau contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 8,449
2020	24,549
2021	12,878
2022	(3,707)
2023	-
Thereafter	-
Total	<u>\$ 42,169</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through

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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, 2017 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	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 7.20%. 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.

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Sensitivity of the Convention and Visitors 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 7.20 percent, 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Bureau's proportionate share of the net pension liability (asset)	<u>\$ 208,675</u>	<u>\$ 69,511</u>	<u>\$ (46,646)</u>

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.

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>
Pension expense	\$ 28,219
Pension liability	69,511
Proportionate share of the net pension liability	0.00455%
Deferred of Outflows of Resources:	
Differences between expected and actual experience	4,005
Changes of assumptions	9,927
Net difference between projected and actual earnings on pension plan investments	16,877
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,328
Benefit payments and administrative costs paid subsequent to the measurement date	<u>33,733</u>
	<u>\$ 77,870</u>
Deferred of Inflows of Resources:	
Differences between expected and actual experience	<u>\$ 1,968</u>

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C. Other Post-Employment Benefits

Plan Description. The Moore County Visitors Bureau 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 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.

Membership of the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Inactive members or beneficiaries	
currently receiving benefits	-
inactive members entitled to but not yet	
receiving benefits	-
Active plan members	6
Total	6

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Total OPEB Liability

The Bureau's total OPEB liability of \$438,765 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Salary increases	3.50 to 7.75 percent, including wage inflation
Discount rate	3.56 percent
Healthcare cost trends	
Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.50 percent for 2017 decreasing to an ultimate rate of 5.00% by 2020

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	<u>\$ 457,901</u>
Changes for the year:	
Service cost	13,394
Interest	13,783
Changes of assumptions or other inputs	<u>(46,313)</u>
Net changes	<u>(19,136)</u>
Balance at June 30, 2018	<u>\$ 438,765</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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

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The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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 (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(2.56%)	(3.56%)	(4.56%)
Total OPEB liability	<u>\$ 527,735</u>	<u>\$ 438,765</u>	<u>\$ 368,296</u>

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:

	1%	Current	1%
	Decrease	Current	Increase
Total OPEB liability	<u>\$ 363,941</u>	<u>\$ 438,765</u>	<u>\$ 533,691</u>

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

For the year ended June 30, 2018, the Bureau recognized OPEB expense of \$19,560. At June 30, 2018, the Bureau reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred	Deferred
	Outflows of	Inflows of
	Resources	Resources
Changes of assumptions or other inputs	<u>\$ -</u>	<u>\$ 38,696</u>

MOORE COUNTY CONVENTION AND VISITORS BUREAU
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NOTES TO THE FINANCIAL STATEMENTS
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\$0 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
<u>June 30</u>	<u>Total</u>
2019	\$ (7,617)
2020	(7,617)
2021	(7,617)
2022	(7,617)
2023	(7,617)
Thereafter	<u>(611)</u>
Total	<u>\$ (38,696)</u>

Other Employment Benefits

The Convention and Visitors 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 that 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.

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D. Risk Management

The Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors 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 Convention and Visitors Bureau's employees that have access to \$100 or more at any given time of the Convention and Visitors 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 Convention and Visitors Bureau has no facilities within a recognized flood zone, we have elected not to carry additional flood insurance coverage.

E. Long-Term Liabilities

Interlocal Payable

On July 1, 2011, the Convention and Visitors Bureau entered into an inter-local agreement with Moore County. The agreement established and outlined a long-term liability due to Moore County for CVB's portion of tourism related grant matches, in which the County incurred. The liability is reported on the Statement of Net Position.

Payments to Moore County for the year ending June 30, 2018 totaled \$96,980 and satisfied the outstanding payable.

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>Portion</u>
Governmental Activities:					
Interlocal payable	\$ 96,980	\$ -	\$ 96,980	\$ -	\$ -
Compensated absences payable	37,525	31,285	44,410	24,400	13,125
Net pension liability (LGERS)	102,297	-	32,786	69,511	-
Total OPEB Liability	<u>457,901</u>	<u>-</u>	<u>19,136</u>	<u>438,765</u>	<u>-</u>
Total	<u>\$ 694,703</u>	<u>\$ 31,285</u>	<u>\$ 193,312</u>	<u>\$ 532,676</u>	<u>\$ 13,125</u>

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Compensated absences and pensions will be liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

F. Distribution of the Proceeds from the Room Occupancy Tax

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 remaining gross receipts collected each year. Revenues are recorded net of fees.

Occupancy tax distributions for the year ended June 30, 2018 were as follows:

Occupancy tax distributions	<u>\$ 1,618,924</u>
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G. Revenue

Occupancy Taxes

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 the 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 the 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 CVB net of the cost to the County of collecting the tax.

H. Change in Accounting Principles/Restatements

The Bureau implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Bureau to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Bureau related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$282,053.

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

**LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS***

***Proportionate Share of Net Pension Liability (Asset)**

	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.00455%	0.00482%	0.00504%	0.00550%	0.00487%
Proportion of the net pension liability (asset)	\$ 69,511	\$ 102,297	\$ 22,619	\$ (28,721)	\$ 66,296
Covered-employee payroll	\$ 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	16.49%	24.02%	5.77%	-7.51%	17.12%
Plan fiduciary net position as a percentage of the total pension liability**	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

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 33,733	\$ 30,562	\$ 28,872	\$ 27,704	\$ 27,052
Contributions in relation to the contractually required contribution	33,733	30,562	28,872	27,704	27,052
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Moore County CVB's covered-employee payroll	\$ 449,778	\$ 421,539	\$ 425,843	\$ 391,854	\$ 382,637
Contributions as a percentage of covered-employee payroll	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.

**MOORE COUNTY CONVENTION AND VISITORS BUREAU
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**OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

<u>Other Post-Employment Benefits</u>	
	<u>2018</u>
Service cost at the end of year	\$ 13,394
Interest	13,783
Changes of assumptions or other inputs	<u>(46,313)</u>
Net change in total OPEB liability	(19,136)
Total OPEB liability - beginning	<u>457,901</u>
Total OPEB liability - ending	<u>\$ 438,765</u>
Covered payroll	\$ 408,257
Total OPEB liability as a percentage of covered payroll	107.47%

Notes to the required schedules:

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>
2018	3.56%