

**BLOWING ROCK TOURISM
DEVELOPMENT AUTHORITY**

A Component Unit of the Town of Blowing Rock
Financial Statements

June 30, 2022

COMBS, 
TENNANT & CARPENTER, P.C.
Certified Public Accountants

**Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
Table of Contents
June 30, 2022**

<u>Exhibit</u>		<u>Page</u>
	Financial Section:	
	Board of Directors	
	Independent Auditors' Report	1 - 2
	Management's Discussion and Analysis	3 - 9
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	10
2	Statement of Activities	11
	Fund Financial Statements:	
3	Balance Sheet – Governmental Funds	12
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	13
5	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
6	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund	15 - 16
	Notes to the Financial Statements	17 - 31
	Required Supplementary Financial Data:	
	Schedule of the Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System	32
	Schedule of Contributions – Local Government Employees' Retirement System	33
	Schedule of Changes in the Total OPEB Liability and Related Ratios	34

Financial Section

BLOWING ROCK TOURISM DEVELOPMENT AUTHORITY

A Component Unit of the Town of Blowing Rock

Board of Directors

June 30, 2022

Chair

Dean Bullis

Board Members

Perre Gherini

Tim Gupton

Greg Tarbutton

Kevin Walker

Ex-Officio

Shane Fox

Nicole Norman

COMBS, 
TENNANT & CARPENTER, P.C.

Certified Public Accountants

2348 Hwy. 105, Suite 5
P.O. Box 1098
Boone, NC 28607
828-264-6700
Fax: 828-264-7756

311 Linville Street
P.O. Box 1480
Newland, NC 28657
828-733-0066
Fax: 828-733-8689

Billy G. Combs, CPA
Douglas M. Tennant, CPA
Jason D. Carpenter, CPA
Brady L. Combs, CPA
Tanya L. Singleton, CPA
Emily W. Reynolds, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Blowing Rock Tourism Development Authority
Blowing Rock, North Carolina

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Blowing Rock Tourism Development Authority, a component unit of the Town of Blowing Rock, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Blowing Rock Tourism Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Blowing Rock Tourism Development Authority as of June 30, 2022, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Blowing Rock Tourism Development Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 34, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 32 and 33, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Blowing Rock Tourism Development Authority's, a component unit of the Town of Blowing Rock, 2021 financial statements and expressed an unmodified audit opinion on those financial statements in our audit report dated October 25, 2021. In our opinion, the summarized comparative information reported herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

COMBS, TENNANT & CARPENTER, P.C.

COMBS, TENNANT & CARPENTER, P.C.
Certified Public Accountants
Boone, NC

October 7, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis
Blowing Rock Tourism Development Authority
June 30, 2022

As management of the Blowing Rock Tourism Development Authority, we offer readers of the Blowing Rock Tourism Development Authority's financial statements this narrative overview and analysis of the financial activities of the Blowing Rock Tourism Development Authority for the fiscal year ended June 30, 2022. The Authority's financial statements follow this narrative.

Financial Highlights

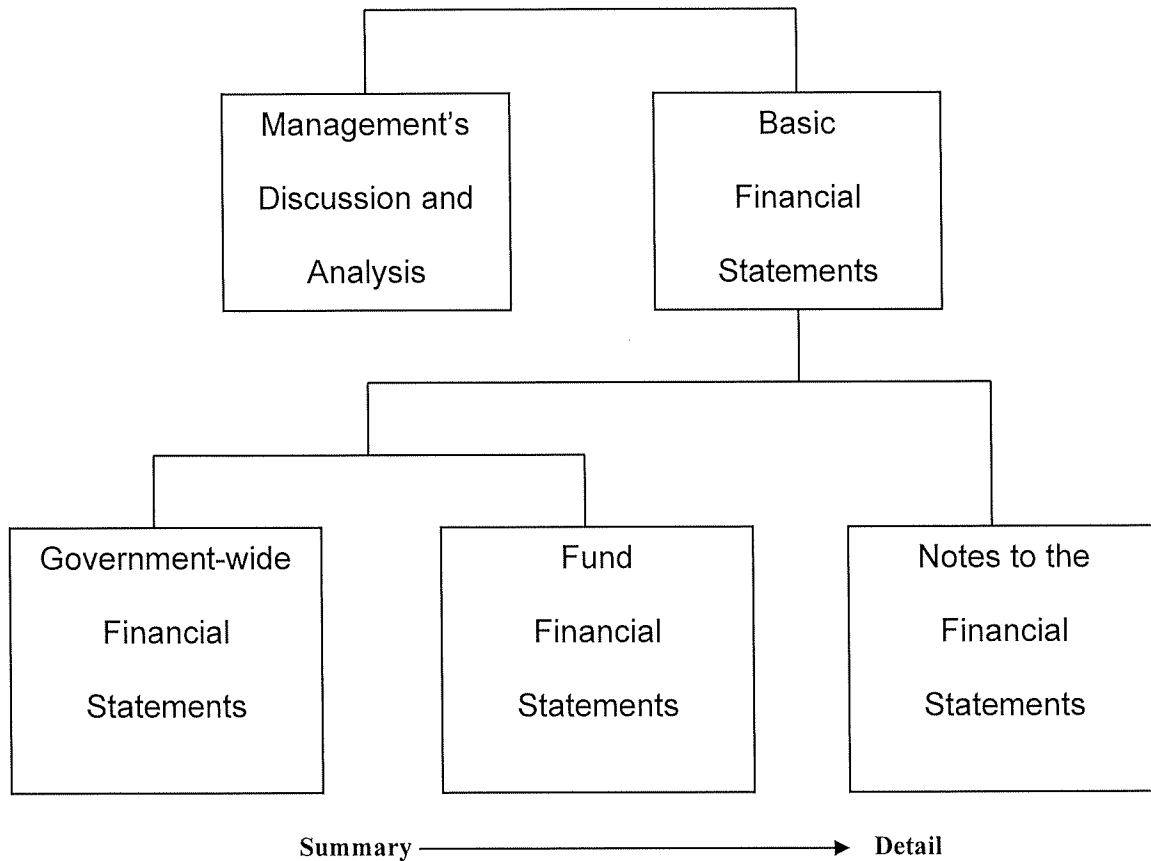
- The assets and deferred outflows of resources of the Blowing Rock Tourism Development Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,863,831 (*net position*).
- The Authority's unassigned fund balance at the end of fiscal year 2021-2022 represented 108.29% of total General Fund expenditures.
- The Blowing Rock Tourism Development Authority is statutorily prohibited from incurring long-term debt.
- Overall revenues for the Authority increased by \$302,377 or 20.31% over the prior year. The increase is attributable to increased occupancy tax collections due to the continued trend in travel since the release of the stay-at-home order issued last year during the start of the COVID-19 pandemic.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Blowing Rock Tourism Development Authority's basic financial statements. The Authority'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 Authority through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information regarding the financial condition of the Blowing Rock Tourism Development Authority.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Authority's financial status.

The next statements (Exhibits 3 through 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Authority's government. These statements provide more detail than the government-wide statements. Typically, there are two parts to Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements. The Blowing Rock Tourism Development Authority had no proprietary funds as of June 30, 2022.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Budgetary information for the Authority also can be found in this section of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are comprised of a single category - governmental activities. The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Authority'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 Blowing Rock Tourism Development Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Authority's budget ordinance. All the funds of the Blowing Rock Tourism Development Authority are governmental funds.

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

The Blowing Rock Tourism Development Authority adopts an annual budget for its General fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from citizens, the management of the Authority, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Authority to obtain funds from identified sources to finance these current period activities. The budgetary statement, Exhibit 6 provided for the General Fund demonstrates how the Authority complied with the budget ordinance and whether or not the Authority succeeded in providing the services as planned when the budget was adopted. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Blowing Rock Tourism Development Authority has no proprietary funds (Enterprise Funds). *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements.

Management's Discussion and Analysis
Blowing Rock Tourism Development Authority
June 30, 2022

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 begin on page 17 of this report.

Government-Wide Financial Analysis

Blowing Rock Tourism Development Authority's Net Position

Figure 2

	Governmental Activities		Total	
	2022	2021	2022	2021
Current and Other Assets	\$ 2,270,639	\$ 1,539,718	\$ 2,270,639	\$ 1,539,718
Capital Assets	56,643	48,248	56,643	48,248
Deferred outflows of resources	65,373	55,817	65,373	55,817
Total assets and deferred outflows of resources	2,392,655	1,643,783	2,392,655	1,643,783
Long-term liabilities outstanding	268,813	145,805	268,813	145,805
Other liabilities	203,526	144,477	203,526	144,477
Deferred inflows of resources	56,485	12,408	56,485	12,408
Total liabilities and deferred inflows of resources	528,824	302,690	528,824	302,690
Net position:				
Net investment in capital assets	56,643	48,248	56,643	48,248
Restricted	295,717	282,317	295,717	282,317
Unrestricted	1,511,471	1,010,528	1,511,471	1,010,528
Total Net Position	\$ 1,863,831	\$ 1,341,093	\$ 1,863,831	\$ 1,341,093

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 Blowing Rock Tourism Development Authority exceeded liabilities and deferred inflows by \$1,863,831 as of June 30, 2022. The Authority's net position increased by \$522,738 for the fiscal year ended June 30, 2022. Total assets and deferred outflows for fiscal year 2022 increased from fiscal year 2021 by \$748,872 mainly due to increases in cash on hand and a new right to use leased asset. Liabilities and deferred inflows for fiscal year 2022 increased from fiscal year 2021 by \$226,134 mainly due to increase in accrued vacation and pension related deferrals in the current year. The Blowing Rock Tourism Development Authority uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. At June 30, 2022 the Authority's net investment in capital assets was \$56,643. A portion of the Authority's net position, \$295,717, represents resources that are subject to external restrictions on how they may be used. The Blowing Rock Tourism Development Authority's remaining net position balance of \$1,511,471 is unrestricted.

Management's Discussion and Analysis
 Blowing Rock Tourism Development Authority
 June 30, 2022

Blowing Rock Tourism Development Authority's Changes in Net Position
 Figure 3

	Governmental Activities		Total	
	2022	2021	2022	2021
Revenues:				
General revenues:				
Occupancy taxes	\$ 1,787,927	\$ 1,488,294	\$ 1,787,927	\$ 1,488,294
Other	3,135	391	3,135	391
Total revenues	<u>1,791,062</u>	<u>1,488,685</u>	<u>1,791,062</u>	<u>1,488,685</u>
Expenses:				
Economic and physical development	<u>1,268,324</u>	<u>937,006</u>	<u>1,268,324</u>	<u>937,006</u>
Total expenses	<u>1,268,324</u>	<u>937,006</u>	<u>1,268,324</u>	<u>937,006</u>
Increase in net position before transfers	522,738	551,679	522,738	551,679
Transfers to primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net position	522,738	551,679	522,738	551,679
Net position, beginning	<u>1,341,093</u>	<u>789,414</u>	<u>1,341,093</u>	<u>789,414</u>
Net position, June 30	<u>\$ 1,863,831</u>	<u>\$ 1,341,093</u>	<u>\$ 1,863,831</u>	<u>\$ 1,341,093</u>

Governmental Activities. Governmental activities increased the Authority's net position by \$522,738.

Financial Analysis of the Authority's Funds

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

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

The general fund is the chief operating fund of the Blowing Rock Tourism Development Authority. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,621,278, while total fund balance reached \$1,916,995.

At June 30, 2022, the governmental funds of the Blowing Rock Tourism Development Authority reported a combined fund balance of \$1,916,995, a 37.40% increase from last year.

Management's Discussion and Analysis
Blowing Rock Tourism Development Authority
June 30, 2022

Capital Asset and Debt Administration

Capital Assets. The Blowing Rock Tourism Development Authority's investment in capital assets for its governmental activities as of June 30, 2022, totals \$56,643 (net of accumulated depreciation). These assets consist of furniture and equipment.

Blowing Rock Tourism Development Authority's Capital Assets

Figure 4
(net of depreciation)

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets being depreciated:				
Furniture and equipment	\$ 104,259	\$ 19,168	\$ -	\$ 123,427
Total capital assets being depreciated	104,259	19,168	-	123,427
Less accumulated depreciation for:				
Furniture and equipment	56,011	10,773	-	66,784
Total accumulated depreciation	56,011	\$ 10,773	\$ -	66,784
Total capital assets being depreciated, net	48,248			56,643
Governmental activity capital assets, net	<u>\$ 48,248</u>			<u>\$ 56,643</u>
		<u>\$ 10,773</u>		
Economic and Physical Development		<u>\$ 10,773</u>		
Total depreciation expense		<u>\$ 10,773</u>		

Additional information on the Authority's capital assets can be found in note I.E.5. of the Basic Financial Statements.

Long-Term Debt. The Blowing Rock Tourism Development Authority is prohibited by state statute from incurring long-term debt.

Economic Factors. The following key economic indicators reflect the financial condition of the Authority:

- The Blowing Rock Tourism Development Authority works actively to promote Blowing Rock as a prime tourist destination. Blowing Rock is a destination for all seasons and is promoted to keep the tourism industry active throughout the entire year.
- Occupancy Tax is the primary revenue source for the Authority and the amount of tax collected is dependent on the level of activity and prices charged by the properties in Blowing Rock.

Management's Discussion and Analysis
Blowing Rock Tourism Development Authority
June 30, 2022

Requests for Information

This report is designed to provide an overview of the Authority's financial activity. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Blowing Rock Tourism Development Authority, Post Office Box 47, Blowing Rock, NC, 28605.

Basic Financial Statements

Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
Statement of Net Position
June 30, 2022

	Primary Government	
	Governmental Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,784,600	\$ 1,784,600
Taxes receivable (net)	295,717	295,717
Prepaid items	-	-
Total current assets	2,080,317	2,080,317
Noncurrent assets:		
Right to use asset, net	190,322	190,322
Capital assets (Note 1):		
Land, non-depreciable improvements, and construction in progress	-	-
Other capital assets, net of depreciation	56,643	56,643
Total non-current assets	246,965	246,965
Total assets	2,327,282	2,327,282
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan in current fiscal year	50,051	50,051
OPEB deferrals	15,322	15,322
Total deferred outflows of resources	65,373	65,373
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	163,322	163,322
Current portion of long-term liabilities	40,204	40,204
Due to primary government	-	-
Long-term liabilities:		
Due in more than one year	268,813	268,813
Total liabilities	472,339	472,339
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	46,946	46,946
OPEB deferrals	9,539	9,539
Total deferred inflows of resources	56,485	56,485
NET POSITION		
Net investment in capital assets	56,643	56,643
Restricted - stabilization by state statute	295,717	295,717
Unrestricted	1,511,471	1,511,471
Total net position	\$ 1,863,831	\$ 1,863,831

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

Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government:						
Governmental Activities:						
Economic and physical development	\$ 1,267,333	\$ -	\$ -	\$ -	\$ (1,267,333)	\$ (1,267,333)
Interest on long-term debt	991	-	-	-	(991)	(991)
Total governmental activities	1,268,324	-	-	-	(1,268,324)	(1,268,324)
Total primary government	\$ 1,268,324	\$ -	\$ -	\$ -	(1,268,324)	(1,268,324)

General revenues:

Taxes:		
Room occupancy taxes	1,787,927	1,787,927
Unrestricted investment earnings	550	550
Miscellaneous revenues	2,585	2,585
Total general revenues and transfers	1,791,062	1,791,062
Change in net position	522,738	522,738
Net position, beginning	1,341,093	1,341,093
Net position, ending	\$ 1,863,831	\$ 1,863,831

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

**Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
Balance Sheet
Governmental Funds
June 30, 2022**

	General	Total Governmental Funds
ASSETS		
Cash and cash equivalents	1,784,600	\$ 1,784,600
Taxes receivable (net)	295,717	295,717
Prepaid items	-	-
Total assets	\$ 2,080,317	\$ 2,080,317
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 163,322	\$ 163,322
Due to primary government	-	-
Total liabilities	163,322	163,322
Fund balances:		
Restricted		
Stabilization by State Statute	295,717	295,717
Nonspendable		
Prepaid expenses	-	-
Unassigned	1,621,278	1,621,278
Total fund balances	1,916,995	1,916,995
Total liabilities and fund balances	\$ 2,080,317	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	56,643
Net pension liability	-
OPEB liability	-
Deferred outflows of resources related to OPEB are not reported in the funds	15,322
Deferred outflows of resources related to pensions are not reported in the funds	50,051
Deferred inflows of resources related to pensions are not reported in the funds	(46,946)
Deferred inflows of resources related to OPEB are not reported in the funds	(9,539)
Right to use assets at historical cost, net of amortization	190,322
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	(309,017)
Net position of governmental activities	\$ 1,863,831

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

Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	Major Funds	
	General Fund	Total Governmental Funds
REVENUES		
Room occupancy taxes	\$ 1,787,927	\$ 1,787,927
Intergovernmental revenues	-	-
Sales and services	-	-
Donations	-	-
Miscellaneous revenues	2,585	2,585
Investment earnings	550	550
Total revenues	<u>1,791,062</u>	<u>1,791,062</u>
EXPENDITURES		
Current:		
Economic and physical development	1,497,167	1,497,167
Total expenditures	<u>1,497,167</u>	<u>1,497,167</u>
Excess (deficiency) of revenues over expenditures	<u>293,895</u>	<u>293,895</u>
OTHER FINANCING SOURCES (USES)		
Lease liabilities issued	227,859	227,859
Total other financing sources (uses)	<u>227,859</u>	<u>227,859</u>
Net change in fund balance	521,754	521,754
Fund balances, beginning	1,395,241	1,395,241
Fund balances, ending	<u>\$ 1,916,995</u>	<u>\$ 1,916,995</u>

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

**Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022**

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

Net changes in fund balances - total governmental funds	\$ 521,754
Change in fund balance due to change in reserve for inventory	-
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	8,396
Right to use leased asset capital outlay expenditures which were capitalized	227,859
Amortization expense for intangible assets	(37,537)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	18,282
	-
Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
Amount of donated assets	-
Change in deferred revenue for tax revenues	-
	-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.	(190,510)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(6,322)
Pension Expense	(13,977)
OPEB	(5,207)
	-
Total changes in net position of governmental activities	\$ 522,738

Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Room occupancy taxes	\$	\$	\$ 1,787,927	\$
Intergovernmental revenues			-	
Sales and services			-	
Donations			-	
Miscellaneous revenues			2,585	
Total	<u>1,037,712</u>	<u>1,757,048</u>	<u>1,790,512</u>	<u>33,464</u>
Investment earnings	100	100	550	450
Total revenues	<u>1,037,812</u>	<u>1,757,148</u>	<u>1,791,062</u>	<u>33,914</u>
Expenditures:				
Economic and physical development:				
Administrative:				
Salary expense			178,397	
Part-time salaries			10,311	
Employer FICA			13,985	
Retirement benefit			24,348	
Health insurance benefits			18,369	
Advertising			5	
Dues and subscriptions			3,392	
Employee development			8,649	
Miscellaneous			6,015	
Total administrative	<u>241,982</u>	<u>275,607</u>	<u>263,471</u>	<u>12,136</u>
Central services:				
Audit			7,055	
Professional services			-	
Insurance			600	
Overhead costs			12,000	
Total central services	<u>24,000</u>	<u>24,000</u>	<u>19,655</u>	<u>4,345</u>
Direct tourism promotion:				
Advertising, marketing and public relations:				
Advertising funds			148,525	
Website			9,737	
Town calendars			4,000	
Postage and mailings			2,366	
Creative			9,970	
Public relations			-	
Collateral			22,585	
Client entertainment			2,858	
Purchased services			33,009	
TDA signage			-	
Kiosk maintenance			4,077	
Golf cart			13,857	
Tourism marketing			44,592	
Visitor center operations:				
Utilities			-	
Lease principal			37,349	
Interest and other charges			991	
Building repairs and maintenance			-	
Equipment lease and maintenance			3,242	
Telephone			1,503	
Custodial services			-	
Materials and supplies			14,585	
Capital outlay			227,859	
Support of organized groups and events:				
Town parks and special events			28,500	
STR Helper Contract			-	
Events support and grants			23,410	
Total direct tourism promotion	<u>425,925</u>	<u>903,176</u>	<u>633,015</u>	<u>270,161</u>

Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Tourism related expenditures:				
Town property purchase			-	
Town beautification			167,305	
Christmas decorations			3,300	
Town sidewalks			210,000	
Town street maintenance			-	
Memorial park maintenance			32,620	
Town park renovation			-	
Town center beautification			3,000	
General business wifi			-	
Parking facility			89,477	
Support to middle fork			-	
Support to blue ridge parkway			-	
Town other			75,324	
Total tourism related expenditures:	345,905	593,275	581,026	12,249
Other:				
Town parking fund			-	
Contingency			-	
Total other	-	-	-	-
Total economic and physical development	1,037,812	1,796,058	1,497,167	298,891
Total expenditures	1,037,812	1,796,058	1,497,167	298,891
Revenues over (under) expenditures	-	(38,910)	293,895	332,805
Other financing sources (uses):				
Other	-	-	-	-
Lease liabilities issued	-	-	227,859	227,859
Appropriated fund balance	-	38,910	-	(38,910)
Total	-	38,910	227,859	188,949
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	521,754	\$ 521,754
Fund balances, beginning			1,395,241	
Fund balances, ending			\$ 1,916,995	

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

The Blowing Rock Tourism Development Authority
A Component Unit of the Town of Blowing Rock

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The accounting policies of the Blowing Rock Tourism Development Authority 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 the Town of Blowing Rock to levy a room occupancy and tourism development tax; and the Town Council adopted a resolution levying this tax on November 11, 2003. The Town Council created the Blowing Rock Tourism Development Authority (the "Authority") as a public authority under the Local Government Budget and Fiscal Control Act. The Authority is composed of five voting members, serving without compensation and appointed by the Town Council. Quarterly reports are to be made to the Town Council. The Authority may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel, tourism, and conventions for the Town of Blowing Rock.

Government Accounting Standards Board Statement Number 14, "The Financial Reporting Entity", was used to determine that the Authority is a component unit of the Town of Blowing Rock. The Town of Blowing Rock appoints the governing board of the Authority and the Authority operates within the Town's boundaries for the benefit of the Town's residents. The Town is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designates its own management, and maintains its own accounting system.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the authority. The entity has only governmental activities financed through taxes and other non-exchange transactions. The statement of activities presents direct expenses and general revenues for the Authority. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements display information about the Authority' based on fund accounting. The accounts of the Authority are organized and operated using fund accounting. A fund is an

independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements: The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements of the Authority are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Fund Financial Statements: The fund financial statements of the Authority 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.

D. Budgetary Data

Budgetary control is exercised in all funds, and appropriations are made and amended as necessary by the governing board. The budget shown in the statements is the budget ordinance as amended at the close of the day on June 30, 2022. It has been restructured to conform to the structure of the actual data, which is presented in a form to provide the greatest economic meaning to the data. The budget was prepared on the modified accrual basis of accounting as is required by North Carolina law.

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

1. Cash and Cash Equivalents

The Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

2. Deposits

All deposits of the Authority are made in board-designated official depositories and are secured as required by State law [G.S. 15-31]. The Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Authority's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists 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 Authority 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 Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Authority's deposits had a carrying amount of \$1,759,600 and a bank balance of \$1,772,186. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

3. Investments

At June 30, 2022, the Authority had \$25,000 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and a AAAM-mf by Moody's Investors services. The Authority has no formal policy regarding credit risk of its investments.

4. Accrued Vacation

Authority employees may accumulate up to one hundred and sixty hours earned vacation in a calendar year. Such leave is fully vested when earned. Accumulated earned vacation at June 30, 2022 amounted to approximately \$14,782.

5. Capital Assets

Capital assets, over \$1,000 in value and estimated useful life of one or more years, are recorded at original cost if purchased outright or at appraised value at the time of donation, if donated. Capital assets are depreciated using the straight-line method over their estimated useful lives. At June 30, 2022, the Authority's capital assets consisted of furniture and equipment totaling \$123,427, being depreciated over ten years, and had accumulated depreciation of \$66,784. Depreciation expense for the current year was \$10,773. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has two items that meet this criterion, contributions made to the pension plan and contributions to the Other Post Employment Benefit (OPEB) plan in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has two items that meet the criterion for this category, deferrals related to pension and deferrals related to OPEB benefits.

7. Pensions

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

8. Right to Use Leased Assets

The Authority has recorded right to use lease asset as a result of implementing GASB 87. The right to use asset is measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use asset is amortized on a straight-line basis over the life of the related lease.

Right to use asset activity for the Authority for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right to use assets				
Leased building	<u>\$ -</u>	<u>\$ 227,859</u>	<u>\$ -</u>	<u>\$ 227,859</u>
Total right to use assets	<u>-</u>	<u>227,859</u>	<u>-</u>	<u>227,859</u>
Less accumulated amortization for:				
Leased building	<u>-</u>	<u>37,537</u>	<u>-</u>	<u>37,537</u>
Total accumulated amortization	<u>-</u>	<u>37,537</u>	<u>-</u>	<u>37,537</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 190,322</u>	<u>\$ -</u>	<u>\$ 190,322</u>

9. Liabilities

Pension Plan and Postemployment Obligations

1. Local Governmental Employees' Retirement System

Plan Description. The Town of Blowing Rock Tourism Development Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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.

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. Town of Blowing Rock Tourism Development Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Blowing Rock Tourism Development Authority's contractually required contribution rate for the year ended June 30, 2022, was 11.35% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Blowing Rock Tourism Development Authority were \$18,282 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Authority reported a liability of \$32,359 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021 (the measurement date), the Authority's proportion was 0.00211%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized pension expense of \$13,977. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,295	\$ -
Changes of assumptions	20,330	-
Net difference between projected and actual earnings on pension plan investments	-	46,231
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,144	715
Employer contributions subsequent to the measurement date	18,282	-
Total	<u>\$ 50,051</u>	<u>\$ 46,946</u>

\$18,282 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 3,011
2024	(916)
2025	(3,127)
2026	(14,145)
2027	-
Thereafter	-
	<u>\$ (15,177)</u>

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

Salary increases	3.0 Percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 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 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, 2021 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%
	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 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 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s proportionate share of the net pension asset to changes in the discount rate. The following presents the Authority’s proportionate share of the net pension asset calculated using the discount rate of 7.50 percent, as well as what the Authority’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Unit’s proportionate share of the net pension liability (asset)	\$ 125,614	\$ 32,359	\$ (44,385)

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.

2. Supplemental Retirement Income Plan

Plan Description: The TDA contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the TDA. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for employees is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan includes the Supplemental Retirement Income Plan for employees. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919)-981-5454.

Funding Policy: Article 12E of G.S. Chapter 143 requires the TDA to contribute each month an amount equal to two percent of each employee’s salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$10,538, which consisted of \$6,683 from the Authority and \$3,855 from employees.

3. Other Postemployment Benefit

Healthcare Benefits

Plan Description. Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Authority has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided. As of July 1, 2013, this plan provides postemployment healthcare benefits to retirees of the Authority, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System) and have at least 10 years of creditable service with the Authority. Prior to July 1, 2014, employees qualified for similar level benefits after a minimum of five years of creditable service to the Authority. The Authority pays the full cost of coverage for employees’ benefits through private insurers and employees have the option of purchasing dependent coverage at the Authority’s group rates. Health care, prescription drugs, dental and life insurance are provided in the Authority’s retiree health care plan. Coverage will continue until the retiree becomes Medicare eligible, at which time the Authority’s subsidized retiree health care benefits will end. Additionally, eligible retirees will receive life insurance until the retiree is eligible for Medicare. The amount of life insurance is the lesser of their salary at retirement or \$10,000.

Retired Employees' Years of Creditable Service	Coverage
Less than 10 years	Not eligible for coverage
10+ years	Full coverage paid for by Authority

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	General Employees:
Retirees and dependents receiving benefits	0
Active plan members	<u>2</u>
Total	<u><u>2</u></u>

Total OPEB Liability

The Authority's total OPEB Liability of \$71,366 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

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

Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases	3.25%-8.41%, including wage inflation
Municipal bond index rate - prior measurement date	2.21%
Municipal bond index rate - measurement date	2.16%
Pre-Medicare and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030.

The discount used to measure the 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 7/1/2021	\$ 63,018
Changes for the year	
Service cost	2,960
Interest	1,458
Changes of benefit terms	-
Differences between expected and actual experience	(26)
Changes in assumptions or other inputs	3,956
Benefit payments	-
Net changes	<u>8,348</u>
Balance at 6/30/2022	<u>\$ 71,366</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21 % to 2.16 %.

Mortality rates were based on the RP-2014 Total Data for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

	<u>1% Decrease (1.160%)</u>	<u>Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB Liability	\$ 83,399	\$ 71,366	\$ 60,935

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Authority, as well as what the Authority'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% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 58,120	\$ 71,366	\$ 87,627

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

For the year ended June 30, 2022, the Authority recognized OPEB expense of \$5,207. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,195	\$ 6,738
Changes of assumptions	14,127	2,801
Benefit payments and administrative costs made subsequent to the measurement date	-	-
Total	<u>\$ 15,322</u>	<u>\$ 9,539</u>

There were no deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date for the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 789
2024	789
2025	789
2026	789
2027	1,228
Thereafter	1,399
	<u>\$ 5,783</u>

4. Long-term obligations

a. Leases

The Authority has entered into an agreement to lease a building. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreement was executed on June 8, 2018 and requires monthly payments of \$3,195 and expires on October 20, 2022. The board renewed the lease for an additional five-year term which will end on October 20, 2027. There are no variable components of the lease. The lease liability is measured at a discount rate of 3%, which is the Authority's debt borrowing rate. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$190,322 at June 30, 2022. The right to use asset is discussed in more detail in Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity section E.8 of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 37,704	\$ 3,831	\$ 41,535
2024	34,224	4,116	38,340
2025	35,265	3,075	38,340
2026	36,337	2,003	38,340
2027	37,443	897	38,340
Thereafter	9,537	48	9,585
	<u>\$ 190,510</u>	<u>\$ 13,970</u>	<u>\$ 204,480</u>

b. Changes in Long-Term Liabilities

Changes in long-term liabilities as of June 30, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Lease liability	\$ -	\$ 227,859	\$ 37,349	\$ 190,510	\$ 37,704
Compensated absences	8,460	6,102	220	14,782	2,500
Total OPEB liability	63,018	8,374	26	71,366	-
Net pension liability (LGERS)	74,327	-	41,968	32,359	-
Governmental activity long-term liabilities	<u>\$ 145,805</u>	<u>\$ 242,335</u>	<u>\$ 79,563</u>	<u>\$ 309,017</u>	<u>\$ 40,204</u>

10. Net Position / Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. As of June 30, 2021, there was no prepaid expenses in the nonspendable fund balance.

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Blowing Rock Tourism Development Authority’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

11. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Authority obtains general liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy and workers’ compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers’ compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. Flood insurance coverage of \$5,000,000 is also provided through the North Carolina League of Municipalities.

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

In accordance with G.S. 159-29 the Authority’s employees that have access to \$100 or more at any given time of the Authority’s funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

12. Occupancy Taxes

The Authority, in accordance with Session Law (S.L. 2003-281), collects the proceeds of a room occupancy tax 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 Town of Blowing Rock that is subject to sales tax imposed by the State under G.S. 105-164.4(a)(3). This tax is in addition to any State or local sales tax.

The occupancy tax, along with related penalties and interest, collected by the Authority represents substantially all revenues and other financing sources of the Authority.

13. Fund Balance

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

<i>Total fund balance</i>	<i>\$1,916,995</i>
Less:	
Prepaid Items	-
Stabilization by State Statute	295,717
Remaining Fund Balance	1,621,278

II. Stewardship, Compliance and Accountability

The audit for the fiscal year ended June 30, 2022, disclosed no Material Violations of Finance-Related Legal and Contractual Provisions.

III. Subsequent Events

Management has evaluated subsequent events through October 7, 2022– the date the financial statements were available to be issued.

Required Supplementary Information

Blowing Rock Tourism Development Authority
 Authority's Proportionate Share of Net Pension Liability (Asset)
 Required Supplementary Information
 Last Nine Fiscal Years

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Authority's proportion of the net pension liability (asset) (%)	0.00211%	0.00208%	0.00210%	0.00217%	0.00221%	0.00217%	0.00232%	(.0023%)	0.0024%
Authority's proportion of the net pension liability (asset) (\$)	\$ 32,359	\$ 74,327	\$ 57,349	\$ 51,480	\$ 33,763	\$ 46,055	\$ 10,412	\$ (13,741)	\$ 28,929
Authority's covered-employee payroll	\$ 143,978	\$ 138,423	\$ 126,934	\$ 121,319	\$ 115,425	\$ 106,299	\$ 104,495	\$ 100,748	\$ 97,001
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.47%	53.70%	45.18%	42.43%	29.25%	43.33%	9.96%	-13.64%	29.82%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

Blowing Rock Tourism Development Authority
 Authority's Contributions
 Required Supplementary Information
 Last Nine Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Local Government Employees' Retirement System									
Contractually required contribution	\$ 18,282	\$ 16,486	\$ 14,188	\$ 11,488	\$ 10,676	\$ 9,869	\$ 8,472	\$ 8,746	\$ 7,123
Contributions in relation to the contractually required contribution	18,282	16,486	14,188	11,488	10,676	9,869	8,472	8,746	7,123
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 161,076	\$ 143,978	\$ 138,423	\$ 126,934	\$ 121,319	\$ 115,425	\$ 106,299	\$ 104,495	\$ 100,748
Contributions as a percentage of covered-employee payroll	11.35%	11.45%	10.25%	9.05%	8.80%	8.55%	7.97%	8.37%	7.07%

Blowing Rock Tourism Development Authority
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2022

Total OPEB Liability	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,960	\$ 2,651	\$ 2,425	\$ 2,621	\$ 2,869
Interest	1,458	2,054	1,878	1,548	1,314
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(26)	(8,937)	(27)	2,211	-
Changes of assumptions	3,956	11,206	3,499	(1,583)	(4,351)
Benefit payments	-	-	-	-	-
Net change in total OPEB liability	<u>8,348</u>	<u>6,974</u>	<u>7,775</u>	<u>4,797</u>	<u>(168)</u>
Total OPEB liability-beginning	<u>63,018</u>	<u>56,044</u>	<u>48,269</u>	<u>43,472</u>	<u>43,639</u>
Total OPEB liability-ending	<u><u>\$ 71,366</u></u>	<u><u>\$ 63,018</u></u>	<u><u>\$ 56,044</u></u>	<u><u>\$ 48,269</u></u>	<u><u>\$ 43,472</u></u>
Covered payroll	161,076	143,978	138,501	128,634	118,433
Total OPEB liability as a percentage of covered payroll	44.31%	43.77%	40.46%	37.52%	36.71%

Notes to schedule

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

<u>Fiscal year</u>	<u>Rate</u>
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%