

MAURY COUNTY REGIONAL
AIRPORT AUTHORITY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Maury County Regional Airport Authority
Mt. Pleasant, Tennessee

I have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority, as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Maury County Regional Airport Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 28, 2010, on my consideration of Maury County Regional Airport Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maury County Regional Airport Authority's financial statements as a whole. The budgetary comparison schedule of the governmental fund is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of federal and state financial assistance is presented for purposes of additional analysis and also not a required part of the financial statements. The budgetary comparison schedule of the governmental fund and the schedule of federal and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. My opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive style with a large, stylized initial "D".

D. Gregory Johnson, CPA
Columbia, Tennessee
April 28, 2010

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2009**

ASSETS

Cash and cash equivalents	\$ 206,504
Receivables	45,563
Deposits and prepaid expenses	748
Capital assets, net of accumulated depreciation of \$3,627,813	<u>5,374,956</u>
Total assets	<u>5,627,771</u>

LIABILITIES

Accounts payable	<u>10,317</u>
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NET ASSETS

Invested in capital assets	5,374,956
Unrestricted	<u>242,498</u>
Total net assets	<u><u>\$ 5,617,454</u></u>

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

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Program Activities	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Charges For Services	Capital Grants and Contributions	Total
Governmental Activities				
General government and administration	\$ 392,535	\$ 61,443	\$ 80,500	\$ (250,592)
				General revenues
				Interest income 818
				Other income 28,918
				Total general revenues 29,736
				Change in net assets (220,856)
				Net assets, beginning of year 5,838,310
				Net assets, end of year \$ 5,617,454

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

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

ASSETS

Cash and cash equivalents	\$ 206,504
Receivables	45,563
Deposits and prepaid expenses	<u>748</u>
Total assets	<u><u>\$ 252,815</u></u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 10,317
Fund balances	
Unrestricted	<u>242,498</u>
Total liabilities and fund balances	<u><u>\$ 252,815</u></u>

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

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Fund Balances - total governmental funds \$ 242,498

Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds

Governmental capital assets	\$ 9,002,769	
Less accumulated depreciation	<u>(3,627,813)</u>	<u>5,374,956</u>

Net Assets of Governmental Activities \$ 5,617,454

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

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Revenues

Hangar rent	\$ 54,598
Ground lease income	1,884
Fuel sales	4,961
Government appropriations and grants	80,500
Interest income	818
Other income	28,918
	171,679
Total revenues	171,679

Expenditures

Bookkeeping	1,800
Cable TV	324
Conferences	675
Contract management	5,514
Grounds maintenance	14,505
Industry information provider	3,952
Insurance	20,908
Office supplies	2,791
Postage	311
Printing	140
Professional fees	16,645
Public notices	282
Repairs & maintenance	26,407
Taxes and licenses	20
Telephone	4,243
Utilities	28,203
	126,720
Total expenditures	126,720
Excess of revenues over (under) expenditures	44,959

Fund balance, beginning of year	197,539
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Fund balance, end of year	\$ 242,498
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The accompanying notes are an integral part of these financial statements.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - total governmental funds \$ 44,959

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

Governmental funds report capital outlays as expenditures. However, in
the Statement of Activities, the cost of those assets is depreciated over
their estimated useful lives:

Current depreciation (265,815)

Change in Net Assets of Governmental Activities \$ (220,856)

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

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2009

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Maury County Regional Airport Authority (“the Authority”) is a Tennessee not-for-profit corporation, organized under an agreement among the governments of Maury County, City of Columbia and the City of Mt. Pleasant. The Authority is under the direction of a three member Board of Commissioners, with one commissioner appointed by each governmental body.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Sources of Revenue

The Authority is financed by hangar rent, ground lease income, fuel sales, state and local governmental appropriations and governmental grants. The amount received from governmental agencies during the current year is as follows:

Maury County	\$ 40,000
City of Columbia	20,000
City of Mt. Pleasant	4,000
State of Tennessee	<u>16,500</u>
	<u>\$ 80,500</u>

Cash and Cash Equivalents

The Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Investment in Capital Assets

The investment in airport facilities as of July 1, 1981, is recorded at its estimated value. Additions subsequent to July 1, 1981, are recorded at cost. The land, deeded to the Authority by the City of Mt. Pleasant, Tennessee, for airport use only, is recorded at its estimated market value on the date of transfer.

Subsequent capital assets, which include land, buildings, and improvements, equipment, and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, streetlights, and similar items), are reported in the applicable governmental columns in the statements.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Capital Assets (continued)

Capital assets are defined by the Authority as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2009.

Capital assets of the Authority are depreciated using a straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 to 50
Improvements other than buildings	5 to 50
Infrastructure	15 to 75
Machinery and equipment	5 to 30

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.

Budgets and Budgetary Accounting

The Authority's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30th. The Authority's commissioners and the County of Maury formally approve the annual budget at the beginning of the year and subsequently authorize budget amendments as necessary.

NOTE B – DEPOSITS AND CASH INVESTMENTS

The Authority's funds are required to be deposited to accounts with commercial banks which are required to pledge securities as collateral for deposits in excess of Federal Deposit Insurance Corporation coverage or participate in the Tennessee Collateral Pool.

Deposits in each bank are insured by the Federal Deposit Insurance Corporation (FDIC). On October 3, 2008, the FDIC increased the coverage limit from \$100,000 to \$250,000 through December 31, 2013. There were no amounts in banks in excess of insured limits as of June 30, 2009.

At June 30, 2009, the Authority's funds were maintained in interest-bearing accounts earning interest at rates ranging from 0.20% to 0.05%.

Cash deposits at June 30, 2009, are summarized as follows:

Cash and cash equivalents, as reported in financial statements	<u>\$ 206,504</u>
Bank balance for above deposits	<u>\$ 213,046</u>

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

NOTE C – RECEIVABLES

Receivables at June 30, 2009 consist of the following:

Hangar rent	\$ 4,625
Fuel sales	938
Maury County appropriation	<u>40,000</u>
	<u>\$ 45,563</u>

NOTE D – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Cost:				
Land	\$ 1,722,970	\$ -	\$ -	\$ 1,722,970
Land improvements	354,398	-	-	354,398
Building	300,000	-	-	300,000
Equipment & fixtures	780,348	-	-	780,348
Runways, taxiway, & apron	<u>5,845,053</u>	<u>-</u>	<u>-</u>	<u>5,845,053</u>
Total cost	<u>9,002,769</u>	<u>-</u>	<u>-</u>	<u>9,002,769</u>
Less accumulated depreciation:				
Land improvements	(1,181)	(14,176)	-	(15,357)
Building	(210,000)	(7,500)	-	(217,500)
Equipment & fixtures	(740,421)	(22,498)	-	(762,919)
Runways, taxiway, & apron	<u>(2,410,396)</u>	<u>(221,641)</u>	<u>-</u>	<u>(2,632,037)</u>
Total accumulated depreciation	<u>(3,361,998)</u>	<u>(265,815)</u>	<u>-</u>	<u>(3,627,813)</u>
Net Capital Assets	<u>\$ 5,640,771</u>	<u>\$ (265,815)</u>	<u>\$ -</u>	<u>\$ 5,374,956</u>

NOTE E – ECONOMIC DEPENDENCE

The Authority is economically dependent on the appropriations from state and local governments. For the current year, these appropriations represent approximately 47% of total revenues of the Authority.

NOTE F – 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 maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2009**

NOTE G – AIRPORT MANAGEMENT

The Authority contracts with Maury Aviation, LLC for the day-to-day operations of the airport facility. As part of the agreement, the Authority receives a portion of fuel sale revenue and Maury Aviation receives 10% of the hangar rent. The total amount paid to Maury Aviation, LLC for its portion of rent in the current fiscal year amounted to \$5,514.

SUPPLEMENTARY INFORMATION

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
Revenues				
Hangar rent	\$ 54,000	\$ 48,600	\$ 54,598	\$ 5,998
Ground lease income	-	-	1,884	1,884
Fuel sales	5,340	5,340	4,961	(379)
Government appropriations and grants	57,000	67,000	80,500	13,500
Interest income	-	-	818	818
Other income	-	-	28,918	28,918
Total revenues	116,340	120,940	171,679	50,739
Expenditures				
Bookkeeping	2,100	2,100	1,800	300
Cable TV	456	456	324	132
Conferences	900	900	675	225
Contract management	-	-	5,514	(5,514)
Grounds maintenance	17,430	17,430	14,505	2,925
Industry information provider	3,500	2,000	3,952	(1,952)
Insurance	12,200	16,700	20,908	(4,208)
Office supplies	-	-	2,791	(2,791)
Postage	300	300	311	(11)
Printing	-	-	140	(140)
Professional fees	9,550	11,400	16,645	(5,245)
Public notices	300	360	282	78
Repairs & maintenance	38,050	30,600	26,407	4,193
Taxes and licenses	-	-	20	(20)
Telephone	4,596	4,596	4,243	353
Utilities	26,930	30,236	28,203	2,033
Total expenditures	116,312	117,078	126,720	(9,642)
Excess of revenues over (under) expenditures	28	3,862	44,959	41,097
Fund balance, beginning of year	197,539	197,539	197,539	-
Fund balance, end of year	\$ 197,567	\$ 201,401	\$ 242,498	\$ 41,097

See auditor's report.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2009

CFDA Number	Grant Number	Program Name	Grantor Agency	Receivable		Cash Receipts	Cash Expenditures	Receivable Balance June 30, 2009
				Balance July 1, 2008				
20.016	Z08021569	Airport maintenance contract	Department of Transportation	-	16,500	16,500	-	-
				\$ -	\$ 16,500	\$ 16,500	\$ -	\$ -

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Maury County Regional Airport Authority
Mt. Pleasant, Tennessee

I have audited the financial statements of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority as of and for the year ended June 30, 2009, which collectively comprise the Maury County Regional Airport Authority's basic financial statements and have issued my report thereon dated April 28, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Maury County Regional Airport Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maury County Regional Airport Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Maury County Regional Airport Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maury County Regional Airport Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2009-1 and 2009-2.

Maury County Regional Airport Authority's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. I did not audit Maury County Regional Airport Authority's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Maury County Regional Airport Authority, its management and others within the organization, the Comptroller of the Treasury of the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "D. Gregory Johnson, CPA". The signature is written in a cursive style with a large, stylized initial "D".

D. Gregory Johnson, CPA
Columbia, Tennessee
April 28, 2010

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2009**

Finding 2009-1 - Expenditures Exceeded Budget and Fiscal Plan

The Authority exceeded budget amounts in several of its operating expenses. According to Tennessee law, the Authority cannot expend moneys regardless of their source except in accordance with a budget previously adopted. The law further states that nothing limits the Board of Commissioners from amending a budget after adoption. (This was also a finding at June 30, 2008.)

Recommendation

I recommend that the Board of Commissioners adopt amendments to its budget when unexpected departures from its fiscal plan are anticipated.

Management's Comments

The Board will endeavor to follow the accounting guidelines for moving funds in the budget.

**Finding 2009-2 – Year-End Financial Audit Not Submitted in a Timely Manner to the
Comptroller of the Treasury of the State of Tennessee**

The Authority's audit report has consistently been filed late with the Comptroller's Office. The approved Contract to Audit Accounts requires audits to be submitted within six months of yearend. The usefulness of reports issued so long after yearend is greatly diminished. (This was also a finding at June 30, 2008.)

Recommendation

I recommend that the Authority ensure that financial statements are complete and ready to audit as quickly and efficiently as possible at yearend. Coordinate and schedule with the auditor as soon as possible after yearend to provide the auditor enough time to perform necessary and required audit procedures in order to complete the audit in a timely manner as required by the Comptroller's Office.

Management's Comments

Financial records will be delivered to the audit accountant no later than August 15th each year.

Disposition of Prior Year Findings

Except for the findings noted above, the Authority satisfactorily corrected the prior year findings.