

**DICKSON COUNTY MUNICIPAL
AIRPORT AUTHORITY**

Financial Statements

For the Years Ended June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Table of Contents

| | <u>Page Number</u> |
|--|--------------------|
| DIRECTORY OF BOARD MEMBERS | i |
| INDEPENDENT AUDITORS' REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS..... | 2-6 |
| FINANCIAL STATEMENTS: | |
| Statements of Net Assets | 7 |
| Statements of Revenue, Expenses and Changes in Net Assets..... | 8 |
| Statements of Cash Flows..... | 9 |
| Notes to the Financial Statements..... | 10-13 |
| SUPPLEMENTAL SCHEDULES: | |
| Schedule of Federal and State Financial Assistance..... | 14 |
| OTHER REPORTS: | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based upon an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 15 |

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Directory of Board Members

| <u>Member</u> | <u>Appointed By</u> |
|-----------------------|---------------------|
| Jim Simmons, Chairman | City |
| Booty Reed | County |
| Beth Fiala | County |
| Craig Fuson | County |
| Bird Armstrong | City |

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

INDEPENDENT AUDITORS' REPORT

Board Members of the
Dickson County Municipal Airport Authority

We have audited the accompanying financial statements of the Dickson County Municipal Airport Authority as of and for the years ended June 30, 2010 and 2009 as listed in the table of contents. These financial statements are the responsibility of Dickson County Municipal Airport Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinions.

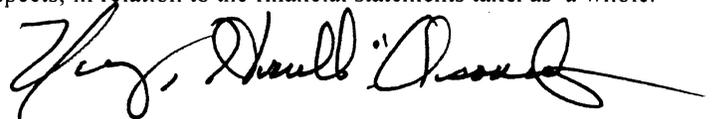
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dickson County Municipal Airport Authority as of June 30, 2010 and 2009, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2010 on our consideration of Dickson County Municipal Airport Authority's internal control over financial reporting and our 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 our 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 our audits.

The management's discussion and analysis on pages 2 through 6 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements of the Dickson County Municipal Airport Authority. The Supplemental Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplemental Schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is stated fairly, in all material respects, in relation to the financial statements taken as a whole.

September 24, 2010



DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Financial Highlights

Key Highlights for the year ended June 30, 2010 are as follows,:

The authority's net assets increased by \$370,364 as compared to \$267,180 in 2009

At the end of the current year the authority reported total net assets of \$7,342,039 comprised of amounts invested in capital assets of \$7,205,071 and unrestricted net assets of \$136,968.

At the end of the current year , the authority reported current assets in excess of current liabilities of \$136,503 as compared to \$119,623 in 2009.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of Net Assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets present information showing how the Authority's net assets have changed during the fiscal year. All change in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The final required statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payment during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations and capital financing and investing activities.

The financial statements can be found on pages 7-9 of this report.

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided within the financial statements. The notes to the financial statements can be found on pages 10-13 of this report.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Financial Analysis

For the year ended June 30, 2010, assets exceeded liabilities by \$7,342,039. The Airport Authority is a capital intensive enterprise, with 98% of the net assets invested in capital assets. The following is a summary of the Airport Authority's net assets

| | <u>2010</u> | <u>2009</u> | <u>INCREASE (DECREASE)</u> |
|----------------------------|----------------------------|----------------------------|--------------------------------|
| Assets | | | |
| Current Assets | \$ 196,060 | \$ 210,261 | \$ (14,201) |
| Capital Assets | 7,205,071 | 6,851,587 | 353,484 |
| Other Assets | <u>465</u> | <u>465</u> | - |
| Total Assets | <u><u>7,401,596</u></u> | <u><u>7,062,313</u></u> | <u><u>339,283</u></u> |
| Liabilities | | | |
| Current Liabilities | <u>59,557</u> | <u>90,638</u> | <u>(31,081)</u> |
| Net Assets | | | |
| Invested In capital assets | 7,205,071 | 6,762,995 | 442,076 |
| Unrestricted | <u>136,968</u> | <u>208,680</u> | <u>(71,712)</u> |
| Total Net Assets | <u><u>\$ 7,342,039</u></u> | <u><u>\$ 6,971,675</u></u> | <u><u>\$ 370,364</u></u> |

The Authority's net assets increased by \$370,364 in 2010. The following is a summary Statement of Revenues, Expenses and Changes in Net Assets.

| | <u>2010</u> | <u>2009</u> | <u>INCREASE (DECREASE)</u> |
|-----------------------|--------------------------|--------------------------|--------------------------------|
| Operating revenues | \$ 114,751 | \$ 108,924 | \$ 5,827 |
| Operating expenses | <u>368,597</u> | <u>341,325</u> | <u>27,272</u> |
| Operating loss | (253,846) | (232,401) | (21,445) |
| Non operating revenue | 69,668 | 78,000 | (8,332) |
| Capital Contributions | <u>554,542</u> | <u>421,581</u> | <u>132,961</u> |
| Change in net assets | <u><u>\$ 370,364</u></u> | <u><u>\$ 267,180</u></u> | <u><u>\$ 103,184</u></u> |

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Revenues

The major changes in Airport Authority continuing revenue of the year ended June 30, 2010 was an increase in hangar revenue of \$4,673 or 5%, intergovernmental revenue decreased approximately 1%. Grant receipts from the Department of Transportation for the new runway resulted in an increase in capital contributions of \$134,927.

Grant receipts from the Department of Transportation for the repaving of the apron resulted in capital contributions of \$501,211.

The following is a summary of revenues:

| | <u>2010</u> | <u>2009</u> | <u>INCREASE (DECREASE)</u> |
|---------------------------|-----------------------|-----------------------|--------------------------------|
| Hangar rentals | \$ 92,004 | \$ 87,331 | \$ 4,673 |
| Fuel flowage fees | 2,031 | 2,743 | (712) |
| Non hangar rentals | 18,750 | 18,850 | (100) |
| Intergovernmental Revenue | 69,668 | 78,000 | (8,332) |
| Capital Grants | <u>556,508</u> | <u>421,581</u> | <u>134,927</u> |
| Total Revenues | <u>\$ 738,961</u> | <u>\$ 608,505</u> | <u>\$ 130,456</u> |

Expenses

The major changes in operating expenses for the year ended June 30, 2010 was an increase of \$7,151 or 21% in maintenance expense due primarily to the increase in the cost of maintenance to existing structures and improvements that was performed in 2010.

The following is a summary of operating expenses:

| | <u>2010</u> | <u>2009</u> | <u>INCREASE (DECREASE)</u> |
|----------------------|-----------------------|-----------------------|--------------------------------|
| Advertising | \$ 3,466 | \$ 1,063 | \$ 2,403 |
| Conferences | 1,100 | - | 1,100 |
| Insurance | 1,670 | 1,670 | - |
| Legal & Professional | 11,990 | 13,016 | (1,026) |
| Maintenance | 41,554 | 34,403 | 7,151 |
| Office | 2,791 | 2,643 | 148 |
| Telephone | 1,430 | 1,277 | 153 |
| Utilities | 16,704 | 17,770 | (1,066) |
| Other | 3,974 | 1,379 | 2,595 |
| Depreciation | <u>283,918</u> | <u>268,104</u> | <u>15,814</u> |
| Total Expenses | <u>\$ 368,597</u> | <u>\$ 341,325</u> | <u>\$ 27,272</u> |

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Cash Flows

Cash increased \$66,493 from that of the prior year. This increase was primarily due mainly to a decrease in cash required by capital and related financing activities.

The following is a summary of the Airport Authority's cash flows:

| | <u>2010</u> | <u>2009</u> | <u>INCREASE (DECREASE)</u> |
|---|------------------|------------------|--------------------------------|
| Cash flows provided by (used In) Operating Activities | \$ 33,981 | \$ 27,458 | \$ 6,523 |
| Cash flows provided by Used in) capital and related financing activities | (5,488) | (63,796) | 58,308 |
| Cash flows provided by Used in) noncapital and related financing activities | 38,000 | 75,000 | (37,000) |
| Change in Cash | <u>\$ 66,493</u> | <u>\$ 38,662</u> | <u>\$ 27,831</u> |

Capital Assets

The Airport Authority's investment in capital assets as of June 30, 2010 amounted to \$7,205,071 net of accumulated depreciation. Capital Assets consist of land, runways and taxiways, buildings and building improvements, and airport operating equipment. Investment in capital assets increased by \$637,402 for the year. Depreciation was recorded in the amount of \$283,918 for the year.

The following is a summary of investment in capital:

| | <u>2010</u> | <u>2009</u> | <u>INCREASE (DECREASE)</u> |
|-----------------------------|---------------------|---------------------|--------------------------------|
| Non depreciable assets: | | | |
| Land | \$ 1,679,600 | \$ 1,679,600 | \$ - |
| Construction in progress | - | - | - |
| Depreciable assets: | | | |
| Improvements | 5,961,130 | 5,399,379 | 561,751 |
| Terminal | 323,602 | 323,602 | - |
| Hangars | 1,065,710 | 1,043,101 | 22,609 |
| Equipment and other | <u>307,333</u> | <u>254,291</u> | <u>53,042</u> |
| Total Property & equipment | 9,337,375 | 8,699,973 | 637,402 |
| Accumulated depreciation | <u>2,132,304</u> | <u>1,848,386</u> | <u>283,918</u> |
| Property and equipment -net | <u>\$ 7,205,071</u> | <u>\$ 6,851,587</u> | <u>\$ 353,484</u> |

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY
Management Discussion & Analysis

Economic Factors and Future Outlook

The Authority completed the repaving of the airport apron during 2010. Future approved capital projects include capital improvements to the maintenance hangar. This project should be completed in fiscal year 2010-2011. Management expects the operations to continue in 2011 much the same as in 2010.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statement of Net Assets

June 30, 2010 and 2009

Assets

| | <u>2010</u> | <u>2009</u> |
|--|----------------------------|-------------------------|
| Current Assets: | | |
| Cash-unrestricted | \$ 134,023 | 67,530 |
| Accounts receivable: | | |
| Rents receivable | 6,525 | 10,927 |
| Receivable from State Department of Transportation | 13,000 | 70,729 |
| Other receivable | 31,668 | - |
| Prepaid local match on grant | 10,844 | 61,075 |
| Total current assets | <u>196,060</u> | <u>210,261</u> |
| Capital Assets: | | |
| Non depreciable assets | 1,679,600 | 1,679,600 |
| Depreciable plant in service | 7,657,775 | 7,020,373 |
| Accumulated depreciation | <u>(2,132,304)</u> | <u>(1,848,386)</u> |
| Total utility plant, net of depreciation | <u>7,205,071</u> | <u>6,851,587</u> |
| Other Assets: | | |
| Utility deposits | 465 | 465 |
| Total other assets | <u>465</u> | <u>465</u> |
| Total assets | \$ <u><u>7,401,596</u></u> | <u><u>7,062,313</u></u> |

Liabilities and Net Assets

| | | |
|---|----------------------------|-------------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 58,662 | 1,460 |
| Contracts and retainage payable | - | 88,591 |
| Deferred revenue and deposits | 895 | 587 |
| Total current liabilities | <u>59,557</u> | <u>90,638</u> |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 7,205,071 | 6,762,995 |
| Unrestricted | 136,968 | 208,680 |
| Total Net Assets | \$ <u><u>7,342,039</u></u> | <u><u>6,971,675</u></u> |

See accompanying notes to the financial statements.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statements of Revenue, Expense and Changes in Net Assets

For the Years Ended June 30, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|--|---------------------|------------------|
| Operating Revenues | | |
| Charges for services: | | |
| Hangar rentals | \$ 92,004 | 87,331 |
| Fuel flowage fees | 2,031 | 2,743 |
| Other operating revenues | <u>20,716</u> | <u>18,850</u> |
| Total operating revenues | <u>114,751</u> | <u>108,924</u> |
| Operating Expenses | | |
| Advertising | 3,466 | 1,063 |
| Conferences | 1,100 | - |
| Insurance | 1,670 | 1,670 |
| Legal and professional | 11,990 | 13,016 |
| Maintenance | 41,554 | 34,403 |
| Office | 2,791 | 2,643 |
| Telephone | 1,430 | 1,277 |
| Utilities | 16,704 | 17,770 |
| Other | 3,974 | 1,379 |
| Depreciation expense | 283,918 | 268,104 |
| Total operating expenses | <u>368,597</u> | <u>341,325</u> |
| Net operating revenue (loss) | <u>(253,846)</u> | <u>(232,401)</u> |
| Nonoperating Revenues (Expenses) | | |
| Intergovernmental: | | |
| Operation grant | 13,000 | 13,000 |
| Contributions - other governments | 56,668 | 65,000 |
| Total nonoperating revenues (expenses) | <u>69,668</u> | <u>78,000</u> |
| Income before contributions | (184,178) | (154,401) |
| Contributions: | | |
| Capital grants | 554,542 | 421,581 |
| | <u>554,542</u> | <u>421,581</u> |
| Change in net assets | 370,364 | 267,180 |
| Net Assets, Beginning of Year | <u>6,971,675</u> | <u>6,704,495</u> |
| Net Assets, End of Year | <u>\$ 7,342,039</u> | <u>6,971,675</u> |

See accompanying notes to the financial statements.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statements of Cash Flows

For the Years Ended June 30, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|--|--------------------------|-------------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from customers | \$ 113,046 | 105,984 |
| Cash paid to suppliers of goods and services | (79,065) | (78,526) |
| Net cash provided (used) by operating activities | <u>33,981</u> | <u>27,458</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Purchase of property, plant and equipment | (674,405) | (618,485) |
| Net (payments) proceeds from Bank line of credit | - | - |
| Proceeds from capital grants | 618,686 | 569,361 |
| (Increase) decrease in prepaid local share | 50,231 | (17,446) |
| Proceeds from disposition of capital asset | - | 2,774 |
| Interest paid | - | - |
| Net cash provided (used) by capital and related financing activities | <u>(5,488)</u> | <u>(63,796)</u> |
| Cash Flows from Noncapital Financing Activities: | | |
| Contributions for other governments | 25,000 | 65,000 |
| Proceeds from operating grant | 13,000 | 10,000 |
| Deposits | - | - |
| Net cash provided (used) by capital and related financing activities | <u>38,000</u> | <u>75,000</u> |
| Net increase (decrease) in cash | 66,493 | 38,662 |
| Cash and Restricted Cash, Beginning of Year | <u>67,530</u> | <u>28,868</u> |
| Cash and Restricted Cash, End of Year | \$ <u><u>134,023</u></u> | \$ <u><u>67,530</u></u> |

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations

| | | |
|--|-------------------------|-------------------------|
| Net Operating Revenue (Loss) | \$ (253,846) | (232,401) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | |
| Less gain on disposition of capital asset | - | (244) |
| Depreciation and amortization | 283,917 | 268,103 |
| (Increase) decrease in current assets: | | |
| Rents receivable and prepaid | (1,705) | (2,695) |
| Increase (decrease) in current liabilities: | | |
| Accounts payable | 5,615 | (5,305) |
| Net cash provided (used) by operating activities | \$ <u><u>33,981</u></u> | \$ <u><u>27,458</u></u> |

Supplemental Schedule of Non-Cash Capital Financing Activities

Contract payable in the amount of \$88,591 in 2009, which was paid in 2010, was utilized for the acquisition of utility plant.

See accompanying notes to the financial statements.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements

June 30, 2010 and 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dickson County Municipal Airport Authority of Dickson, Tennessee was incorporated pursuant to the provisions of Tennessee Code Annotated (TCA) 42-3-103. TCA 42-3-103 provides for the appointment of five Commissioners for a term of five years. One of the Commissioners shall be a member of the City of Dickson City Council and one member shall be a member of the Dickson County Commission with the remaining three Commissioners being residents of Dickson County, TN. Under criteria established by the Government Accounting Standards Board, the Authority is considered a component unit of Dickson County. Accordingly, the accompanying financial statements are included in the basic financial statements of the County.

Basis of Presentation

The Authority's operations are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred.

The Authority has adopted GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." Accordingly, the Authority applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Authority, however, has elected not to apply FASB pronouncements issued subsequent to that date.

Current accounting and reporting standards for external financial reporting for all state and local governmental entities require a management's discussion and analysis section, a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows when applicable. It further requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for hangar rentals and fuel flowage charges. Operating expenses for the Authority include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, savings accounts and certificates of deposit with maturity dates of three months or less from date of purchase.

Capital Assets

Capital assets of the Authority are recorded at cost. Depreciation is computed over the estimated lives of the assets utilizing the straightline method. The estimated lives are as follows:

| <u>Category</u> | <u>Estimated Life</u> |
|-----------------|-----------------------|
| Land | N/A |
| Hangars | 7 - 31.5 Years |
| Improvements | 7 - 25 Years |
| Fencing | 10 - 15 Years |
| Terminal | 40 Years |

Equity Classification

Equity is classified as net assets and displayed in three components, if applicable:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints, primarily for debt service and capital purchases.
- c. Unrestricted net assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

2. CASH AND CASH EQUIVALENTS

Deposits

The Authority is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the years 2010 and 2009, the Authority used a demand checking account.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. The Authority's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

3. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

| | Balance <u>6-30-09</u> | <u>Additions</u> | Retirements <u>Transfers</u> | Balance <u>6-30-10</u> |
|-----------------------------------|---------------------------|------------------|---------------------------------|---------------------------|
| Non depreciable assets: | | | | |
| Land | \$ <u>1,679,600</u> | — | — | <u>1,679,600</u> |
| | <u>1,679,600</u> | — | — | <u>1,679,600</u> |
| Depreciable assets: | | | | |
| Improvements | 5,399,379 | 561,751 | - | 5,961,130 |
| Terminal | 323,602 | - | - | 323,602 |
| Hangers | 1,043,101 | 22,609 | - | 1,065,710 |
| Equipment and other | <u>254,291</u> | <u>53,042</u> | — | <u>307,333</u> |
| | <u>7,020,373</u> | <u>637,402</u> | — | <u>7,657,775</u> |
| Less accumulated depreciation: | | | | |
| Improvements | 1,515,820 | 223,939 | - | 1,739,759 |
| Terminal | 71,462 | 8,090 | - | 79,552 |
| Hangers | 157,760 | 33,643 | - | 191,403 |
| Equipment and other | <u>103,344</u> | <u>18,246</u> | — | <u>121,590</u> |
| | <u>1,848,386</u> | <u>283,918</u> | — | <u>2,132,304</u> |
| Depreciable capital assets net | <u>5,171,987</u> | | | <u>5,525,471</u> |
| Total capital assets, net | \$ <u>6,851,587</u> | | | <u>7,205,071</u> |

Depreciation expense was \$283,918 and \$268,104 for the years ended June 30, 2010 and 2009, respectively.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Notes to Financial Statements, Continued

4. COMMITMENTS AND CONTINGENCIES

Litigation

The Authority is not involved in any litigation which would have a material effect on the financial statements of the District.

5. RISK MANAGEMENT

The Authority is exposed to various risks to general liability and property and casualty losses. The Authority's policy is to carry commercial insurance for these and other risks of loss. Settled claims for losses have not exceeded commercial insurance coverage in any of the past three years.

6. LEASE AGREEMENT - FIXED BASE OPERATOR

The Lease Agreement provides for lease of the Airport and all related equipment to the Fixed Base Operator (FBO) for a five year period commencing March 1, 2008. The FBO is granted the right to sell petroleum products and make reasonable charges for tie-down, and other services customarily made in the operation of an airport; however, the Authority retains the right to assess and receive rents from the hanger facilities. Further, FBO shall pay to the Authority the sum of .06 cents per gallon on all fuel sold or distributed. In addition, commencing in March 1, 2008, the Authority shall receive rent from the FBO of 3% of the gross revenue, excluding fuel sales, from the FBOs use and operation of the airport, to the extent such gross revenue exceeds \$100,000. The FBO is in the process of determining its liability for the rent override at this time. It is not believed to be significant.

SUPPLEMENTAL SCHEDULE

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Schedule of Federal and State Financial Assistance

For the Year Ended June 30, 2010

| CFDA No. | Contract # | Grantor Agency | (Receivable) Deferred June 30, 2009 | Adjustments | Receipts | Disbursements | (Receivable) Deferred June 30, 2010 |
|------------------------|-----------------------|--|-------------------------------------|-------------|----------------|------------------|-------------------------------------|
| FEDERAL AWARDS: | | | | | | | |
| 20.106 | Z-07-03-7563-00 | U.S. Department of Transportation | \$ (4,500) | - | 4,500 | - | - |
| 20.106 | Z-07-03-7607-00 | U.S. Department of Transportation | (53,229) | - | 75,838 | (22,609) | - |
| | | | <u>\$ (57,729)</u> | | <u>80,338</u> | <u>(22,609)</u> | <u>-</u> |
| STATE AWARDS: | | | | | | | |
| N/A | Z-09-21-4040-00 | Tennessee Department of Transportation | - | - | 501,211 | (501,211) | - |
| N/A | TAD #22-555-0340-04 | Tennessee Department of Transportation | - | - | 30,722 | (30,722) | - |
| N/A | Z-07-03-5584-00 | Tennessee Department of Transportation | (13,000) | - | 13,000 | - | - |
| N/A | Proj. #99-555-1199-04 | Tennessee Department of Transportation | - | - | - | (13,000) | (13,000) |
| | | | <u>\$ (13,000)</u> | | <u>544,933</u> | <u>(544,933)</u> | <u>(13,000)</u> |

OTHER REPORTS

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

TELEPHONE
(615) 385-1008
FAX (615) 385-1208

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
Dickson County Municipal Airport Authority

We have audited the accompanying financial statements of the Dickson County Municipal Airport Authority (the Authority) as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements and have issued a report thereon dated September 24, 2010. We conducted our 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 our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of significant 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.

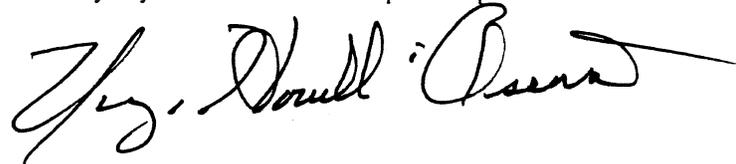
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Commissioners, State Comptroller's Office, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



September 24, 2010