

**CABARRUS COUNTY TOURISM
AUTHORITY
d/b/a Cabarrus County Convention And
Visitors Bureau**

**Financial Statements and
Supplementary Information**

Year Ended June 30, 2022

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention and Visitors Bureau
Concord, North Carolina

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John Mills, Executive Vice President - Finance Director

**Cabarrus County Tourism Authority
d/b/a Cabarrus County Convention and Visitors Bureau**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cabarrus County Tourism Authority
d/b/a Cabarrus County Convention and Visitors Bureau
Concord, North Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of **Cabarrus County Tourism Authority d/b/a Cabarrus County Convention and Visitors Bureau**, as of and for the year ended June 30, 2022, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and the major fund for the **Cabarrus County Tourism Authority d/b/a Cabarrus County Convention and Visitors Bureau** as of June 30, 2022, and the respective changes in financial position 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the **Cabarrus County Tourism Authority d/b/a Cabarrus County Convention and Visitors Bureau**, 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.

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with GAAS will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures 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 **Cabarrus County Tourism Authority d/b/a Cabarrus County Convention and Visitors Bureau'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 **Cabarrus County Tourism Authority d/b/a Cabarrus County Convention and Visitors Bureau'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, on pages 5 through 11, and the Local Government Employees' Retirement System Schedules of the Bureau's Proportionate Share of Net Pension Liability and Bureau Contributions, on pages 32 and 33, 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 principally 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.

Potter & Company, P.A

Potter & Company, P.A.
Concord, North Carolina
November 29, 2022

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

As management of the Cabarrus County Tourism Authority d/b/a/ Cabarrus County Convention and Visitors Bureau (the "Bureau"), we offer readers of the Bureau's financial statements this narrative overview and analysis of the financial activities of the Bureau for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Bureau's financial statements and notes, which follow this narrative.

Financial Highlights

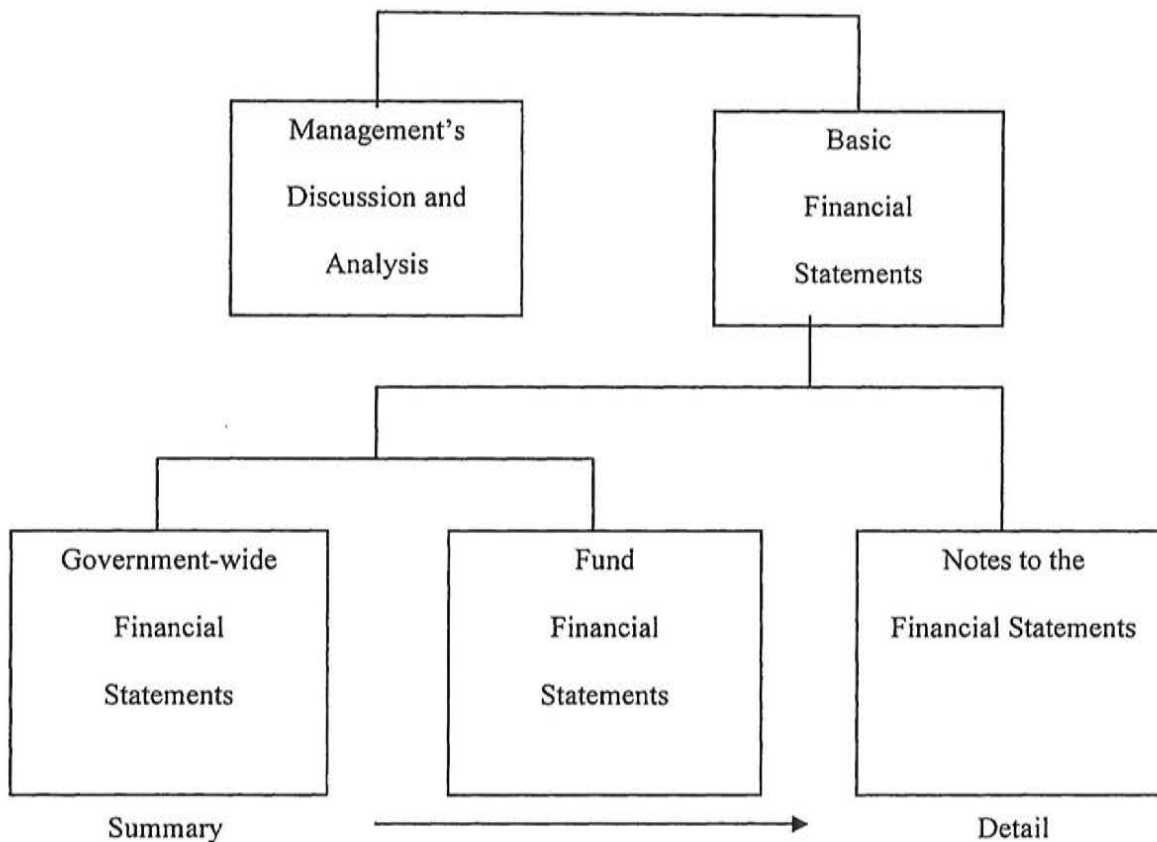
- The assets and deferred outflows of resources of the Bureau exceed the liabilities and deferred inflows of resources at the close of the fiscal year by \$5,970,887 (Net Position).
- The Bureau's total Net Position increased by \$1,738,284 due primarily to travel demand recovery. The recovery of leisure travel as well as hotel average daily rates outpaced all economist's expectations.
- The Bureau's total fund balance of \$6,204,913 at the end of the year is made of committed Tourism Capital Reserves fund of \$1,749,537 and committed for subsequent year's expenditures of \$4,455,376.
- The Bureau's revenues increased 72%, or \$2,704,497 from the prior fiscal year due to travel demand recovery. Expenses increased by 82%, or \$2,157,917 due to an interlocal agreement with the City of Kannapolis, destination rebranding, and new website creation.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Bureau's basic financial statements. The Bureau's basic financial statements consist of three components, 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Bureau is considered a special purpose government rather than a general government. In addition, the Bureau engages only in governmental activities and operates only one program.

Required Components of Annual Financial Reports



CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

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 Bureau's financial status.

The next statements (Exhibits 3, 4 and 5) are Fund Financial Statements. These statements provide more detail than the government-wide statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

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

The two government-wide statements report the Bureau's Net Position and how they have changed. Net Position is the difference between the Bureau's total assets and total liabilities. Measuring Net Position is one way to gauge the Bureau'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 provide a more detailed look at the Bureau's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bureau, like all governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Bureau's budget ordinance. All of the funds of the Bureau belong in 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. The Bureau's activities 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 the current financial resources focus and the modified accrual basis of accounting. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps to determine if there are more or less financial resources available to finance the Bureau's programs.

CABARRUS COUNTY TOURISM AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

The Bureau adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document. The budget authorizes the Bureau to obtain funds from identified sources to finance current period activities. The budgetary statement provided for the General Fund demonstrates how well the Bureau complied with the budget ordinance.

Notes to the Financial Statements – The notes provide additional information that is essential to fully understanding data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The Governmental Accounting Standards Board (GASB) Statement 34 dictated the changes you see in the Bureau's financial reports, as well as in those of many other units of government.

Net Position
Figure 1

	2022	2021
Current Assets	\$ 6,316,666	\$ 4,890,455
Noncurrent Assets	1,488,813	110,004
Total Assets	<u>\$ 7,805,813</u>	<u>\$ 5,000,459</u>
Deferred outflows of resources	<u>\$ 258,029</u>	<u>\$ 281,998</u>
Current Liabilities	\$ 370,917	\$ 443,223
Noncurrent Liabilities	1,382,582	579,967
Total Liabilities	<u>\$ 1,753,499</u>	<u>\$ 1,023,190</u>
Deferred inflows of resources	<u>\$ 339,122</u>	<u>\$ 26,654</u>
Net Assets		
Net investment in capital assets	\$ 89,003	\$ 110,004
Restricted for Sports Development	-	77,391
Restricted for Tourism Development	1,749,537	2,172,146
Unrestricted	<u>4,132,347</u>	<u>1,873,062</u>
Net Position	<u>\$ 5,970,887</u>	<u>\$ 4,232,603</u>

CABARRUS COUNTY TOURISM AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

As noted earlier, Net Position may serve over time as one useful indicator of a government's financial condition. The assets of the Bureau exceeded liabilities by \$5,970,887 of June 30, 2022. The Bureau's Net Position increased by \$1,738,284 for the fiscal year ended June 30, 2022.

Changes in Net Position
Figure 2

		Governmental Activities	
		June 30, 2022	
		2022	2021
Revenues			
General Revenues			
	Occupancy Tax	\$ 6,138,714	\$ 3,748,422
	Program Fees	3,158	3,182
	Advertising Fees	16,126	-
	Other Income	298,736	-
	Earned Interest	1,631	2,264
	Total Revenues	6,458,365	3,753,868
Expenses			
	Economic and Physical Development	4,720,081	2,771,241
	Total Expenses	4,720,081	2,771,241
	Increase (Decrease) in Net Assets	1,738,284	982,627
	Net Position - Beginning	4,232,603	3,249,976
	Net Position - Ending	\$ 5,970,887	\$ 4,232,603

Financial Analysis of the Bureau's Funds

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

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

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

The General Fund is the operating fund of the Bureau. At the end of the fiscal year, committed fund balance for subsequent year's expenditures of the General Fund was \$4,455,376. The Tourism Capital Reserve fund is to fund capital projects, sales and marketing, and tourism development of the Bureau. At the end of the fiscal year, committed fund balance of the Tourism Capital Reserve Fund was \$1,749,537.

Economic Factors for FY2022

The following key economic indicators reflect the current state of the travel industry in Cabarrus County.

- As the impact of COVID 19 began to subside in FY2022 there was a record-breaking return to travel. The growth of year over year travel was much higher than what national tourism economists were predicting.
- As FY2022 began, the demand was being driven mostly by Leisure travel. These travelers were getting out to visit family and friends they were not able to see in the previous year. Business and Group travel was slower to recover since companies and meeting planners were hesitant to start back up as COVID variants emerged. By the end of FY2022 both Business and Group were pacing ahead of the previous year.
- The concern of inflation and gas prices on travel did not materialize as expected. During the spring months of 2022 Cabarrus County saw lodging room demand grow by 12.5%. During FY2022 lodging room demand grew by 24.3%.
- Lodging Average Daily rates have been the most impacted by inflation. The cost of labor and supplies moved lodging rates up by 24% over the previous year. Most economists were predicting a pre-pandemic return to normal Average Daily Rates in late 2023 or 2024.
- Occupancy tax collections of \$6,138,714 was a record for the organization. The collections were \$426,840 higher than FY2021 and \$2,188,711 higher than what was budget in FY2022. The Bureau also received full loan forgiveness for the PPP loan of \$293,073 that it received in the Spring of 2021.
- The Bureau spent FY2022 jump starting its marketing efforts. A rebranding process took place and Explore Cabarrus was created. Fund Balance appropriations were made to increase advertising spend to promote the new brand. The result was increased website traffic and destination awareness.

Budget Highlights for the Fiscal Year Ending June 30, 2023

The budget for FY2023 is \$5,766,060 with Occupancy Tax collections of \$5,730,000. Throughout the first three months of FY2023 Occupancy Tax collections are ahead of FY2022 collections by \$289,762. Recession fears will be closely monitored over the next several months. The Bureau has research tools that allow it to monitor travel demand daily. Any recessionary impacts can be immediately seen, and appropriate spending decisions can be made. The Bureau will be spending the greatest portion of its budget promoting leisure travel. A new website will be finalized in FY2023 making it easier for visitors to navigate and discover all the attractions and events Cabarrus County has to offer.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Requests for Information

This report is designed to provide an overview of the Bureau's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Cabarrus County Tourism Authority, 10099 Weddington Rd Ste 102, Concord, NC 28027.

BASIC FINANCIAL STATEMENTS

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention and Visitors Bureau
STATEMENT OF NET POSITION
June 30, 2022

Exhibit 1

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 5,776,743
Due from County	539,923
Total Current Assets	<u>6,316,666</u>
Noncurrent Assets:	
Right to use leased assets, net of amortization	<u>1,399,810</u>
Capital Assets:	
Computer equipment	62,777
Vehicles	88,066
Leasehold improvements	215,791
Office equipment	75,345
Other fixed assets	7,935
	<u>449,914</u>
Less Accumulated Depreciation	<u>(360,911)</u>
Total Capital Assets, net	<u>89,003</u>
Total Noncurrent Assets	<u>1,488,813</u>
Total Assets	<u>7,805,479</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>258,029</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	62,875
Accrued liabilities	122,753
Lease obligation - current portion	185,289
Total Current Liabilities	<u>370,917</u>
Long-term liabilities:	
Lease obligations	1,224,008
Net pension liability	158,574
Total Noncurrent Liabilities	<u>1,382,582</u>
Total Liabilities	<u>1,753,499</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>339,122</u>
NET POSITION	
Net investment in capital assets	89,003
Restricted for:	
Sports development	-
Tourism capital reserves	1,749,537
Subsequent year's expenditures	4,132,347
Total Net Position	<u>\$ 5,970,887</u>

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention and Visitors Bureau
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Program Fees	Operating Grants and Contributions	
Economic and physical development	\$ 4,720,081	3,158	6,138,714	\$ 1,421,791
Total	<u>\$ 4,720,081</u>	<u>\$ 3,158</u>	<u>\$ 6,138,714</u>	1,421,791
General revenues:				
Advertising fees				16,126
Miscellaneous				298,736
Investment earnings, unrestricted				1,631
Donated revenue				<u>-</u>
Change in net position				1,738,284
Net Position - beginning				<u>4,232,603</u>
Net Position - ending				<u>\$ 5,970,887</u>

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a/ Cabarrus County Convention and Visitors Bureau
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2022

Exhibit 3

	<u>Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,776,743	\$ 5,776,743
Due from County	539,923	539,923
Total Current Assets	<u>6,316,666</u>	<u>6,316,666</u>
 Total Assets	 <u>\$ 6,316,666</u>	 <u>\$ 6,316,666</u>
 LIABILITIES AND FUND BALANCE		
Current Liabilities:		
Accounts payable	\$ 62,875	\$ 62,875
Accrued liabilities	48,878	48,878
Total Current Liabilities	<u>111,753</u>	<u>111,753</u>
 Total Liabilities	 <u>111,753</u>	 <u>111,753</u>
 Fund Balance:		
Committed For:		
Sports development	-	-
Tourism capital reserves	1,749,537	1,749,537
Subsequent year's expenditures	<u>4,455,376</u>	<u>4,455,376</u>
Total Fund Balance	<u>6,204,913</u>	<u>6,204,913</u>
Total Liabilities and Fund Balance	<u>\$ 6,316,666</u>	<u>\$ 6,316,666</u>
 Amounts reported for governmental activities in the statement of net position are different because:		
Ending fund balance - governmental funds		\$ 6,204,913
Capital assets are not capitalized and are expensed in the funds		89,003
Right to use leased assets are not financial resources and therefore are not reported in the funds		14,975
Deferred outflows of resources related to pensions		258,029
Net pension liability		(158,574)
Deferred inflows of resources related to pensions		(339,122)
Some liabilities, including lease obligations, are not due and payable in the current period		(24,462)
Liabilities for compensated absences are not reported in the funds		<u>(73,875)</u>
Net position of the governmental activities		<u>\$ 5,970,887</u>

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention and Visitors Bureau
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended June 30, 2022

Exhibit 4

	<u>Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	
Revenues:		
Occupancy tax revenue	\$ 6,138,714	\$ 6,138,714
Advertising fees	16,126	16,126
Items for resale	3,158	3,158
Miscellaneous revenues	298,736	298,736
Interest on investments	1,631	1,631
Donated revenue	-	-
Total revenues	<u>6,458,365</u>	<u>6,458,365</u>
Expenditures:		
Current:		
Economic and physical development	<u>4,799,789</u>	<u>4,799,789</u>
Revenues over expenditures	<u>1,658,576</u>	<u>1,658,576</u>
Other Financing Sources (Uses)		
Lease obligation proceeds	20,735	20,735
Transfer from (to) other funds	-	-
Total other financing sources (uses)	<u>20,735</u>	<u>20,735</u>
Net change in fund balance	1,679,311	1,679,311
Fund balance, beginning of year	<u>4,525,602</u>	<u>4,525,602</u>
Fund balance, end of year	<u><u>\$ 6,204,913</u></u>	<u><u>\$ 6,204,913</u></u>

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention and Visitors Bureau
RECONCILIATION OF THE STATEMENT OF ACTIVITIES TO THE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
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		\$ 1,679,311
Right to use leased asset capital outlay expenditures which were capitalized	20,735	
Amortization expense for intangible assets	<u>(190,652)</u>	(169,917)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period		(21,001)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		107,956
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		
New lease obligations issued		(20,735)
Repayment of lease obligations		181,165
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		
Pension expense		(22,991)
Compensated absences		<u>4,496</u>
Total changes in net position of governmental activities		<u>\$ 1,738,284</u>

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention and Visitors Bureau
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

Exhibit 6

	Original Budget	Final Budget	Actual	Variances Positive (Negative)
Revenues:				
Occupancy tax	\$ 3,950,003	\$ 3,950,003	\$ 6,138,714	\$ 2,188,711
Advertising revenues	15,000	15,000	16,126	1,126
Items for resale	3,300	3,300	3,158	(142)
Miscellaneous revenue	2,500	2,500	298,736	296,236
Interest on investments	2,760	2,760	1,631	(1,129)
Fund balance appropriated	-	1,050,576	-	(1,050,576)
Total revenues	3,973,563	5,024,139	6,458,365	1,434,226
Expenditures:				
Economic and physical development:				
Salaries and employee benefits	1,338,558	1,338,558	1,306,441	32,117
Administration*	582,719	695,719	712,895	(17,176)
Advertising	815,911	890,911	856,705	34,206
Events	54,705	74,705	56,739	17,966
Agreements	576,972	1,198,472	1,175,128	23,344
Sales and marketing	604,698	825,774	691,881	133,893
Total expenditures	3,973,563	5,024,139	4,799,789	224,350
Revenues over (under) expenditures	-	-	1,658,576	1,658,576
Other Financing Sources (Uses)				
Lease obligation proceeds	-	-	20,735	20,735
Transfer from (to) other funds	-	-	-	-
Total other financing sources (uses)	-	-	20,735	20,735
Expenditures and other uses over revenues and other sources	\$ -	\$ -	1,679,311	\$ 1,679,311
Fund balance, beginning of year			4,525,602	
Fund balance, end of year			\$ 6,204,913	

* Budget to actual variances are a result of the implementation of GASB 87.

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO THE FINANCIAL STATEMENT
For the year ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cabarrus County Tourism Authority d/b/a/ Cabarrus County Convention and Visitors Bureau conform to generally accepted accounting principles as applicable to government entities. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Cabarrus County Tourism Authority d/b/a Cabarrus County Convention and Visitors Bureau (the "Bureau") was chartered as the Tourism Development Authority for Cabarrus County by S.L. 1989-658/House Bill 813 of the 1989 session laws of the North Carolina General Assembly, effective July 19, 1989. The purpose of the Bureau is to promote travel and tourism in Cabarrus County. The Bureau's Board is composed of 12 members. The Cabarrus County Commissioners appoint 3 members to the Bureau's Board. The Cabarrus Regional Chamber of Commerce appoints 3 members to the Bureau's Board. The Bureau appoints the final 6 members to the Board. The budget of the Bureau is approved by the Board of the Bureau, and the Cabarrus County Commissioners concur with the budget. The Bureau is funded through the local hotel occupancy tax.

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display information about the governmental entity. These statements include the financial activities of the overall governmental entity.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Bureau's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Bureau's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Bureau has the following major governmental fund:

General Fund – The General Fund is the general operating fund of the Bureau. Additionally, the Bureau has legally adopted a Tourism Capital Reserve Fund. Under GASB 54 guidance the Tourism Capital Reserve Fund is consolidated with the General Fund. The budgetary comparison for the Tourism Capital Reserve Fund has been consolidated with the General Fund.

-Continued-

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus and 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.

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.

The Bureau recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Non-exchange transactions occur when a government provides (or receives) value to (or from) another party without receiving (or giving) equal or nearly equal value in return. The Bureau considers all revenues available if they are collected within 60 days after year end.

The Bureau has implemented Governmental Accounting Standards Board (GASB) Statement Number 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

D. Budgetary Data

Budget

Budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year end. The budget is prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Any revisions that alter total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets, Liabilities and Fund Equity (cont'd)

2. Cash and Cash Equivalents

All bank deposits are essentially demand deposits and are considered cash and cash equivalents.

3. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. No provision for bad debt is included in these financial statements because the Bureau considers all accounts receivable to be collectible at June 30, 2022.

4. Capital Assets

All acquisitions of capital assets and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Capital assets are carried at cost. Donations of capital assets are recorded as support at their estimated fair value as established by the donor. Depreciation is computed using the straight-line method as follows:

Computer Equipment	5 years
Vehicles	5 years
Leasehold Improvements	15 years
Office Equipment	5 years
Other fixed assets	5 years

5. Right to use assets

The Bureau has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially 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 assets are amortized on a straight-line basis over the life of the related lease.

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 Bureau has one item that meets this criterion, contributions made to the pension plan in the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Bureau has one item

-Continued-

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets, Liabilities and Fund Equity (cont'd)

that meets the criterion for this category, deferrals of pension expense that result from the implementation of GASB Statement 68.

7. Compensated Absences

The paid time off (PTO) policy of the Bureau provides for the accumulation of up to 240 hours earned leave with such leave being fully vested when earned. For the Bureau's government-wide fund, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Bureau has assumed a last-in, first-out method of using accumulated compensation 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.

8. Net Position/Fund Balances

Net Position

Net position in the government-wide financial statements is classified as net investments in capital assets, restricted and unrestricted. Restricted net position represent 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.

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 type classifies 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.

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

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

Assigned Fund Balance – Portion of fund balance that the Bureau intends to use for specific purposes.

-Continued-

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Assets, Liabilities and Fund Equity (cont'd)

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

8. Pensions

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

Income Tax Status

Cabarrus County Tourism Authority is recognized as a Bureau exempt from federal income tax and not subject to private foundation status under Section 501(c)(6) of the Internal Revenue Code.

The Authority has adopted ASC 740-10, effective for audit years ending after December 15, 2009, as it relates to uncertain tax positions for the year ended June 30, 2022 and has evaluated its tax positions for all open tax years. The Bureau is not currently under audit nor has the Bureau been contacted by the Internal Revenue Service.

Based on the evaluation of the Bureau's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the year ended June 30, 2022.

F. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

G. Subsequent Events

Management has evaluated subsequent events through November 29, 2022, the date the financial statements were available to be issued.

-Continued-

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits

All the deposits of the Bureau are either insured or collateralized. All deposits that exceed the Federal Depository Insurance coverage level are collateralized with securities held by the Bureau's agents in these units' names.

At June 30, 2022, the Bureau's deposits had a carrying amount of \$5,776,743, and a bank balance of \$5,949,591. Of the bank balance, \$250,000 was covered by federal depository insurance for each of the two banks, and \$5,449,591 was covered by collateral.

B. Due from County

Due from County consisted primarily of the occupancy tax payment of \$539,923 that was due from Cabarrus County at June 30, 2022.

C. Capital Assets

The following is a summary of changes in capital assets during the fiscal year:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets being depreciated:				
Computer equipment	\$ 62,777	\$ -	\$ -	\$ 62,777
Vehicles	88,066	-	-	88,066
Leasehold improvements	215,791	-	-	215,791
Office equipment	75,345	-	-	75,345
Other fixed assets	7,935	-	-	7,935
Total capital assets being depreciated	449,914	-	-	449,914
Less accumulated depreciation for:				
Computer equipment	56,622	1,944	-	58,566
Vehicles	75,220	4,671	-	79,891
Leasehold improvements	124,788	14,386	-	139,174
Office equipment	75,345	-	-	75,345
Other fixed assets	7,935	-	-	7,935
Total accumulated depreciated	339,910	\$ 21,001	\$ -	360,911
Total capital assets being depreciated, net	\$ 110,004			\$ 89,003

-Continued-

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - DETAIL NOTE ON ALL FUNDS AND ACCOUNT GROUPS (cont'd)

D. Right to use assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased buildings	\$ 1,569,727	\$ 20,7345	\$ -	\$ 1,590,462
Total right to use assets	1,569,727	20,735	-	1,590,462
Less accumulated amortization for:				
Leased buildings	-	190,652	-	190,652
Total accumulated amortization	-	\$ 190,652	\$ -	190,652
Right to use assets, net	\$ 1,569,727			\$ 1,399,810

Amortization expense is calculated using the straight line method over the estimated useful life. Amortization expense totaled \$190,652 for the year ended June 30, 2022.

E. Liabilities

Risk Management

The Bureau is exposed to various risks of loss related to torts, theft of assets, errors and omissions, and natural disasters. The Finance Director of the Bureau is bonded by a public official's bond in the amount of \$50,000.

The Bureau's insurance policy is administered by Trey Siner Insurance Group. Through this policy, the Bureau has workers' compensation coverage up to statutory limits and employers' liability coverage up to \$1,000,000. The Bureau also participates in an insurance policy for General Liability coverage up to \$1,000,000 and Directors and Officers liability coverage up to \$1,000,000.

The Bureau has not acquired flood insurance.

Changes in Long-Term Liabilities is as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Governmental activities:					
Lease obligations	\$ 1,569,728	\$ 20,735	\$ (181,165)	\$ 1,409,298	\$ 185,289
Compensated absences	78,371	-	(4,496)	73,875	73,874
Governmental activities long-term liabilities	\$ 1,648,099	\$ 20,735	\$ (185,661)	\$ 1,483,173	\$ 259,163

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

F. Occupancy Taxes

Cabarrus County, in accordance with state law (S.L. 1999-112), transfers the proceeds of room occupancy tax 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). This tax is in addition to any state or local sales tax. This tax does not apply to accommodations furnished by nonprofit, charitable, educational, or religious Bureaus. The occupancy tax transferred from Cabarrus County represents 95% of total revenues and other financing sources of the Bureau.

NOTE 3- RETIREMENT PLAN

A. Local Governmental Employees' Retirement System

Plan Description. The Bureau 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 (ACFR) for the State of North Carolina. The State's ACFR 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.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3- RETIREMENT PLAN (cont'd)

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. Bureau employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Bureau's contractually required contribution rate for the year ended June 30, 2022, was 10.82%, 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 Bureau were \$83,982 for the year ended June 30, 2022.

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

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

At June 30, 2022, the Bureau reported a liability of \$158,574 for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The 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, 2021 and 2020, the Bureau's proportion was 0.01034 and 0.01623%, respectively.

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3- RETIREMENT PLAN (cont'd)

For the year ended June 30, 2022, the Bureau recognized pension expense of \$22,991. At June 30, 2022, the Bureau 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	\$ 50,448	\$ -
Changes of assumptions	99,625	-
Net difference between projected and actual earnings on pension plan investments	-	226,554
Changes in proportion and differences between Bureau contributions and proportionate share of contributions	-	112,568
Bureau contributions subsequent to the Measurement date	107,956	-
Total	\$ 258,029	\$ 339,122

\$107,956 reported as deferred outflows of resources related to pensions resulting from Bureau contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	\$ (43,645)
2024	(50,035)
2025	(69,327)
2026	-
Thereafter	-

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

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

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3- RETIREMENT PLAN (cont'd)

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, 2011 through December 31, 2015.

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, 2018 are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
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 2020 asset / liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3- RETIREMENT PLAN (cont'd)

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 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 6.50 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 or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Bureau's proportionate share of the net pension liability (asset)	\$ 615,570	\$ 158,574	\$ (217,508)

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 (ACFR) for the State of North Carolina.

A. NC401(k) Annuity Program

The Bureau also offers a NC401(k) tax deferred annuity program. Eligible employees can contribute to the plan from their salary. The Bureau currently contributes 5% of the employees' salary. The amount paid to the retirement program by the Bureau during the year ended June 30, 2022 was \$44,907.

NOTE 4 - JOINT VENTURE

The Bureau takes part in a joint venture in conjunction with Cabarrus County. The Bureau receives 90% of room occupancy taxes, which are levied and collected by the County. For the year ended June 30, 2022, occupancy taxes totaling \$5,515,284 were received from the County.

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 - LEASES

The Bureau has entered into agreements to lease buildings. The lease agreements qualify 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 right to use asset is discussed in more detail in footnote 1.

The Bureau has a ten-year operating lease for office space located in Concord, North Carolina, expiring February 2030 with payments of \$15,912 due monthly. The Bureau has a two year operating lease for its office copier, expiring July 2023 with payments of \$464 due monthly. The Bureau also has a three year operating lease for a vehicle, expiring in August 2024 with payments of interest and principal of \$588 due monthly. These lease obligation calculations use the Bureau's incremental borrowing rate of 1.38%.

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	\$ 185,289	\$ 18,295	\$ 203,584
2024	182,678	15,793	198,471
2025	178,875	13,247	192,122
2026	180,169	10,776	190,945
2027	182,672	8,273	190,945
Thereafter	499,615	9,571	509,186
	<u>\$ 1,409,298</u>	<u>\$ 75,955</u>	<u>\$ 1,485,253</u>

NOTE 6 - RELATED PARTY TRANSACTIONS

A board member, Greg Walter, is the Executive Vice President and General Manager for Charlotte Motor Speedway. The Bureau paid Charlotte Motor Speedway \$246,314 during the year ended June 30, 2022, under a marketing agreement and event sponsorship.

A board member, Owen Parker, is the General Manager of Hilton Garden Inn. The Bureau paid the Hilton Garden Inn \$3,164 during the year ended June 30, 2022, for sponsorship of group meetings throughout the year.

A board member, Steve Steinbacher, is the Managing Partner for Cabarrus Brewing Company. The Bureau paid Cabarrus Brewing Company \$1,184 during the year ended June 30, 2022, for an event sponsorship.

A board member, Terry Crawford, is a Councilman of the City of Concord. The Bureau paid the City of Concord \$16,530 during the year ended June 30, 2022, for a security camera pilot program.

A board member, Alan Benson, is the General Manager for Embassy Suites. The Bureau paid Embassy Suites \$57,473 during the year ended June 30, 2022, for sponsorship of group meetings throughout the year.

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CABARRUS COUNTY TOURISM AUTHORITY
d/b/a CABARRUS COUNTY CONVENTION AND VISITORS BUREAU
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 7 – PAYCHECK PROTECTION PROGRAM

On March 26, 2021, the Bureau received loan proceeds in the amount of \$293,073 under the Paycheck Protection Program (“PPP”) administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Bureau intends to use PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period.

On July 30, 2021, the Bureau applied for full forgiveness of the initial PPP loan proceeds. After notification of forgiveness by the Small Business Administration (SBA), the Bureau recognized other income in 2022 of \$293,073. The Bureau received notification of loan forgiveness by the SBA on October 19, 2021.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention And Visitors Bureau
SCHEDULE OF BUREAU CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 107,956	\$ 83,982	\$ 99,637	\$ 90,238	\$ 81,980	\$ 79,765	\$ 72,368	\$ 72,393	\$ 68,376
Contributions in relation to the contractually required contribution	107,956	83,982	99,637	90,238	81,980	79,765	72,368	72,383	68,376
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bureau's covered-employee payroll	\$ 898,136	\$ 776,174	\$ 1,035,728	\$ 1,071,710	\$ 1,003,427	\$ 1,007,134	\$ 985,940	\$ 935,181	\$ 883,411
Contributions as a percentage of covered-employee payroll	12.02%	10.82%	9.62%	8.42%	8.17%	7.92%	7.34%	7.74%	7.74%

The accompanying notes are an integral part of this statement.

CABARRUS COUNTY TOURISM AUTHORITY
d/b/a Cabarrus County Convention And Visitors Bureau
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE BUREAU'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bureau's proportion of the net pension liability (asset)	0.01034%	0.01623%	0.01701%	0.01715%	0.01801%	0.02050%	0.01870%	0.01898%	0.01700%
Bureau's proportionate share of the net pension liability (asset)	\$ 158,574	\$ 579,967	\$ 464,531	\$ 406,856	\$ 275,143	\$ 435,078	\$ 83,700	\$ (111,934)	\$ 204,915
Bureau's covered-employee payroll	\$ 776,174	\$ 1,035,728	\$ 1,071,710	\$ 1,003,427	\$ 1,007,134	\$ 985,940	\$ 883,411	\$ 883,411	\$ 844,141
Bureau's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.43%	56.00%	43.34%	40.55%	27.32%	44.13%	9.47%	-12.67%	24.27%
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%

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

The accompanying notes are an integral part of this statement.