

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

**NASH COUNTY TOURISM
DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A Component Unit of Nash County, North Carolina)**

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nash County Tourism Development Authority
Nashville, North Carolina

We have audited the accompanying financial statements of the governmental activities and the major fund of Nash County Tourism Development Authority (A Component Unit of Nash County, North Carolina), as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Nash County Tourism Development Authority Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Nash County Tourism Development Authority as of June 30, 2010, the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the period then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 30, 2010

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Management's Discussion and Analysis

This discussion and analysis is provided as an overview of the Nash County Tourism Development Authority's (Authority) financial activities for the fiscal year ended June 30, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Authority's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$316,315 (net assets). Of this amount, \$316,315 (unrestricted net assets) may be used to meet the Authority's ongoing obligations.

- The Authority's total net assets decreased by \$129,539, which is a result of expenses for Tourism Promotions and General and Administration expense exceeding revenues.

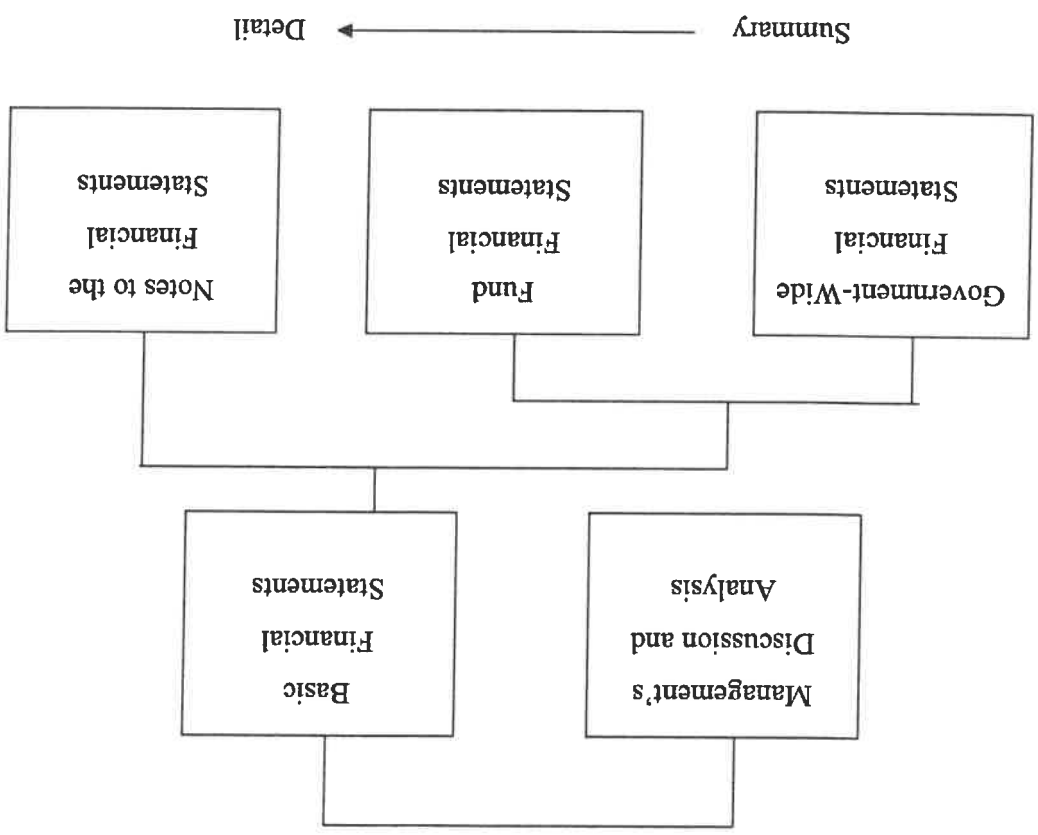
- As of the close of the fiscal year, the Authority's governmental fund reported an ending fund balance of \$316,315 a decrease of \$129,539 in comparison with prior year. Approximately 85% of this total amount, or \$267,462, is available for spending at the Authority's discretion (unreserved fund balance). The unreserved fund balance represents approximately 35% of the General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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. The basic financial statements present two different views of the Authority through the use of government-wide statements and fund financial statements.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits C through E) 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. There are two parts to the fund financial statements: 1) the governmental funds statements, and 2) the budgetary comparison statement.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Nash County Tourism Development 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 financial status as a whole.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the 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 Authority, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes of North Carolina or the Authority's budget ordinance. Currently, the Authority only maintains a General Fund.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Currently, the Authority's activities are accounted for in one governmental fund, the General Fund. This 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. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Authority's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is required to be described in a reconciliation that is a part of the fund financial statements.

The Nash County Tourism Development Authority adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the Board members about which tourism promotions to undertake. The budgetary statement provided for the General Fund demonstrates how well the Authority complied with the budget ordinance and whether or not the Authority succeeded in promoting tourism as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board members, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges. There were no differences between the budgetary basis of accounting and the modified accrual basis; thus, a reconciliation showing the differences in the reported activities is not shown at the end of the budgetary statement.

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 13 through 18 of this report.

Government-Wide Financial Analysis

The government-wide financial statements for the period July 1, 2009 through June 30, 2010 are in their eighth year of a new era in financial reporting for authorities and many other units of government across the United States. In the past, authorities and other units of government maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the authority/government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the authority/government. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt, and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the Nash County Tourism Development Authority's inception period's financial reporting format, as well as changing the financial reporting of many other units of government. The Authority was required to implement these changes for the fiscal year ended June 30, 2003.

Nash County Tourism Development Authority's Net Assets

Figure 2

Governmental Activities		Governmental Activities	
	2009	2010	
Current Assets:			
Cash and investments	\$ 410,476	\$ 312,481	
Taxes receivable	38,709	48,853	
Total assets	449,185	361,334	
Current Liabilities:			
Accounts payable	3,331	45,019	
Total liabilities	3,331	45,019	
Net Assets:			
Unrestricted	445,854	316,315	
Total net assets	\$ 445,854	\$ 316,315	

As noted earlier, net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$316,315 at the close of June 30, 2010. One hundred percent (100%) of the Authority's net assets represent resources that are unrestricted in how they may be used for tourism promotion and related activities.

Nash County Tourism Development Authority's Changes in Net Assets

Figure 3

Governmental Activities	
2009	2010
Revenues:	
General revenues:	
Occupancy taxes	\$ 631,837
Investment income	4,547
Total revenues	636,384
Expenditures:	
Current:	
Tourism promotion	690,478
General and administrative	3,612
Total expenditures	694,090
Increase (decrease) in net assets	(57,706)
Net Assets:	
Beginning of year - July 1	503,560
End of year - June 30	\$ 445,854
	316,315

Governmental Activities. The single governmental program activities were responsible for the total decrease of \$129,539 in the Authority's net assets. Revenues decreased \$9,893 due to a decline in travel. Expenses increased due to several one-time expenditures in the current year.

Governmental Funds. The focus of the Authority's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Authority's financial requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the only operating fund of the Authority. At the end of the June 30, 2010 fiscal year, the Authority's governmental fund reported an ending fund balance of \$316,315, a decrease of \$129,539 in comparison with the prior year.

In compliance with North Carolina General Statute 105-164.4(3) and Senate Bill 56 under which the Authority is authorized, the \$316,315 fund balance as of the end of the current fiscal year is allocated for tourism promotion and special events. Additional information on the Authority's authorization and operations under these statutes can be found in Note 1 of this report.

The \$129,539 decrease in the Authority's General Fund balance during the current fiscal year was a result of expenditures of \$756,031 exceeding revenues of \$626,491 in tourism promotion and general activities.

General Fund Budgetary Highlights. During the year the revenues exceeded the budget. Expenditures exceeded revenues resulting in a decrease to fund balance at June 30, 2010.

Economic Factors

- Unemployment in the State of North Carolina was 10.2% from latest available data; however, the Nash County unemployment rate decreased to 12.2% over the prior year's 13.1%.
- The Nash County areas' hotel/lodging accommodation gross rental revenues were \$21,695,767, \$22,234,690, and \$22,934,981 for the 2010, 2009, and 2008 fiscal years, respectively.
- Nash County maintained its current 5% occupancy tax rate of which 3% is distributed to the Authority and 2% to the City of Rocky Mount.

Budget Highlights for the Fiscal Year Ending June 30, 2011

The Authority's management considered several factors when setting the fiscal year 2011 budget including the economy. Occupancy tax receipts, which form the backbone of the revenues that support the Authority's programs, are projected to decline slightly in 2011. Occupancy taxes are expected to lead the decrease in budgeted revenue by 2.6%. Budgeted expenditures are expected to rise 16%. The Authority will continue to enhance efforts to promote tourism and travel within Nash County by seeking new opportunities to draw individuals to the community.

Requests for Information

This report is designed to provide an overview of the Nash County Tourism 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 Director of Finance, Nash County Tourism Development Authority, 120 West Washington Street, Suite 3072, Nashville, North Carolina 27856.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Assets:
	Cash and investments
\$ 312,481	Taxes receivable
48,853	Total assets
361,334	Liabilities:
	Accounts payable
45,019	Net Assets:
	Unrestricted
\$ 316,315	
Governmental	
Activities	

The accompanying notes are an integral part of the financial statements.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010**

Assets:		
Cash and cash equivalents		
Taxes receivable		
Total assets		
Liabilities and Fund Balance:		
Liabilities:		
Accounts payable		\$ 45,019
Fund Balance:		
Reserved by State statute		48,853
Unreserved:		
Undesignated		267,462
Total fund balance		316,315
Total liabilities and fund balance		\$ 361,334
General Fund		
Cash and cash equivalents	\$ 312,481	
Taxes receivable	48,853	
Total assets	\$ 361,334	
Accounts payable		\$ 45,019
Reserved by State statute	48,853	
Undesignated	267,462	
Total fund balance	316,315	
Total liabilities and fund balance	\$ 361,334	

The accompanying notes are an integral part of the financial statements.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
 (A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010**

General Fund	
\$ 625,959	Revenues:
532	Room occupancy taxes
<u>626,491</u>	Investment earnings
	Total revenues
	Expenditures:
4,770	Current:
751,261	General and administrative
<u>756,031</u>	Tourism promotion
	Total expenditures
(129,539)	Revenues over (under) expenditures
	Fund Balance:
445,854	Beginning of year - July 1
<u>316,315</u>	End of year - June 30

The accompanying notes are an integral part of the financial statements.

NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

Variance with Final Budget Over/Under	Actual	Budgeted Amounts		Revenues:
		Final	Original	
	\$ 625,959	\$ 616,000	\$ 616,000	Room occupancy tax
	532	5,000	5,000	Investment income (loss)
	626,491	621,000	621,000	Total revenues
				Expenditures:
	4,770	6,200	6,200	Administration
	751,260	749,800	724,800	Economic and physical development:
	756,030	756,000	731,000	Total expenditures
	(129,539)	(135,000)	(110,000)	Revenues over (under) expenditures
	-	135,000	110,000	Appropriated fund balance
	(129,539)	-	-	Net change in fund balance
				Fund Balance:
				Beginning of year - July 1
				End of year - June 30
	\$ 316,315			

The accompanying notes are an integral part of the financial statements.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. Summary of Significant Accounting Policies

The accounting policies of the Nash County Tourism Development Authority (the "Authority") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Authority is a governmental entity established effective July 1, 1987 under a State Senate Bill of the State of North Carolina. Operations of the Authority are to promote travel, tourism, and conventions in the County, sponsor tourist-related events and activities in the County, and to finance tourist-related capital projects in the County.

The Board of Commissioners of Nash County, North Carolina, selects the governing board of the Authority and, in accordance with the State Senate Bill, the Finance Officer for Nash County also serves as Finance Officer for the Authority. The Authority designates its own management, and approves its own budget. In addition, the County provides no financial support to the Authority, is not obligated for the Authority's debts, or entitled to any surpluses of the Authority. Nash County, North Carolina, is accountable for the Authority because it appoints the Authority's governing board; however, Nash County, North Carolina, is not financially accountable for the Authority. Therefore, the Authority is reported as a component unit to Nash County, North Carolina's financial statements.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Assets and the Statement of Activities display information about the government. These statements include the financial activities of the overall government. Government activities generally are financed through taxes and other non-exchange transactions. The Statement of Activities presents direct expenses and program revenue for the function of the Authority's government activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the program and (b) grants and contributions that are restricted to the meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the Authority's funds. The Authority has only one governmental fund: the General Fund.

General Fund

The General Fund is the only fund of the Authority. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are occupancy taxes and investment earnings. The primary expenditures are for tourism promotion.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, the fund of the Authority is maintained during the year using the modified accrual basis of accounting.

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. On an accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are earned.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred. The Authority considers all revenues available if they are collected within 60 days after year-end.

There were no modifications to be made between the accrual basis of accounting in the government-wide financial statements and the modified accrual basis of accounting in the governmental fund financial statements.

D. Budgetary Data

The Authority's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the 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 the General Fund. All budget amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

E. Assets, Liabilities, and Fund Balance

Deposits and Investments

All deposits of the Authority are made in board-designated official depositories and are secured as required by State law [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 deposits.

State Law [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts

Allowances for doubtful accounts are not maintained on any types of receivables as they are not material in amount to the financial statements.

Net Assets/Fund Balances

Net Assets

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

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Fund Balances

In governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The government fund types classify fund balances as follows:

Reserved

Reserved by State Statute - portion of fund balance which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which have not been offset by deferred revenues.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

Non-Compliance with North Carolina General Statutes

According to G.S. 159-29, the Authority is required to have the Finance Officer covered under a surety bond for at least \$50,000. In 2010, the Finance Officer was not covered under a surety bond. The Authority plans to address this in the upcoming fiscal year.

**NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

3. Detail Notes on Fund

A. Assets

Deposits

All the deposits of the Authority are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent 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 their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority has no policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2010, the Authority's deposits had a carrying amount of \$125,930 and a bank balance of \$166,667. All of the bank balance was covered by federal depository insurance or collateralized under the Pooling Method.

Investments

The investments in the North Carolina Capital Management Trust are exempt from risk categorization, because the Authority does not own any identifiable securities, but is a shareholder of a percentage of the fund.

At June 30, 2010, the Authority had \$186,551 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AA+ by Standard and

Poor's. The Authority has no policy regarding credit risk.

NASH COUNTY TOURISM DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF NASH COUNTY, NORTH CAROLINA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Liabilities

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority's Board is covered under Nash County's public officials' liability policy. The County participates in a financing pool through the risk management agency of the North Carolina Association of County Commissioners. Through this pool, the County obtains general liability coverage of \$2 million per occurrence.

In accordance with G.S. 159-29, Authority employees that have access to \$100 or more at any given time of Authority funds are performance bonded through a commercial surety bond. The Finance Officer is not bonded in the current year.

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.