Agenda

Hillsborough Tourism Development Authority

5:30 p.m. November 18, 2026
Town Board Meeting Room, 105 E. Corbin St.

1. **Call to order and confirmation of quorum**

2. **Agenda changes and approval**

3. **Minutes**
   A. May 20, 2026 (Budget Public Hearing)

4. **Presentations**
   A. Presentation of FY25-26 TDA marketing contract successes (Alliance/Visitors Center)

5. **Discussion/Action Items**
   A. Special Projects/Partnership Funding Request- Word on the Street Literary Festival ($2,000)
   B. Special Projects/Partnership Funding Request- Mural at Walk Inn ($9,000)
   C. Special Projects/Partnership Funding Request- Elizabeth Keckly Center at Burwell School Smithsonian Institution's traveling exhibition 'Americans' Marketing request ($7,500)
   D. Special Projects/Partnership Funding Request- Telling the Full Story Podcast/Documentary and informational booklets ($10,000)
   E. Direction on Special Project/Partnership Funding of Moorefield's Bluegrass Festival Partnership- $2,500 (event was cancelled)
   F. Follow-up information on Special Project/Partnership Funding- Outlandish Shuttle Service
   G. Marketing Budget Amendment Proposal ($5,200) for Triangle Media Partners campaign
   H. Adoption of draft 2027 TDA Meeting Calendar
   I. Presentation of the FY26 TDA Audit
   J. Discussion on TDA funding structure/policies and any updates/modifications needed (time permitting)

6. **Monthly Reports and Updates**
   A. Tourism Staff Updates
      - Staffing announcements for OCVB interim director
      - Fund balance spend down ideas for FY28 (more marketing budget for next year, more holiday décor budget, potentially hiring a staff person next year)
      - Need to fill Occupancy Tax seat vacancy

   B. Occupancy Tax Report

C. TDA Member Comments & Updates

7. Adjournment

Minutes

TOURISM DEVELOPMENT AUTHORITY

Budget Public Hearing Meeting
5:30 p.m. May 20, 2026
Board Meeting Room of Town Hall Annex, 105 E. Corbin St.

Present:	Chair Meaghun Darab and Victoria Pace
Staff:	Planning and Economic Development Manager Shannan Campbell Planning Technician Dakotah Kimbrough

1. **Call to Order and Confirmation Of Quorum**
   Chair Meaghun Darab called the meeting to order at 5:30 p.m. The presence of a quorum was confirmed.

2. **Agenda changes and approval**
   No agenda changes were proposed.

   Motion: Member Victoria Pace moved to approve the agenda as submitted. Chair Darab seconded.
   Vote: 2-0.

3. **Action/Discussion Items**
   A. TDA Audit And Engagement Contracts (FY26)
   Planning and Economic Development Manager Shannan Campbell presented the audit engagement contract, noting it was structured similarly to the Tourism Board's audit contract but at a slightly lower cost of $3,500, reflecting the TDA's smaller financial scope. The cost was confirmed to be within the budgeted amount.

   Motion: Member Victoria Pace moved to approve the audit contract. Chair Darab seconded.
   Vote: 2-0.

   B. Public Hearing for the Draft FY 2027 TDA Budget
   Manager Campbell presented the updated draft FY 2027 budget, noting several changes from the previously discussed and reviewed versions.

   Removal of Shared Picnic Shelter Funding: The proposed cost-sharing arrangement between the TDA, Tourism Board, and Town Board for shelters at Cates Creek Park and Riverwalk was removed from the TDA budget. Campbell explained that the Tourism Board had not been enthusiastic about the funding, and that the Town Board appeared more inclined to take on that expenditure, potentially this fiscal year or in FY 2028. There was brief discussion among members about the practical need for shade at Cates Creek Park, given the relative lack of tree cover at that location. It was noted that the Town Board had expressed support for funding at least the Cates Creek shelter, with the Riverwalk shelter potentially deferred or replaced by a second Cates Creek structure.
   Uproar Festival of Public Art: Manager Campbell summarized the funding situation for the Uproar Festival, a public art event that has grown in cost due to expenses for high-quality artists, opening and closing parties, and event logistics. Festival organizer Katie Murray had estimated a need of approximately $20,000 from Hillsborough sources combined. The Tourism Board had committed to funding a grant of $10,000, and a

request for $10,000 had also been submitted to the Town Board, though its full approval was uncertain. The draft budget had included $5,000 from the TDA. Member Victoria Pace raised the TDA's healthy fund balance — approximately $496,000 against total projected expenditures of roughly $136,000 — and suggested the TDA was well-positioned to increase its contribution. It was discussed that Uproar's opening or closing party is held in Hillsborough at the mill, and that the event serves as a destination marketing vehicle, with the Visit Hillsborough logo and website featured in festival materials. While exact heads-and-beds data for Uproar has been difficult to quantify, members agreed the event plausibly generates overnight stays and should be paid from tourism dollars.

Motion: Member Pace moved to increase the TDA's Uproar allocation from $5,000 to $10,000. Chair Darab seconded.
Vote: 2-0.

Staff Salary: A question was raised regarding the flat salary line item. Manager Campbell explained that when she assumed the Planning Director role in 2021 in addition to her tourism and economic development duties, the workload balance shifted such that less time was being dedicated to TDA administrative functions. The TDA's contract for staff services was subsequently renegotiated downward and placed on a three-year auto-renewing term. Campbell noted that it would benefit the town's tourism function to eventually reconstitute the dedicated Economic Development and Tourism Planner position she had originally been hired into in 2015 — a role focused exclusively on managing the TDA, Tourism Board, visitor center, and associated budgets, without the planning department responsibilities. She suggested that if such a position were recreated, it would likely be funded through a cost-sharing arrangement among the Tourism Board, TDA, and Town general fund, similar to the historical 60/40/20 split used previously. Campbell indicated that a more robust staffing request would be pending for FY28.

Other Budget Lines: The balance of the budget reflected routine expenditures. Members noted that certain recurring events — such as River Park concerts and Small Town USA — had already been paid in the current fiscal year or carried uncertainty regarding requesting future funding and were therefore not included in the FY 2027 draft budget.

At this point, it was noted that the public hearing had not yet been opened.

Motion: Member Pace moved to open the public hearing for the Draft FY 2027 TDA Budget. Chair Darab seconded.
Vote: 2-0.

Julia Workman, representing the Hillsborough Arts Council, addressed the board to speak at the public hearing. She sought clarification on the relationship between the TDA, the Tourism Board, and the Town Board, having heard discussion at a recent Town Board meeting suggesting that arts funding should fall to the tourism entities rather than the Town Board. Manager Campbell clarified that while the three boards are related — sharing some staff and strategic goals— they are three separate and distinct public authorities with separate funding sources. The Town Board is elected and draws funding from property tax revenue; the Tourism Board is appointed and funded by the food and beverage tax; and the TDA is appointed and funded by the occupancy tax. Each board has a different primary mission: the Town Board serves residents, while the TDA and Tourism Board are oriented toward serving visitors. Sometimes their interests overlap and sometimes they do not. The Tourism Board and TDA can only use their funds towards increasing tourism and providing visitors services.

Ms. Workman noted that the Arts Council had conducted audience surveys to better understand the residential versus visitor composition of event attendees. Approximately 30–40% of attendees at Arts Council events live within the corporate town limits, with the remaining 60% coming from outside Hillsborough — including portions from outside Orange County and outside North Carolina. She stated this data was used deliberately to avoid double-dipping when seeking grants from multiple funding entities, and that grant requests to each board had been carefully delineated. For example, the Town Board had been asked to fund operational items such as sanitation, lighting, and sound amplification for the Last Fridays Live on the Lawn series — items linked to resident-serving infrastructure — while other requests to tourism entities focused on visitor-facing programming.

Ms. Workman also informed the board that the Arts Council had adjusted its request to the Tourism Board downward in light of the TDA's increased contribution, keeping the combined tourism-entity total consistent with prior year expectations.

She noted that the Town Board had funded the Arts Council's request, though at $15,800 rather than the full $17,800 requested — a $2,000 difference attributable to the addition of the Handmade Parade program in the current fiscal year.

Discussion followed briefly among board members about whether the TDA should increase funding for specific Arts Council events such as the Solstice Lantern Walk or Handmade Parade to offset the Town Board shortfall. Members expressed some hesitation about the appropriateness of TDA funds for Handmade Parade specifically, given questions about its visitor-generation profile. Member Pace noted the board's strong fund balance and expressed willingness to absorb funding shortfalls toward tourism related Hillsborough Arts Council programming. Campbell indicated that the Hillsborough Arts Council’s full request was funded between the Tourism Board, TDA, and Town Board for this year. She indicated that the Town Board has expressed an interest in Tourism Board and TDA taking over all arts related funding in the future so the funding requests may be larger for next fiscal year or programs that the Town Board was funding that aren’t tourism related and/or don’t have tourism impact may be cut.

Motion: Member Pace moved to close the public hearing and adopt the proposed budget. Chair Darab seconded.
Vote: 2-0.

4. Monthly Reports And Comments

A. Tourism Staff Updates

Manager Campbell reported that she attended the Orange County Visitors Bureau board meeting earlier that day. Key points included:

The TDA is legislatively required to remit 3% of its occupancy tax revenue to Orange County — a figure currently equivalent to approximately $115,000 — with Orange County retaining an equal 3% share. The same statutory arrangement applies to Carrboro. Chapel Hill, however, was established under earlier legislation that allows it to retain all 6% of its occupancy tax and contribute to the Visitors Bureau at its discretion. Campbell reported that Chapel Hill had elected not to contribute to the Orange County Visitors Bureau this fiscal year, which was described as a significant topic of discussion at the morning meeting.

Orange County itself, while not legislatively required to direct its occupancy tax share to the Visitors Bureau, has historically provided substantial support. That support has been reduced in the current year due to broader budget pressures within Orange County government.

The combined effect of these reductions has meaningfully constrained the Visitors Bureau's budget. Visitors Bureau Director Paolicelli also announced her retirement, creating further institutional uncertainty. Campbell described the situation as "a perfect storm" for the Visitors Bureau but one that may create opportunities in the future for more collaboration. The board was advised to expect reduced capacity from the Visitors Bureau for marketing campaigns, event sponsorships, and farm partnerships in the coming year. Campbell indicated that it may mean more entities will be approaching TDA for sponsorships and event support.

B. TDA Member Comments & Updates

No formal member comments were recorded.

5. Adjournment

Chair Darab adjourned the meeting at 6:06 p.m.

Respectfully submitted,

Dakotah Kimbrough
Planning Technician
Staff support to the Hillsborough Tourism Development Authority

Approved: Month X, 202X

Hillsborough Tourism Development Authority FY27 Special Project/ Partnership Funding Request

Organization Information		
Organization Name: Word on the Street NC		
Contract Contact Person and Title: Melora Fern (co-founder)		
Contact Person Email: melorafern@gmail.com	Contact Person Phone: 214-457-2558	
Organization Street Address: 404 W Queen St		
City: Hillsborough	State: NC	ZIP Code: 27278
Organization's Annual Operating Budget: $ 28,100.00		
Amount of TDA funding being requested: $ 2,000.00		FISCAL YEAR: FY27

General Information

Outline/Overview of the requested proposal:
Hillsborough has long been home to a remarkable concentration of writers, poets, storytellers, and literary artists. Word on the Street is a free multiple-day literary arts festival, scheduled for March 19-21, 2027, that's designed to celebrate that heritage and to honor the writers who have shaped the cultural identity of Hillsborough and the greater Orange County area. Designed as a literary mosaic, the festival features author readings/panels—spanning genres and voices—held at different business locations at scheduled times throughout downtown Hillsborough. The format brings together writers and readers, strengthens community connections, and reflects the full diversity of literary expression and styles that make this region distinctive.

Word on the Street NC is a collaborative endeavor of four Orange County literary artists: Dale Edwards, Melora Fern, Steven Petrow and Patricia Sullivan. **We are working with either Triangle Arts Council or Friends of OC Public Library to function as our non-profit fiscal agent because the grant we received from Orange County Arts Commission was specifically for artist individuals or artist groups, not a non-profit organization. We will notify you once we've obtained a non-profit fiscal agent.**

Friday Evening Kickoff:

Author Reception

The festival unofficially opens Friday evening with a gathering for all the participating authors. This reception is an opportunity for local authors to meet and network, bringing together well-established authors with emerging writers in Orange County. This will be held after hours at the Orange County Public Library in Hillsborough and several local restaurants/food businesses have agreed to donate food and drinks for the event. We expect at least 200 people.

Saturday & Sunday:

Opening Ceremony: Keynote Address / Featured Author Conversation / Author Tribute

To officially launch the event on Saturday morning we will begin with a keynote address and/or moderated conversations or readings with distinguished local authors. A tribute to honor the legacies of Hillsborough authors will also be incorporated into this festival opening. Venue to be determined. It's free and open to the public; we expect at least 250-400 people.

Readings Throughout Hillsborough Businesses

Throughout Saturday afternoon and Sunday, literary readings will be held at various venues throughout Hillsborough. Author panels/readings will be at scheduled times across both days and coordinated based on themes. A complete schedule of all the author related events will be available online, thru marketing and with volunteers so those attending the festival can choose their preferred authors and subjects. Author readings/panels will be held Saturday 1–5 p.m. and Sunday 12–4 p.m. The more organic and unscripted aspect of the festival: As people in Hillsborough go about their day visiting local businesses, they may unexpectedly find themselves listening to a story or poem from a local author. Venues are currently being determined, and we already have 20 Hillsborough businesses confirmed. They include galleries, historical sites, restaurants, pubs, and other local businesses. Since these events are scheduled for most of the day on both Saturday and Sunday, we expect that people will be eating meals at local restaurants. We expect 300-500 people.

Orange County Library: Book Sales, Signings & Children's Programming (Saturday & Sunday)

The Orange County Library in Hillsborough will serve as a hub for the festival's more formal programming: book sales and signings featuring participating authors, as well as dedicated children's author readings for families and more.

Closing Reception: Last Lines (Sunday)

To close the festival, participating authors will gather at a venue (we're working with Eno River Brewery) for an informal late afternoon reading. Each author will read the last line from one of their works for a fun and creative exchange to end the event. This is also open to the public and all the participating local authors. Venue to be finalized. We expect 200-250 people.

Please explain how the proposal will promote tourism in Hillsborough:

This is a multiple-venue, multiple-day event, so we expect that visitors from all over Orange County and beyond will attend the various events throughout the weekend of March 19-21, 2027. Since the events run throughout both Saturday and Sunday, visitors will need local places to eat breakfast, lunch, and dinner.

This is our first event of this kind, so we do not have history to fall back on, but we expect at least 300-600 people (and hopefully more!) to be in and around Hillsborough throughout the weekend of the festival. Since well-known authors have already committed to be involved, they will be a draw, as well as the appeal of a unique and "never-been done" Literary Arts Festival. At least 100 authors will be involved with the panels, readings, and book sales and signings, so they each will be promoting the festival and will help bring in their followers as well.

Word on the Street is supported by a grant from the Orange County Arts Commission, a recent grant from Hillsborough Tourism Board as well as receiving endorsement from:

- Representative Renée Price
- Mayor Mark Bell of Hillsborough
- Hillsborough Arts Council
- *News of Orange County*
- Hillsborough/Orange County Chamber of Commerce
- Orange County Public Library
- Friends of the Orange County Public Library
- Purple Crow Books
- Snow Approach Foundation
- Lee Smith, Jill McCorkle, John Claude Bemis, Jaki Shelton Greene and Elizabeth Matheson, among other local authors

This level of early support speaks to both the responsiveness of the project to community interests and the benefit to our local businesses.

Tourism Impact	
Please estimate the number of residents this proposal will serve: 200-500	Please estimate the number of tourists this proposal will bring to town: 200-500

If this proposal has been held or done before, please describe how the actual number of residents and tourists were counted (ie. registration/pre-registration, ticket sales either prior to the event or at the event gates, via turn style data, counters from volunteers, wristband tracking, counts at the site):

This type of Literary Arts weekend festival has not been done before in Hillsborough

Please describe how you plan to partner with local hotel/motels on this proposal:

The Colonial Inn has agreed to partner with us. We are in conversation with Kaity Farthing, the General Manager at The Colonial Inn, about the details involved as a host for the author reading/panel venue and/or in-kind or cash sponsor.

Please describe how you plan to partner with local business/non-profits/governments on this proposal:

We are partnering with local businesses, non-profits and governments as in-kind or cash sponsors and as venues to host the author readings/panels. We are in the process of meeting with local businesses so the list of participants continues to increase.

These are the local businesses that have committed to be involved with Word on the Street NC as sponsors and/or as venues:

- Anne & Arthur Fine Art Supplies
- Blair Publishing
- Colonial Inn
- Curated
- Elizabeth Keckley Center/Burwell School
- Eno Arts Mill Gallery
- Eno River Brewing
- Firefly Farm
- Hillsborough Arts Council Gallery
- Hillsborough Bakeshop
- The Alliance for Historical Hillsborough
- Janet L Flowers
- Kim's Bakeshop
- Leland Little
- Melissa Designer Jewelry
- New Hope Market
- Purple Crow Book Store
- Six of Cups
- Skylight Gallery

- Snow Approach Foundation
- Starfish Bakery
- The Nomad
- The Rookery
- Thomas Stevens Gallery
- UNC Press
- Yonder Bar

Please calculate the overall economic impact of this proposal (if applicable):

INSTRUCTIONS

Provide the information below to calculate the economic impact of your organization (or a group of organizations).

Population of your community: Less than 50,000

Total Expenses: $ 26761

Total Attendance: 300

CALCULATE → RESET → PRINT →

TOTAL ECONOMIC IMPACT

	TOTAL EXPENDITURES	FTE JOBS	HOUSEHOLD INCOME	LOCAL GOVERNMENT REVENUE	STATE GOVERNMENT REVENUE
ORGANIZATION(S):	$26,761	1	$17,493	$760	$1,358
AUDIENCES:	$8,951	0	$3,880	$370	$533
TOTAL:	$35,712	1	$21,373	$1,130	$1,891

P**lease outline how you plan to make this proposal financially sustainable overtime**:

Although this is the first ever Literary Arts Festival for Orange County, our goal is for Word on the Street NC to be a bi-annual event. We plan to make it financially sustainable by sponsorships and grants because we intend for this to continue being a free event for the public.

Please note, that since this is the first time for this event, our budget is based on well-researched estimates!

Detailed Special Project/Partnership Budget

a. Item	b. Amount Requested via Grant Funds (for each item)	c. Other Funding Sources & In-Kind Donations		d. Total Budget (add columns b-d)
		Amount	Source	
Ex: Revolutionary War Re-enactors	Ex: $1,000	Ex: $300	Ex: State Historical Society	$1,800
1. Orange County Arts Commission Grant	$	$2,100	Orane County Arts Commission	$2,100
2. WotS Festival Sponsors	$	$20,000	Various Businesses and Individual donors – see list above	$20,000
3. Special Project Grant	$	$4,000	Hillsborough Tourism Board	$4,000
4.Special Project Grant from TDA	$2,000	$	Towards venue rental	$2,000
5.	$	$		$
6.	$	$		$
7.	$	$		$
8.	$	$		$
9.	$	$		$
10.	$	$		$
11.	$	$		$
12.	$	$		$
13.	$	$		$
14.	$	$		$
15.	$	$		$

16.	$	$		$
17.	$	$		
TOTALS (sum of each column)	$2,000	$26,100		$28,100
** PLEASE PROVIDE ADDITIONAL SHEETS IF THERE IS NOT ENOUGH ROOM TO ACCOMMODATE YOUR FULL BUDGET **				
Total Project Funding Requested from TDA $2,000				
Percentage of Matching Funds Provided (by either 'In-Kind Donations' or 'Other Sources'): 93 %				
Dollar amount of Matching Funds Provided (by either 'In-Kind Donations' or 'Other Sources'): $ 26,100				

☒ Check this box acknowledging that all funds must be used for the program/event as outlined in the budget and that the tourism logo and tourism partnership should be acknowledged and displayed on all promotional materials (flyers, tshirts, banners, social media posts) where other sponsors are listed or promoted.

__11/06/2026_____ _____Melora Fern Leiser_____

Date Signature & Printed Name

JLTC LLC
The Walk Inn
Exterior Mural Project

113 West King St. Suites 2 & 3
Hillsborough, North Carolina 27278

Lindsey Ryan

Owner

ZONING: CC (Central Commercial)

HISTORIC DISTRICT OVERLAY: Yes

CURRENT USE: Retail

CONTENT

Cover Page

Mural Existing Conditions

Mural Wall Measurements

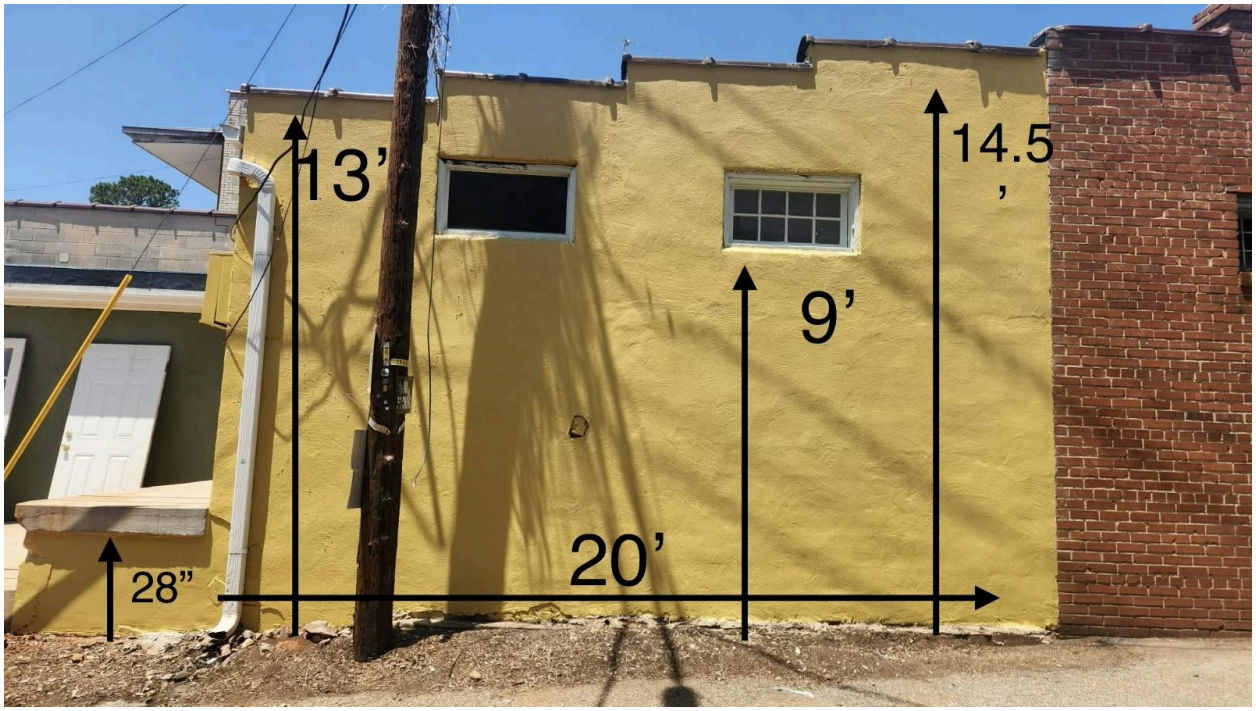
Mural Project Narrative

Graphic Representation of Mural

EXISTING CONDITIONS



MURAL WALL MEASUREMENTS



PROJECT NARRATIVE

This mural will be at The Walk Inn, a female owned newly built bar that is located in the alley behind Town Scoop and Dual Supply. 113 West King Street Suites 2 & 3. It will be painted on only the stucco surface of the south facing alley wall of the King Street alley. No brick will be painted.

My name is Lindsey Ryan. I am the bar owner. I have worked at Pizza Cornicione in the town of Hillsborough for the last 2 years and have completely fallen in love with this community. I'm hoping to add to an already thriving downtown business ecosystem.

The artist's name is J. Massullo. https://jmassulloart.com/
He is a local artist who is known for his funky abstract nature scenes. He has done a ton of murals throughout the state but not in Hillsborough! I have been following him for years hoping I'd get a chance to commission him. The color palate will be tasteful on top of the already Golden Wheat primed wall.

This mural 100% is for the community and meant to bring attention to the historical district in downtown Hillsborough. I really want this mural to provoke thought and conversation about the city.

There is a double faced woman that is a tribute to all women from every culture. Women of color like Elizabeth Keckley, indigenous women like the Occoneechee and any female story that has shaped the local Hillsborough history. We chose the Albino deer because of the prophetic spiritual message behind them. Ideas like change, uniqueness, new beginnings and transition. They seem to be a huge part of the local lore and a sign of good luck. There will be butterflies and other insects depicted. As well as mushrooms because they keep growing around the property.

I also really wanted to highlight the farmers market with the flowers, some possible herbs like lavender or basil because I just think it is such an incredible destination in this town. I used to work for Botanist and Barrel at the market and I just fell in love with the women that run it and put it together for the community rain or shine! I'm hoping this mural will bring more attention to the downtown economy as it feels like Hillsborough is quickly becoming a destination for people to explore and spend money in.

Lastly, the female in the picture will be depicted almost as a statue because I just really want to pay homage to any woman that has paved the way for someone like me to be able to follow my dream. The dream being...owning my own business and providing a safe beautiful space for ALL patrons to enjoy spirits, locally roasted coffee (in Hillsborough) and mocktails made from locally grown ingredients. A place for gathering community and flavor exploration that is filled with local art and positive energy.

GRAPHIC REPRESENTATION





Hillsborough NC Mural Project
Proposed Material Sheet

Jonathan Massullo
jemassullo@gmail.com
jmassulloart.com
instagram.com/j.massullo.art
540-931-3083

Spray Paint: High quality, artist grade, acrylic spray paint such as Montana Gold by Montana Cans or MTN 94 by Montana Colors.





Varnish: MTN Water Based UV- Resistant Varnish



Primer(If necessary*): Killz 2 exterior Primer



JOHNATHAN MASSULLO				
THE WALK INN MURAL PROJECT EXPENSE ESTIMATE				
***ALL COSTS ESTIATES INCLUDE TAX AND SHIPPING WHEN APPLICABLE				
MATERIAL	**COST EACH**	**QUANTITY**	**COST**	**LABOR**
MTN 94 SPRAY PAINT	9	76	684	
SPRAY CAPS, 60 PACK	23	1	23	
TAPE, PLASTIC, ROLLERS,PPE,TRAYS	35	1	35	
GAS	200	-	200	
PRIMER***	35	1	200	
MTN UV RESISTANT MURAL VARNISH	25	6	150	
TOTAL			**1127**	**7873**
THE TOTAL AMOUNT REQUESTED IS $9000.00				

Hillsborough Tourism Development Authority FY27 Special Project/ Partnership Funding Request

Organization Information		
Organization Name: The Elizabeth Keckly Center at the Burwell School		
Contract Contact Person and Title: Elizabeth Hays, Site Director		
Contact Person Email: burwellsc@gmail.com	Contact Person Phone: m 919-593-1203	
Organization Street Address: 319 N Churton St		
City: Hillsborough	State: NC	ZIP Code: 27278
Organization's Annual Operating Budget: $ 204,000.00		
Amount of TDA funding being requested: $ 7500.00		FISCAL YEAR: FY27
General Information		

Outline/Overview of the requested proposal:

The Elizabeth Keckly Center at the Burwell School seeks support from the Tourism Development Board to develop a comprehensive marketing plan and engage a marketing intern as we prepare to host the Smithsonian Institution's traveling exhibition, *Americans*, in January 2028.

This prestigious six-week exhibition presents an extraordinary opportunity to attract visitors to Hillsborough from across North Carolina and beyond, while highlighting our town's rich history, cultural resources, local businesses, and hospitality.

Grant funding will support the development of a strategic marketing plan to expand our regional reach, strengthen partnerships, increase visibility, and build sustainable audiences. A marketing intern will help implement this plan through digital storytelling, targeted social media campaigns, promotional materials, and coordinated outreach for both the exhibition and our ongoing programming.

Our goal is to leverage the Smithsonian exhibition not simply as a six-week event, but as a catalyst for sustained tourism growth. We expect to establish the Elizabeth Keckly Center at the Burwell School as a cultural destination and encourage visitors to explore all that Hillsborough has to offer.

Please explain how the proposal will promote tourism in Hillsborough:

This proposal directly promotes tourism in Hillsborough by leveraging the national recognition and appeal of the Smithsonian Institution's traveling exhibition, *Americans*, to attract new visitors from across North Carolina, neighboring states, and beyond. Hosting this prestigious six-week exhibition in January 2028 presents a significant opportunity to introduce a broader audience to Hillsborough's rich history, vibrant cultural community, and local businesses.

A comprehensive marketing plan will allow The Elizabeth Keckly Center at the Burwell School to reach audiences beyond our existing network through targeted regional advertising, digital campaigns, media outreach, and partnerships with tourism and cultural organizations. A marketing intern will provide essential support in implementing these strategies, creating engaging content, and maintaining a consistent promotional presence.

Importantly, our efforts will encourage visitors to experience more than the exhibition itself. By collaborating with local restaurants, shops, lodging establishments, and other historic and cultural destinations, we will promote Hillsborough as a place to spend the day or weekend, generating economic benefits throughout the community.

Beyond the exhibition's six-week run, this investment will strengthen our long-term marketing capacity, expand our audience, and establish relationships with regional tourism partners. Our goal is to harness the excitement surrounding *Americans* into sustained interest in Hillsborough as a distinctive cultural and heritage tourism destination.

Tourism Impact	
Please estimate the number of residents this proposal will serve: We conservatively estimate that we will serve about 2500 local k-12 students via field trips, 4500 residents who visit, and the owners and employees of the 40+ shops and eateries in downtown. With the additional tax collected, it is reasonable to conclude the impact is on all residents.	Please estimate the number of tourists this proposal will bring to town: 8000-12000

If this proposal has been held or done before, please describe how the actual number of residents and tourists were counted (ie. registration/pre-registration, ticket sales either prior to the event or at the event gates, via turn style data, counters from volunteers, wristband tracking, counts at the site): N/A

Please describe how you plan to partner with local hotel/motels on this proposal:

We plan to partner with local hotels and motels by incorporating lodging information into our marketing efforts for the Smithsonian's traveling exhibition, *Americans*. Our outreach will specifically target visitors from North Carolina's coastal and mountain regions, as well as out-of-state markets, encouraging overnight stays and extended visits to Hillsborough.

Additionally, we will promote special *Americans in Hillsborough Weekends*, inviting visitors to experience the exhibition alongside Hillsborough's historic sites, restaurants, shops, and cultural attractions. We will work with local lodging partners to promote these weekends and encourage visitors to make Hillsborough their destination for a multi-day experience. Through these partnerships, we aim to increase overnight visitation, support local businesses, and strengthen Hillsborough's reputation as a cultural tourism destination.

Please describe how you plan to partner with local business/non-profits/governments on this proposal:

We plan to collaborate with local businesses, nonprofit organizations, and government partners to maximize the reach and economic impact of the Smithsonian's traveling exhibition, *Americans*. Through coordinated marketing, cross-promotion, business sponsorships, special promotions, and collaborative events, we will encourage visitors to explore all that Hillsborough has to offer.

We will also partner with restaurants, retailers, lodging establishments, historic sites, and cultural organizations to develop visitor packages, dining and shopping promotions, and complementary educational and cultural experiences. Our *Americans in Hillsborough Weekends* will be a centerpiece of these partnerships, featuring collaborative events, historic tours, special programming, and opportunities to experience Hillsborough's distinctive shops, restaurants, and cultural attractions.

Working alongside the Hillsborough Tourism Development Authority, the Hillsborough Tourism Board, the Hillsborough/Orange County Chamber of Commerce, the Alliance for Historic Hillsborough, and other community partners, we aim to create a coordinated, community-wide celebration that increases visitation and strengthens Hillsborough's reputation as a cultural and heritage destination.

Please calculate the overall economic impact of this proposal (if applicable):

$268,610.00

Please outline how you plan to make this proposal financially sustainable overtime:

While the Smithsonian's traveling exhibition, *Americans*, will be on display for just six weeks, we see its impact extending well beyond the exhibition itself. We anticipate attracting a significant number of first-time visitors to The Elizabeth Keckly Center at the Burwell School, creating valuable opportunities to introduce new audiences to our mission, programs, and historic site.

A central component of our sustainability strategy will be cultivating ongoing relationships with these visitors. Through visitor engagement, email sign-ups, follow-up communications, and invitations to future programs and events, we will work to turn first-time visitors into returning guests, supporters, volunteers, and donors.

Detailed Special Project/Partnership Budget				
a. Item	b. Amount Requested via Grant Funds (for each item)	c. Other Funding Sources & In-Kind Donations		d. Total Budget (add columns b-d)
		Amount	Source	
Ex: Revolutionary War Re-enactors	Ex: $1,000	Ex: $300	Ex: State Historical Society	$1,800
1. Marketing Plan	$3500	$1000	The Digital Butler	$4500

2.Marketing Intern	$4000	$		$4000
3.	$	$		$
4.	$	$		$
5.	$	$		$
6.	$	$		$
7.	$	$		$
8.	$	$		$
9.	$	$		$
10.	$	$		$
11.	$	$		$
12.	$	$		$
13.	$	$		$
14.	$	$		$
15.	$	$		$
16.	$	$		$
17.	$	$		
TOTALS (sum of each column)	$7500	$1000		$8500

** PLEASE PROVIDE ADDITIONAL SHEETS IF THERE IS NOT ENOUGH ROOM TO ACCOMMODATE YOUR FULL BUDGET **

Total Project Funding Requested from TDA $7500

Percentage of Matching Funds Provided
(by either 'In-Kind Donations' or 'Other Sources'): % 11.76

Dollar amount of Matching Funds Provided
(by either 'In-Kind Donations' or 'Other Sources'): $ 1000

X Check this box acknowledging that all funds must be used for the program/event as outlined in the budget and that the tourism logo and tourism partnership should be acknowledged and displayed on all promotional materials (flyers, tshirts, banners, social media posts) where other sponsors are listed or promoted.



11 November 2026_ __Elizabeth Hays___

_____

Date Signature & Printed Name

Hillsborough Tourism Development Authority FY27 Special Project/ Partnership Funding Request

Organization Information		
Organization Name: The Alliance for Historic Hillsborough		
Contract Contact Person and Title: Kelly Arnold, Programs and Events Coordinator		
Contact Person Email: kelly@historichillsborough.org	**Contact Person Phone:** 919-732-7741	
Organization Street Address: 150 E. King Street		
City: Hillsborough	**State:** North Carolina	**ZIP Code:** 27278
Organization's Annual Operating Budget: $ 318,000		
Amount of TDA funding being requested: $ 10,000		**FISCAL YEAR:** FY27
General Information		

Outline/Overview of the requested proposal:
The Alliance for Historic Hillsborough requests support from the Hillsborough Tourism Development Authority for a collaborative second phase of the award winning Telling the Full Story (TTFS) project. This funding will support a new phase, combining and translating existing efforts and resources into tangible products suitable for tourism campaigns.

TTFS is an oral history based project which preserves the people and places of Hillsborough through the words and images provided by residents and descendants. The TTFS Committee (Committee) prioritizes capturing the memories of aging individuals and highlighting places that are rapidly developing or at risk of disappearing. In a time of rapid change, growth and development of the town, preserving the more recent history of Hillsborough and prioritizing Black and Indigenous experiences are particularly important and can connect with significant demand for the digital or physical preservation of these spaces.

The Committee seeks funds to hire local non-profit BLK South to create a new podcast-based program that will encourage people to visit sites in Hillsborough associated with the town's Black and Indigenous History. This phase of the project will become a new section on the existing TTFS webpage and will combine oral histories from across Hillsborough's physical and temporal landscape. Half of the project will incorporate oral histories from the Fairview Community Watch (Fairview).

BLK South is a Durham-based non-profit who have conducted a successful community development and tourism campaign focused on the historically Black Grant Street Community in Durham, NC. BLK South will produce a 10 episode podcast series, 5 episodes from the larger town history and 5 episodes from the Fairview oral history project. BLK South will also create a short documentary that weaves together historical narratives and encourages people to come and visit Hillsborough to learn more.

TTFS already has begun to fill in gaps in the town's collective memory, which has long focused on great men and women and our colonial origins. This program allows us to expand the history we can tell. These stories offer opportunities for multi-generational connection and narratives in which residents throughout Hillsborough can find connections.

Additionally, the Committee will produce a physical booklet that will serve as a guide for visitors to the different spaces around town. These booklets will be provided to various sites around town, particularly those where visitors often frequent. These sites include:

- Hillsborough Visitor Center
- Elizabeth Keckly Center at the Burwell School
- Orange County Historical Museum
- Hillsborough Arts Council
- Colonial Inn

We will also offer booklets to local vacation rental owners such as Airbnbs and VRBOs.

The booklets will help link the podcast episodes to specific sites around town where visitors can time to reflect or listen to the relevant episode linked to that story. For example, one episode will be focused on Odell Mayo and the booklet will point visitors to Mayo Park in Downtown Hillsborough. The project will emphasize the importance of being in the physical space and learning about the past, encouraging visitors to spend their time traveling throughout Hillsborough.

Please explain how the proposal will promote tourism in Hillsborough:
This phase of the project will create a new reason for visitors to spend more time in Hillsborough, directing them to specific historic and cultural sites throughout town and encouraging exploration beyond traditional attractions. Visitor booklets will be distributed through the Hillsborough Visitor Center, local museums and cultural organizations, lodging properties, and vacation rentals, making the resources accessible to tourists throughout their stay. By pairing digital storytelling with place-based experiences, the project will promote Hillsborough as a destination for meaningful cultural tourism while encouraging visitors to explore, engage with, and spend time in local businesses and historic areas.

The new phase builds on the existing work of the Telling the Full Story project which has been previously promoted in nearby counties including Guilford, Alamance, Durham, and Wake Counties. Additionally, the BLK South team brings a wealth of knowledge on successful marketing practices and access to an existing audience of visitors who have displayed interest in similar campaigns in the area. Their Instagram alone reaches an audience of 10.6k visitors and we plan to utilize any additional methods of communication and promotion that they recommend.

Tourism Impact

Please estimate the number of residents this proposal will serve: 200	**Please estimate the number of tourists this proposal will bring to town: 400**

Please describe how you plan to partner with local hotel/motels on this proposal:
The project will partner with local hotels and short-term rental properties by providing visitor booklets and promotional materials for guests. These resources will encourage visitors to explore Hillsborough's historic sites, listen to the podcast episodes on location, and extend their time in the community. Local lodging partners will also be promoted alongside the project through guest welcome materials, websites, and social media.

Additionally, we will approach local sites like the Colonial Inn to see if they would like to offer a small discount. However, given that this would be a long standing project, rather than a set time frame, we may seek to ask for this discount during a specific time period, ideally coinciding with the project going live.

Please describe how you plan to partner with local business/non-profits/governments on this proposal:

The project will engage local partners in clearly defined roles:

- **Local businesses:** Visit local businesses to explain the project and provide promotional materials such as flyers or rack cards to promote the podcast and documentary to customers, and encourage visitors to explore nearby historic sites and other businesses.
    - In limited cases there are now businesses located at the sites that have been featured on the project or will be featured on the project. One example is Ixtapa, formerly Hillsborough BBQ. We plan to connect directly with these business owners to brainstorm additional strategies for highlighting the project at their site and for highlighting their business within the project.
- **Nonprofits and cultural organizations:**
    - **Fairview Community Watch and FFORC:**
        - Contribute historical knowledge and oral histories, help promote the project through their networks, and incorporate the stories into cultural and educational programming.
    - **Alliance Partners:** Host materials, including booklets, and assist in educating visitors about the project and the ways they can explore town while engaging with local history.
        - Elizabeth Keckly Center at the Burwell School
        - Orange County Historical Museum
        - Hillsborough Arts Council
- **Town and county government:** We plan to leverage connections with the Visit Hillsborough resources to ensure that the project receives ample tourism promotion and inclusion of the project in community and destination-marketing efforts.

Together, these partners will create a coordinated visitor experience that encourages tourists to explore more of Hillsborough, stay longer, and engage with local businesses and cultural attractions.

Please calculate the overall economic impact of this proposal (if applicable):

Population of your community: Less than 50,000

Total Expenses: $ 29700

Total Attendance: 600

CALCULATE → RESET → PRINT →

TOTAL ECONOMIC IMPACT

	TOTAL EXPENDITURES	FTE JOBS	HOUSEHOLD INCOME	LOCAL GOVERNMENT REVENUE	STATE GOVERNMENT REVENUE
ORGANIZATION(S):	$29,700	1	$19,414	$843	$1,507
AUDIENCES:	$17,902	0	$7,760	$740	$1,066
TOTAL:	$47,602	1	$27,174	$1,583	$2,573

Please outline how you plan to make this proposal financially sustainable overtime:
This program will help us to make in-roads with groups who are interested in visiting Hillsborough specifically to learn about the Black and Indigenous history of the town. We plan to keep monthly track of how many booklets are given out or listeners/viewers of the media components are included. This information and these connections will lay the groundwork for our long term goal of creating multiday program opportunities for groups. These programs will move groups to various locations in Hillsborough including the Elizabeth Keckly Center at the Burwell School, the Coachman's Quarters, Dickerson Chapel, the Fairview Community Center and more. The programs will promote learning and discussion following the framework of "pilgrimages" currently offered to sites like Montgomery, AL and Charleston, SC. We hope these programs will be supported by discounted rates at local hotels and restaurants. TTFS and this podcast and booklet series will continue to be a free, self-guided option for visitors to town but eventually staff focus will shift to offering paid programming opportunities.

Detailed Special Project/Partnership Budget

a. Item	b. Amount Requested via Grant Funds (for each item)	c. Other Funding Sources & In-Kind Donations		d. Total Budget (add columns b-d)
		Amount	Source	

1. BLK South Media Package (10 episodes + documentary)	$10,000	$15,000	Duke Energy Grant, TTFS Partnership Program (Burwell School, Preservation Hillsborough, St. Matthews, etc)	$25,000
2. Booklet Printing	$0	$700	TTFS Partnership Program	$700
3. Fairview Community Watch Funds	$0	$2,000	TTFS Partnership Program	$1,000
3. Community Program	$	$2,000	TTFS Partnership Program, In-Kind Donations	$2,000
TOTALS (sum of each column)	**$10,000**	**$19,700**		**$29,700**

** PLEASE PROVIDE ADDITIONAL SHEETS IF THERE IS NOT ENOUGH ROOM TO ACCOMMODATE YOUR FULL BUDGET **

Total Project Funding Requested from TDA	**$10,000**
Percentage of Matching Funds Provided (by either 'In-Kind Donations' or 'Other Sources'):	**34%**
Dollar amount of Matching Funds Provided (by either 'In-Kind Donations' or 'Other Sources'):	**$19,700**

☑ Check this box acknowledging that all funds must be used for the program/event as outlined in the budget and that the tourism logo and tourism partnership should be acknowledged and displayed on all promotional materials (flyers, tshirts, banners, social media posts) where other sponsors are listed or promoted.

11/5/2026
Date

Kelly Arnold Kelly Arnold
Signature & Printed Name

THE ALLIANCE FOR HISTORIC

HILLSBOROUGH

Tourism Development Authority Representatives,

The Alliance for Historic Hillsborough staff would like to take a moment to thank you for your support in providing $5,000 to support our shuttle system during the Outlandish Hillsborough Scottish Festival and share the success of the collaboration. This year, the Outlandish Hillsborough Scottish Festival took place in Hillsborough on September 26th, 2026 at Ayr Mount historic site. This incredibly successful iteration of the festival improved upon previous years, particularly in the area of transportation for attendees.

The Tourism Development Authority's support of our shuttle system was truly one of the key areas of improvement and a much complimented amenity. Particularly notable was the ease of shuttle usage and their continuous operation, few people reported needing to wait for a significant period. Further, we found that the mix of in-town and out of town parking was helpful to both attendees and businesses in the Downtown area.

For this year's festival, we welcomed over 2,000 attendees and coordinated 60+ local businesses, entertainment acts, and scholars during the festival. According to Zeffy ticketing information we served about 450 residents and 2200 tourists. 52 of these purchases (which can include multiple tickets) originated from outside of North Carolina with 22 states represented from as close as Virginia and as far away as Alaska.

We worked with the Colonial Inn to provide a booking rate and 13 rooms to festival attendees. Despite some initial confusion with attendees on needing to use the link provided, the staff at the Colonial Inn reported that many of their guests that weekend attended the festival and saw the collaboration as highly successful. Additionally, a few guests shared that they were staying at local AirBnbs and that the shuttle service was particularly helpful during their stay.

We want to extend our appreciation to the TDA for your support in this festival and emphasize the impact it had on our many out of town guests. We hope you will continue to consider funding this important service in the future!

Sincerely,

Kelly Arnold

Kelly Arnold
Programs and Events Coordinator
The Alliance for Historic Hillsborough



Hillsborough in Five Reels

One half-day shoot in downtown Hillsborough becomes five Instagram Reels that drop back to back over one week, posted as collabs across @DurhamMag, @ChapelHillMag, @TheTriangleWeekender, and @hillsboroughnc - about 84,000 combined followers, plus boosting.

- **The shoot:** our videographer films for up to four hours downtown, and you get the full unedited content gallery, with rights to use the raw footage in your own future posts. $1,100
- **Five Reels**, one each for history, nature, shopping, dining, and arts/live music. $600
- **Collab posting:** each Reel posts with @durhammag, @chapelhillmag, @thetriangleweekender, and @hillsboroughnc. $800 per Reel for posting and boosting, $4,000 for all five
- **Total: $5,200**

VisitHillsborough- you'd pick the stops and the high points we should hit. We'll keep everything downtown so it all fits in one half-day shoot. We recommend you make the schedule/stops too. We use a user generated content social partner for these - we negotiate the contracts and have vetted to ensure you have a good experience but we use our audiences across Durham, Orange and Wake Counties.

Meeting Schedule: 2027 DRAFT
TOURISM DEVELOPMENT AUTHORITY

Meetings start at 5:30 p.m. in the Board Meeting Room of the Town Hall Annex, 105 E. Corbin St., unless otherwise noted.

Times, dates and locations are subject to change.

Regular meetings
Regular meetings typically occur quarterly on the third Wednesday of the month but may vary.

Feb. 17
April 21
Aug. 18
Nov. 17

Special meetings

May 19 Budget public hearing and adoption

Hillsborough Tourism Development Authority
(A Component Unit of the
Town of Hillsborough, North Carolina)

Financial Statements

For the Year Ended June 30, 2026

Hillsborough Tourism Development Authority
(A Component Unit of the
Town of Hillsborough, North Carolina)

Financial Statements

For the Year Ended June 30, 2026

Hillsborough Tourism Development Authority
(A Component Unit of the Town of Hillsborough, North Carolina)
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June 30, 2026

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Financial Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

Independent Auditor's Report

Board of Directors
Hillsborough Tourism Development Authority
Hillsborough, North Carolina

Opinion

We have audited the financial statements of the governmental activities and the major fund of Hillsborough Tourism Development Authority (the Authority), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority, as of June 30, 2026, and the respective changes in financial position 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 (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 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's 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 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 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 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 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 Budgetary Comparison Schedule for the General Fund, including the related notes, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

S. Preston Douglas & Associates, LLP

Ocean Isle Beach, North Carolina
October 27, 2026

Hillsborough Tourism Development Authority
(A Component Unit of the Town of Hillsborough, North Carolina)
Unaudited Management's Discussion and Analysis
June 30, 2026

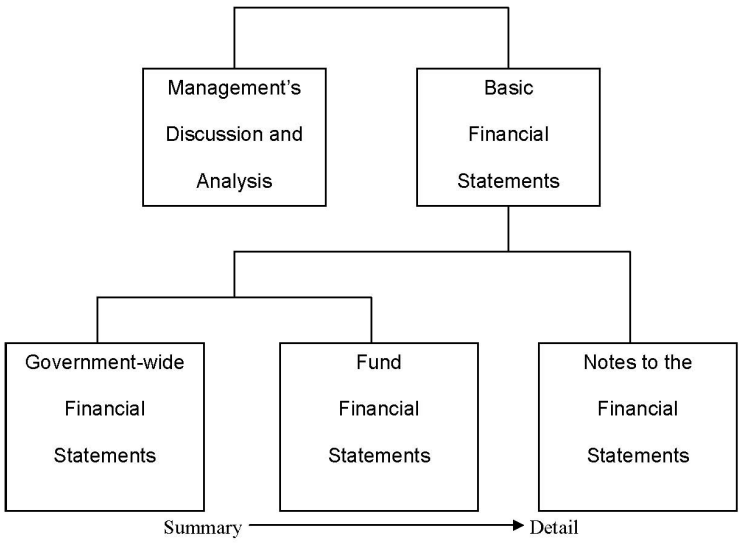
As management of the Hillsborough Tourism Development Authority (the "Authority" or "TDA"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2026, with an emphasis on why balances and results of operations changed from the prior year. As required by Governmental Accounting Standards Board (GASB) Statement No. 103, this discussion is organized in five sections: Overview of the Financial Statements, Financial Summary, Detailed Analyses, Significant Capital Asset and Long-Term Financing Activity, and Currently Known Facts, Decisions, or Conditions. We encourage readers to read the information presented here in conjunction with the Authority's financial statements, which follow this narrative.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the Hillsborough 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 required supplementary information, consisting of the budgetary comparison schedule for the General Fund and the related notes.

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 and 4) 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.

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. Required supplementary information follows the notes. In accordance with GASB Statement No. 103, the budgetary comparison schedule for the General Fund is presented as required supplementary information rather than as a basic financial statement. The schedule compares the original budget, the final budget, and actual results, and significant variances are explained in the accompanying notes.

Government-Wide Financial Statements

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

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

The government-wide statements consist of governmental activities. The governmental activities include most of the Authority's basic services related to tourism. The primary revenue is a three percent occupancy tax assessed and collected by the Town of Hillsborough (the "Town") on behalf of the Authority.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) 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 Hillsborough Tourism Development Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Authority's budget ordinance. The Authority currently maintains one governmental fund, which is the General Fund. Additional funds may be created if the need arises.

Governmental funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Authority*'s* basic services are accounted for in a governmental fund as mentioned above. A governmental fund focuses 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. This is referred to as a "current available resources" measurement focus and the accounting method used is called the *modified accrual basis of accounting*. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Authority's programs.

Governmental funds (continued)

The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. There were no reconciling differences to report this year.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 12 through 16 of this report.

Financial Summary

Hillsborough Tourism Development Authority
Summarized Statements of Net Position

Figure 2

	2026	2025
Assets		
Current assets	$ 537,672	$ 518,425
Total assets	537,672	518,425
Liabilities		
Current liabilities	31	1,304
Total liabilities	31	1,304
Net position		
Restricted	24,494	20,724
Unrestricted	513,147	496,397
Total net position	$ 537,641	$ 517,121

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Authority exceeded liabilities by $537,641 as of June 30, 2026, an increase of $20,520 from the previous year. The restricted portion of net position, $24,494, is restricted by State statute and equals the amounts due from other governments at year end. It increased $3,770 because the May and June 2026 occupancy taxes due from the Town were higher than the prior year amounts. The remaining balance of $513,147 is unrestricted and will be used to fulfill the Authority's mission. Current assets include $257,993 invested in the North Carolina Capital Management Trust (NCCMT) Government Portfolio, which the Authority reports as a cash equivalent.

Financial Summary (continued)

Hillsborough Tourism Development Authority
Summarized Statements of Activities

Figure 3

	2026	2025
General Revenues:		
Occupancy taxes	$ 121,876	$ 117,763
Investment earnings	7,993	-
Total revenues	$ 129,869	$ 117,763
Expenses:		
Economic and physical development	109,349	78,256
Change in net position	20,520	39,507
Net position, beginning	517,121	477,614
Net position, ending	$ 537,641	$ 517,121

Detailed Analyses

Governmental activities. Total revenues increased $12,106 (10.3 percent). Occupancy tax revenue increased $4,113 (3.5 percent) as a result of higher lodging receipts within the Town. The Authority also earned $7,993 of investment income, compared to none in the prior year, because it transferred $250,000 of idle cash from its operating bank account to the NCCMT Government Portfolio in August 2025. Total expenses increased $31,093 (39.7 percent). Special projects and partnerships increased $37,955 because the Authority sponsored more tourism events, including the Town's A250 event ($12,500), FlushFest ($10,000), the Solstice Lantern Walk ($10,000), and River Park concert marketing ($10,000). Advertising increased $9,164, primarily from a $17,500 marketing contract with Alliance Visitor Services. These increases were partially offset by a $13,000 decrease in contracted services, because the prior year included two annual staff support reimbursements to the Town and the current year included one. As a result, the $20,520 increase in net position was $18,987 smaller than the prior year increase of $39,507.

Detailed analysis of the Authority's governmental fund

The General Fund is the only fund of the Authority. At the end of the current fiscal year, total fund balance increased $20,520 to $537,641, of which $24,494 was restricted by State statute, $26,050 was assigned for the fiscal year 2027 budget, and $487,097 was unassigned. Because the Authority has no capital assets or long-term liabilities, the net change in fund balance equals the change in net position and resulted from the factors described above. Unassigned fund balance represents approximately 445 percent of fiscal year 2026 General Fund expenditures.

Significant Capital Asset and Long-Term Financing Activity

The Authority does not own capital assets and has no long-term debt or other long-term financing obligations. There was no capital asset or long-term financing activity during the years ended June 30, 2026 and 2025.

Currently Known Facts, Decisions, or Conditions

By authority of the General Assembly Session Law 2011-69, Senate Bill 269, the governing board for the Town implemented a three percent occupancy tax which has been in effect since July 1, 2012. The enabling legislation requires the tax to be paid on 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 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 and local sales tax and the county's occupancy tax.

The Town implemented the tax for promotion of travel and tourism in Hillsborough and for other tourism-related expenditures. The responsibility for the distribution and expenditure of the tax is vested within the Hillsborough Tourism Development Authority, of which one-third of the membership must be persons affiliated with businesses that collect the tax within the Town limits.

Effective July 1, 2022, the agreement for staff support services with the Town was revised. The revised agreement is renewable in three-year intervals, unless terminated sooner. The Authority agrees to provide the Town the market rate salary equivalent to the dedication of ten (10) hours of "support" a week to the Authority in carrying out its duties. This rate shall be determined annually during the Authority's and the Town's budget process and shall initially be set at $25 per hour for ten (10) hours totaling $13,000.

Fiscal year 2027 budget

The fiscal year 2027 budget ordinance totals $141,050. Budgeted occupancy tax revenue of $115,000 is $15,000 (15 percent) higher than the fiscal year 2026 budget, reflecting actual collections of $121,876 in fiscal year 2026. Budgeted expenditures are $19,600 lower than the final fiscal year 2026 budget of $160,650 and $4,900 higher than the original fiscal year 2026 budget of $136,150. The budget appropriates $26,050 of fund balance, which is reported as assigned fund balance at June 30, 2026. Management is not aware of any other facts, decisions, or conditions that are expected to have a significant effect on the Authority's financial position or results of operations.

Requests for information

This report is designed to provide an overview of the Hillsborough Tourism Development Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, c/o Hillsborough Tourism Development Authority, Hillsborough, North Carolina, or by telephone at (919) 296-9451.

Basic Financial Statements

Exhibit 1

Hillsborough Tourism Development Authority
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents	$ 513,178
Due from other governments:	
Occupancy taxes	22,953
Sales tax	1,541
Total assets	$ 537,672
Liabilities	
Accounts payable	$ 31
Total liabilities	31
Net Position	
Restricted:	
Stabilization by State Statute	24,494
Unrestricted	513,147
Total net position	$ 537,641

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

Exhibit 2

Hillsborough Tourism Development Authority
Statement of Activities
For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities
Governmental Activities					
Economic and physical development	$ 109,349	$ -	$ -	$ -	$ (109,349)
Total governmental activities	$ 109,349	$ -	$ -	$ -	(109,349)
General Revenues					
Occupancy taxes					121,876
Unrestricted investment earnings					7,993
Total general revenues					129,869
Change in net position					20,520
Net Position					
Beginning of year					517,121
End of year					$ 537,641

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

Exhibit 3

Hillsborough Tourism Development Authority
Balance Sheet
Governmental Fund
June 30, 2026

	General Fund
Assets	
Cash and cash equivalents	$ 513,178
Due from other governments:	
Occupancy taxes	22,953
Sales tax	1,541
Total assets	$ 537,672
Liabilities	
Accounts payable	$ 31
Total liabilities	31
Fund Balance	
Restricted:	
Stabilization by State Statute	24,494
Assigned:	
Subsequent year's expenditures	26,050
Unassigned	487,097
Total fund balance	537,641
Total liabilities and fund balance	$ 537,672

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

Exhibit 4

Hillsborough Tourism Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2026

	General Fund
Revenues	
Unrestricted intergovernmental revenue:	
Occupancy taxes	$ 121,876
Investment earnings	7,993
Total revenues	129,869
Expenditures	
Economic and physical development:	
Tourism	109,349
Net change in fund balance	20,520
Fund Balance	
Beginning of year	517,121
End of year	$ 537,641

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hillsborough Tourism Development Authority (the "Authority") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The following is a summary of the more significant accounting policies:

A - Reporting Entity

The Authority was created on April 9, 2012, by resolution of the Town of Hillsborough, North Carolina (the "Town"), under the authority of the North Carolina General Assembly. The Authority is responsible for promoting travel and tourism in the Hillsborough area. A balanced budget is created for the Authority and adopted by its Board of Directors. The Authority receives revenue through a three percent occupancy tax, which is levied and collected by the Town. The occupancy tax became effective on July 1, 2012. The Town remits the taxes collected to the Authority, net of administration and collection costs not to exceed three percent of the first $500,000 of gross proceeds and one percent of the remaining gross proceeds collected each year. At least two-thirds of the remaining proceeds must be used to promote travel and tourism in Hillsborough. The other third shall be used for tourism-related expenditures.

The members of the Authority are appointed by the Town. In addition, the Town levies and collects the occupancy tax on behalf of the Authority. Therefore, the Authority is determined to be a component unit of the Town and is presented as a discretely presented component unit in the Town's annual comprehensive financial report.

B - Government-wide and Fund Financial Statements

Government-wide financial statements, the statement of net position and the statement of activities, display information about the government as a whole. These statements include the financial transactions for all activities of the Authority.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority'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. All tax revenue is classified as general revenue.

Fund financial statements provide information about a government's funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented as applicable. The emphasis of fund financial statements is on major funds which are reported in separate columns with all remaining nonmajor funds combined in a single column. The Authority maintains only one governmental fund, which is always reported as a major fund. A description of this fund follows:

- The **General Fund** is the general operating fund of the Authority. It accounts for all financial resources.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting

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. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements 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. Occupancy taxes are recognized as revenue in the period the underlying lodging transactions occur and, in the General Fund, when they are also available.

The Authority recognizes assets of nonexchange 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. Nonexchange transactions occur when one government provides (or receives) value to (or from) another party without receiving (or giving) equal or nearly equal value in return. The Authority considers all revenues available if they are collected within 90 days after year-end.

D - Budgetary Data

The Authority's budgetary basis of accounting and related budgetary information are presented in the Notes to Budgetary Comparison Schedule.

E - Assets, Liabilities, and Net Position/Fund Balances

(1) Deposits and investments

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

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 (the "State"); bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund. Investments are stated at fair value. The NCCMT Government Portfolio is an SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAA-mf by Moody's Investors Service.

(2) Cash and cash equivalents

Bank deposits are demand deposits and are considered cash and cash equivalents. The Authority's investment in the NCCMT Government Portfolio is also considered a cash equivalent because it is highly liquid and may be withdrawn at any time.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, and Net Position/Fund Balances (continued)

(3) Receivables

Receivables at the government-wide and fund levels at June 30, 2026 were as follows:

Occupancy taxes receivable	$ 22,953
Sales tax receivable	1,541
Total	$ 24,494

(4) Allowances for doubtful accounts

The receivables reported do not historically experience any uncollectible amounts and therefore do not include an amount for doubtful accounts.

(5) Net position/fund balance

Net position in government-wide financial statements is classified as restricted or unrestricted. Restricted net position represents constraints on resources that are imposed by North Carolina State Statute.

Fund balances

In the governmental fund financial statements, fund balance may be composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The Authority's fund balance consists of the following:

Restricted fund balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Assigned fund balance - portion of fund balance that has been assigned for specific purposes. The Authority's governing board assigns fund balance by appropriating it in the subsequent year's budget ordinance.

Unassigned fund balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes.

NOTE II - DETAIL NOTES ON ALL FUNDS

A. Deposits and Investments

All of 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 the unit's 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 agent in its name. The amount of the pledged collateral is based on an approved averaging method for noninterest-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.

The Authority's deposits had a carrying amount of $255,186 and a bank balance of $255,186 at June 30, 2026. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining $5,186 was covered under the Pooling Method.

At June 30, 2026, the Authority had $257,993 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investors Service. The Authority has no policy regarding credit risk. The investment is measured at fair value using Level 1 inputs (quoted prices in active markets for identical assets).

B. 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; and natural disasters. As a separate entity the Authority has purchased insurance to mitigate these risks.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority does not carry flood insurance.

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 $1,000,000.

NOTE II - DETAIL NOTES ON ALL FUNDS (continued)

C. Fund Balance

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

General Fund:	
Total fund balance	$ 537,641
Less:	
Stabilization by State Statute	24,494
Subsequent year's expenditures	26,050
Fund balance available for appropriation	$ 487,097

The Authority has no formal fund balance policy. When both restricted and unrestricted resources are available for an expenditure, the Authority considers restricted resources to be spent first, followed by assigned and then unassigned fund balance. Restricted net position is likewise used before unrestricted net position.

D. Related Party Transactions

Effective July 1, 2022, the agreement for staff support services with the Town was revised. The revised agreement is renewable in three-year intervals, unless terminated sooner. The Authority agrees to provide the Town the market rate salary equivalent to the dedication of ten (10) hours of "support" a week to the Authority in carrying out its duties. This rate shall be determined annually during the Authority's and the Town's budget process and shall initially be set at $25 per hour for ten (10) hours totaling $13,000. The Authority paid the Town $13,000 under this agreement during the year ended June 30, 2026. In addition, the Authority paid the Town $12,500 to sponsor the Town's A250 event, which is reported in special projects and partnerships.

E. Subsequent Events

The Authority has evaluated all subsequent events for potential recognition and disclosure through October 27, 2026, the date the financial statements were available to be issued. No such events were identified.

F. Change in Accounting Principles

For the year ended June 30, 2026, the Authority implemented GASB Statement No. 103, Financial Reporting Model Improvements. The Statement limits Management's Discussion and Analysis to five sections and requires the analysis to explain why balances and results of operations changed; replaces extraordinary and special items with unusual or infrequent items; and requires budgetary comparison information to be presented only as required supplementary information, including variances between the original and final budget and between the final budget and actual results. As a result, the General Fund budget and actual statement previously presented as a basic financial statement is now presented as required supplementary information. The Authority had no unusual or infrequent items. The Authority also implemented GASB Statement No. 104, Disclosure of Certain Capital Assets, which had no effect because the Authority has no capital assets. Implementation of these Statements did not affect beginning net position or fund balance, and no restatement was required.

Schedule 1

Required Supplementary Information
Hillsborough Tourism Development Authority
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual
Revenues:					
Unrestricted intergovernmental revenue:					
Occupancy taxes	$ 100,000	$ 100,000	$ -	$ 121,876	$ 21,876
Investment earnings	-	-	-	7,993	7,993
Total revenues	100,000	100,000	-	129,869	29,869
Expenditures:					
Economic and physical development:					
Tourism:					
Advertising	20,300	20,300	-	20,214	(86)
Attorney fees	350	350	-	-	(350)
Audit fees	5,000	5,000	-	3,500	(1,500)
Contracted services	13,000	13,000	-	13,000	-
Data processing services	3,200	3,200	-	982	(2,218)
Insurance	1,200	1,200	-	880	(320)
Miscellaneous	3,500	3,500	-	-	(3,500)
Training, conferences and conventions	2,600	2,600	-	-	(2,600)
Occupancy tax holdback	3,000	3,000	-	4,279	1,279
Special projects and partnerships	84,000	108,500	24,500	66,494	(42,006)
Total expenditures	136,150	160,650	24,500	109,349	(51,301)
Revenues over (under) expenditures	(36,150)	(60,650)	(24,500)	20,520	81,170
Net change in fund balance	$ (36,150)	$ (60,650)	$ (24,500)	20,520	$ 81,170
Fund balance					
Beginning of year				517,121	
End of year				$ 537,641	

See notes to required supplementary information.

Required Supplementary Information
Hillsborough Tourism Development Authority
Notes to Budgetary Comparison Schedule

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Budgets are adopted as required by North Carolina State Statutes ("G.S."). An annual budget ordinance is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. Any revisions that alter total expenditures of any fund must be approved by the governing board. 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.

NOTE 2 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2026, expenditures did not exceed appropriations at the functional level, which is the legal level of budgetary control.

NOTE 3 - GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

During the year, the original budget was amended to increase the appropriation for special projects and partnerships by $24,500, from $84,000 to $108,500, to provide additional partnership funding for the July 4 event, the River Park concert, and the jazz festival. The amendment was funded by increasing the fund balance appropriation from $36,150 to $60,650. Budgeted revenues were not amended.

Final budget compared to actual results

Occupancy tax revenue exceeded the final budget by $21,876 (21.9 percent) because collections were stronger than the conservative amount budgeted. Investment earnings of $7,993 were not budgeted; the Authority began investing idle cash in the NCCMT Government Portfolio in August 2025. Total expenditures were $51,301 (31.9 percent) under the final budget, primarily because special projects and partnerships spending was $42,006 below the amended appropriation. Because revenues exceeded expenditures, none of the $60,650 fund balance appropriation was used and fund balance increased $20,520.

Tourism Development Authority Funding Discussion

Special Projects/Partnerships (>$5,000)

Special Projects & Partnerships funding is intended for a project, event, or program designed to increase tourism and overnight stays to Hillsborough. These requests are usually smaller in dollar amount, have multiple partners/sponsors, and arise such that applying for grant or other funding could not have been anticipated or is not possible due to the timing of the project.

Key concerns:

- Many requests to TDA are falling outside of this definition and/or dollar amount maximum (ie. the funding requests were anticipated/could have applied for a tourism board grant and/or the funding request is larger than $5,000)
- Due to low dollar amount, there is not currently a 'final report' due in conjunction with the Special Projects/Partnership funding, to demonstrate that the funds were spent as outlined, however if larger dollar amounts are going to continue to be granted, having this as a requirement is likely a good idea.
- Due to low dollar amount, funding contracts have not historically been executed, but if funding amounts are going to continue to be grants/allowed then the TDA likely needs to start signing funding agreements (per town Finance department).

Key questions to consider:

- Does the TDA want to implement and direct folks to their own grant program to give higher dollar amounts?
- Does TDA want to implement a higher dollar amount request ceiling for Special Projects/Partnerships?
- Does TDA want to wait to see what changes Tourism Board decides to implement and follow that model?

Tourism Board Funding (as a comparison)

-Special Project/Partnership Funding (>$5,000)

-Grants (>$10,000; usually between $5-10,000 asks)

-Contract Partners (dollar amount set through proposals and negotiated contracting for visitors services and/or events; Smallest contract is $14,600 and largest is $275K)