SPRINGFIELD-ROBERTSON COUNTY

AIRPORT BOARD

Annual Financial Report

For the Year Ended June 30, 2011

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

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INTRODUCTORY SECTION

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Schedule of Officers

June 30, 2011

Official	Title	Term expires
Jerry Poole	Chairman	2011
Marvin Smith, Jr.	Vice Charman	2013
Mel Carr	Treasurer	2012
Chris Simpkins	Secretary	2011
Glen Roberts	Member	2014
Tracy Langston	Member	2012
Lee Scott	Member	2013
Paul Nutting	Ex-Officio Member	N/A
Howard Bradley	Ex-Officio Member	N/A
Margot Fosnes	Ex-Officio Member	N/A

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

Springfield-Robertson County Airport Board
Springfield, Tennessee

I have audited the accompanying financial statements of the governmental activities and the major fund of the Springfield-Robertson County Airport Board as of and for the year ended June 30, 2011, which collectively comprise the Airport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Springfield-Robertson County Airport Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial reporting as 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 the 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 fund of the Springfield-Robertson County Airport Board as of June 30, 2011, 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 September 30, 2011 on my consideration of the Springfield-Robertson County Airport Board's internal control structure 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 controls 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.

The Springfield-Robertson County Airport Board has not prepared the Management's Discussion and Analysis, which is required supplementary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Springfield-Robertson County Airport Board's basic financial statements. The Introductory Section and the Financial Schedules as listed in the table of contents are not a required part of the basic financial statements. The Introductory Section and the Financial Schedules, including the Schedule of State Financial Assistance, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in relation to the basic financial statements taken as a whole.

John R Poole, CPA

September 30, 2011

BASIC FINANCIAL STATEMENTS

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Statement of Net Assets

June 30, 2011

Assets	Governmental Activities	Total
Cash and cash equivalents	$185,039	$185,039
Grant and accounts receivables	317,230	317,230
Capital assets, not depreciated	477,737	477,737
Capital assets, net of accumulated depreciation	4,415,144	4,415,144
Total Assets	$5,395,150	$5,395,150
Liabilities		
Accounts payable	228	228
Hanger deposits	10,000	10,000
Total Liabilities	10,228	10,228
Net Assets:		
Investment in capital assets	4,892,881	4,892,881
Unrestricted	492,041	492,041
Total Net Assets	$5,384,922	$5,384,922

See accompanying notes to financial statements.

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Statement of Activities

For the Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Governmental Activities	Net (Expenses) Revenue and Changes in Net Assets: Total
General government - Airport operations	188,872	68,886	18,000	365,562	263,576	263,576
Total Governmental Activities	188,872	68,886	18,000	365,562	263,576	263,576
General Revenues:						
Miscellaneous					19	19
Interest income					3,933	3,933
Total general revenues					3,952	3,952
Changes in net assets					267,528	267,528
Net assets - beginning of year					5,117,394	5,117,394
Net assets - ending of year					5,384,922	5,384,922

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Balance Sheet

Governmental Fund

June 30, 2011

	General Fund
Assets	
Cash and cash equivalents	$185,039
Grants and accounts receivable	317,230
Total Assets	$502,269
Liabilities and Fund Equity	
Liabilities:	
Accounts payable	$228
Hangar deposits	10,000
Total Liabilities	10,228
Fund Equity:	
Fund balance:	
Unassigned	492,041
Total Fund Balance	492,041
Total Liabilities and Fund Equity	$502,269

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

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Reconciliation of the Balance Sheet to the Statement of Net Assets of Government Activities

June 30, 2011

Amounts reported for fund balance - total governmental funds	$	492,041
Amounts reported for governmental activities in the statement of net assets are different because:		
Investment in capital assets		4,892,881
Net assets of governmental activities	$	5,384,922

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2011

	General Fund
Revenues:	
Intergovernmental- State of Tennessee	383,562
Rent income	61,157
Flowage fees	3,729
Land lease	4,000
Interest income	3,933
Miscellaneous	19
Total Revenues	456,400
Expenditures:	
Current:	
Utilities	14,426
Repair and maintenance	26,546
Contract services	9,443
Accounting and auditing services	6,500
Dues	1,804
Miscellaneous	879
Capital Outlay	191,934
Total Expenditures	251,532
Excess (deficiency) of revenues over expenditures	204,868
Fund Balance, Beginning of year	287,173
Fund Balance, End of year	492,041

See accompanying notes to financial statements.

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BAORD

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds:	$	204,868
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Acquisition of capital assets		191,934
Depreciation expense		(129,274)
Change in net assets of governmental activities	$	267,528

Springfield-Robertson County Airport Board

Notes to Financial Statements

June 30, 2011

(1) Summary of Significant Accounting Policies

The Springfield-Robertson County Airport Board, (Airport) is a joint venture between the City of Springfield and Robertson County, created in 1990 to oversee the operation, maintenance, and improvement of the Springfield-Robertson County Airport. The City of Springfield and Robertson County, Tennessee share equally in the responsibilities of the Airport. The Board is governed by a Board of Directors. As an Airport/County joint undertaking, the Board is exempt from Federal income tax. The Board has been delegated all the powers given by Tennessee Code Annotated 42-5-201 et seq. The Board consists of seven members, two of whom are appointed by the County; and two of whom are appointed by the City of Springfield. The other three members are appointed by both the City of Springfield and Robertson County. Each member serves a five-year term with staggered termination dates. The City and the County assist the Board with such items as insurance coverage and bidding and contracting for various projects.

The City and the County are presented with estimates of project costs and matching share requirements. Each is asked to contribute one-half of any costs not covered by State or Federal funds; although the Alderman of the City of Springfield and the Commissioners of Robertson County have the authority to approve contributions in whatever amount they deem appropriate. Although the assets are constructed and acquired through City and County funds, the Board retains the legal authority to significantly influence operations including, but not limited to, control over assets, including facilities and properties, short term borrowing and signing contracts.

All significant activities and organizations on which the Board exercises financial accountability have been included in the financial statements for the year ended. The responsibility and accountability over all funds is vested in the Board and Fixed Base Operator, who is appointed by the Board to assist in maintaining and operating the airport facility. There are no component units of the Board.

The accounting policies of the Springfield-Robertson County Airport Board conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

Governmental Accounting Standards Board (GASB) Statement Number 14, "The Financial Reporting Entity" requires that financial statements present the reporting entity which consists of the primary government and any "Component Unit" organizations for which the primary government is financially accountable and any other "Component Unit" organizations for which the nature and significance of their relationship with the primary government are such that exclusion, could cause the Airport's general purpose financial statements to be misleading. There were no component units requiring blended or discrete presentation under the requirements of GASB Statement Number 14.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of net assets and the statement of changes in net assets, report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (I) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

(1) Summary of Significant Accounting Policies, Continued

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 related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Airport reports the following major fund:

General Fund - The General Fund is the general operating fund of the Airport. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Cash and Cash Equivalents
Cash and cash equivalents consist primarily of checking accounts and a money market account. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Airport uses committed, assigned then unassigned funds.

Capital Assets
Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Airport as assets with an individual cost of $5,000 and an estimated useful life in excess of three years. All fixed assets are valued at historical cost or estimated useful life in excess of three years. Donated fixed assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is provided over the estimated useful lives using the straight line method.

The estimated useful lives are as follows:

Infrastructure	20-50 years
Land improvements	20 years
Buildings	40 years
Machinery and Equipment	20 years

Budget and Budgetary Accounting
The Board informally adopts an annual budget for the General Fund. The informal annual budget for the General Fund sets forth total program expenditures (not annual) with estimated grant revenues from intergovernmental sources. The Board is not legally required to adopt a budget; therefore, no budget comparison is presented in these financial statements.

(1) Summary of Significant Accounting Policies, Continued

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The reserved equity is earmarked for expenditures on an operations building. The construction of an operations building on the airport site is a part of the five-year plan for the Board.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk
Financial instruments that potentially subject the Airport to significant concentrations of credit risk consist principally of cash and cash equivalents. The Airport places its cash with federally-insured financial institutions or institutions participating in the State collateral pool.

Deferred Revenue
Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Fund Balance
The Airport implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable fund balances – amounts that are not in a spendable form, Restricted fund balance – amounts constrained to specific purposes by their providers, provisions, or by enabling legislation, Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint, Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, Unassigned fund balance – amounts that are available for any purpose; these amounts are reported only in the general fund.

Only by Board approval can fund balance amounts be classified as committed or assigned.

(2) Cash and Cash Equivalents

The Airport is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The Airport has deposit policies to minimize custodial credit risks. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the Airport and must total a minimum 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The Airport's deposits with financial institutions are fully insured or collateralized by securities held in the Airport's name.

(3) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statements is as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Land	477,737	-	-	477,737
Furniture and fixtures	5,338	-	-	5,338
Machinery and equipment	91,897	-	-	91,897
Other improvements	3,058,537	191,934	-	3,250,471
Parallel taxiway	501,723	-	-	501,723
Runway widening	591,907	-	-	591,907
Parallel localizer	1,107,558	-	-	1,107,558
Security project	99,010	-	-	99,010
Total	5,933,707	191,934	-	6,125,641
Accumulated depreciation	1,103,487			1,232,760
Capital assets - net	4,830,220			4,892,881

All assets of the Airport except land of $ 477,737 is being depreciated. Depreciation expense was $129,274 for the fiscal year end. Accumulated depreciation was $5,338 for furniture and fixtures, $31,576 for machinery and equipment, $664,169 for improvements, $112,051 for parallel taxiway, $132,199 for runway widening, $255,711 for parallel localizer and $31,716 for security project.

(4) Risk Management

The Board 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 Board has elected to obtain an insurance policy to transfer risk to a commercial insurance company. Insurance settlements have not been in excess of insurance coverage in any of the prior three years.

Environmental Issues

Fuel is stored at the airport in underground storage facilities. None of the tanks is more than seven years old; and according to the independent environmental consultant for the airport, Simons SIRVEY Corporation, their subcontractor, Hollingsworth Oil, indicates that all tanks are within the new EPA guidelines which went into effect in December of 1999.

(5) Commitments and Contingencies

Economic Dependency

The Airport obtains a substantial amount of funds from state and local governments. A significant reduction in the level of such support, if this were to occur, might affect the Airport's ability to carry out its programs and activities.

Litigation:

There are no pending lawsuits in which the Airport is involved.

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

SUPPLEMENTAL INFORMATION

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Schedule of Cash and Cash Equivalents and Certificate of Deposits
All Funds

June 30, 2011

	Carrying Value
General Fund:	
Commerce Union Bank -Demand deposits	$185,039
Total General Fund	185,039
Total - All funds	$185,039

SPRINGFIELD-ROBERTSON COUNTY AIRPORT BOARD

Schedule of State Financial Assistance

For the Year Ended June 30, 2011

CFDA Number	State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2010	Grant Receipts	Deposits	Grant Expenditures	Receivable (Deferred) Balance June 30, 2011
State Program:								
N/A	TAD 74-555-0144-04	TPM and QT Technologies	State of Tennessee Department Transportation	100	0	0	0	100
N/A	TAD 74-555-0742-04	Airport Maintenance	State of Tennessee Department Transportation	3,323	67,070	0	365,562	301,815
N/A	99-555-0742-04	Airport Maintenance	State of Tennessee Department Transportation	0	11,056	0	18,000	6,944
N/A	TAD 99-555-1167-04	Airport	State of Tennessee Department Transportation	15,275	15,275	0	0	0
N/A	Z-08-200834	Airport	State of Tennessee Department Transportation	8,371	0	0	0	8,371
			Total State Program	27,069	93,401	0	383,562	317,230

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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

Springfield-Robertson County Airport Board
Springfield, Tennessee

I have audited the financial statements of the governmental activities and the major fund of the Springfield-Robertson County Airport Board as of and for the year ended June 30, 2011, and have issued a report thereon dated September 30, 2011. I conducted the audit in accordance with generally accepted auditing standards 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
Management of the Airport Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing the audit, I considered the Springfield-Robertson County Airport Board 's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Springfield-Robertson County Airport Board's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Airport'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 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 the Springfield-Robertson County Airport Board's financial statements are free of material misstatement, I 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 the audit and, accordingly, I do not express such an opinion. The results of the 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 the audit committee, management, and State Comptrollers Office and is not intended to be and should not be used by anyone other than these specified parties.

Jack R Poole, CPA

September 30, 2011