

LAWRENCEBURG - LAWRENCE COUNTY

AIRPORT BOARD

Financial Statements

June 30, 2011

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Contents

	<u>Page No.</u>
Roster of Officers, Board Members and Officials	i
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Financial Statements	
Statement of Net Assets	9
Statement of Revenues, Expenses and Changes in Net Assets	10
Statement of Cash Flows	11 - 12
Notes to Financial Statements	13 - 16
Schedule of Grant Activity	17
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Governmental Auditing Standards	18 - 19

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Roster of Officers, Board Members and Officials

June 30, 2011

<u>Officers and Board Memebers</u>	<u>Position</u>	<u>Appointed By</u>
Patricia Hudgins	Chairperson	City of Lawrenceburg
Jim Bush	Secretary/Treasurer	City of Lawrenceburg
Michael Boyd	Director	Lawrence County
James Fleeman	Director	Lawrence County
John Frank	Director	Lawrence County
Steve Frisbie	Director	City of Lawrenceburg
 <u>Management Officials</u>		
Doris Venable	Airport manager	

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Independent Auditor's Report

Board of Directors
Lawrenceburg - Lawrence County
Airport Board
Lawrenceburg, Tennessee

I have audited the statement of net assets of Lawrenceburg - Lawrence County Airport Board as of June 30, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Lawrenceburg - Lawrence County Airport Board's management. My responsibility is to express an opinion on the financial statements based on my audit.

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. 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.

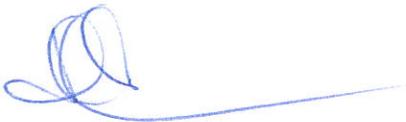
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lawrenceburg - Lawrence County Airport Board, as of June 30, 2011, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, I have also issued my report dated November 15, 2011, on my consideration of Lawrenceburg/Lawrence County Airport Board'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.

Lawrenceburg - Lawrence County
Airport Board
November 15, 2011
Page Two

Accounting principles general accepted in the United State of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. I have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawrenceburg - Lawrence County Airport Board's financial statements taken as a whole. The accompanying Roster of Officers, Board Members and Officials for the year ended June 30, 2011 is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Grant Activity is also presented for purposes of additional analysis and is also not a required part of the financial statements. The Schedule of Grant Activity is the responsibility of management and was 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 to the financial statements themselves, and other additional procedures in accordance with auditing standards general 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. The Roster of Officers, Board Members and Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, I do not express an opinion or provide any assurance on it.



November 15, 2011

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2011

This section of the Lawrenceburg - Lawrence County Airport Board's financial statements present's management's overview and analysis of the Airport Board's financial performance for the year ended June 30, 2011. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

Key highlights for the year ended June 30, 2011 are as follows:

The Board's net assets decreased \$39,271.

At the end of the current year the Board reported total net assets of \$4,672,388.

At the end of the current year the Board reported current assets in excess of current liabilities of \$320,206.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Board'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 Board report information about the Board 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 Board'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 Board is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the Board's net assets changed during the fiscal year. All changes 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 Board's cash receipts and cash payments during the year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non capital financing activities.

The financial statements can be found on pages 9-12 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 can be found on pages 13-16 of this report.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2011

Financial Analysis

For the year ended June 30, 2011, assets exceeded liabilities by \$4,672,388. The Airport Board is a capital intensive enterprise, and 93% of the net assets are invested in capital assets. The following is a summary of the Airport Board's net assets.

	2011	2010	2009	2008
Assets				
Current assets	\$ 335,110	\$ 220,333	\$ 267,333	\$ 392,770
Capital Assets	<u>4,459,245</u>	<u>4,623,513</u>	<u>4,604,762</u>	<u>4,356,245</u>
Total assets	<u>4,794,355</u>	<u>4,843,846</u>	<u>4,872,095</u>	<u>4,749,015</u>
Liabilities				
Current liabilities	14,904	17,024	66,139	177,566
Long-term debt	<u>107,063</u>	<u>115,163</u>	<u>128,213</u>	<u>137,025</u>
Total liabilities	<u>121,967</u>	<u>132,187</u>	<u>194,352</u>	<u>314,591</u>
Net Assets				
Invested in capital assets	4,341,382	4,497,550	4,442,253	4,065,458
Unrestricted	<u>331,006</u>	<u>214,109</u>	<u>235,490</u>	<u>368,966</u>
Total net assets	<u>\$4,672,388</u>	<u>\$4,711,659</u>	<u>\$4,677,743</u>	<u>\$4,434,424</u>

The Airport Board's net assets decreased by \$39,271 in 2011. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Assets.

	2011	2010	2009	2008
Operating revenues	\$221,097	\$ 127,895	\$131,449	\$169,120
Operating expenses	<u>476,262</u>	<u>391,962</u>	<u>433,853</u>	<u>408,989</u>
Operating loss	(255,165)	(264,067)	(302,404)	(239,869)
Non-operating revenues	206,796	130,751	150,437	173,612
Capital contributions	<u>9,098</u>	<u>167,232</u>	<u>395,286</u>	<u>59,434</u>
Change in net assets	<u>\$ (39,271)</u>	<u>\$ 33,916</u>	<u>\$243,319</u>	<u>\$ (6,823)</u>

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2011

Revenues

The major changes in the Airport Board's revenues for the year ended June 30, 2011 was an increase in sale of aviation fuel and oil of \$96,353, a decrease capital contributions of \$122,828, and an increase of County funding in the amount of \$40,000. Operating and capital grant contributions consist entirely of grants from Tennessee Department of Aeronautics for airport operations and capital improvements.

The following is a summary of revenues:

	2011	2010	2009	2008
Sale of aviation fuel and oil	\$189,292	\$ 92,939	\$ 99,984	\$141,330
Hanger rent and tie down fees	26,488	28,280	26,900	21,817
Miscellaneous income	5,317	6,676	4,565	5,973
Operating grant revenues	25,196	23,161	41,128	10,000
Interest income	197	976	2,167	6,174
Gain on sale of equipment	-	-	-	(57)
Recovery of local share of grant	35,306	-	-	-
Capital contributions	9,098	167,232	395,286	59,434
Contribution from State of Tennessee	-	-	-	50,000
Contributions from City of Lawrenceburg	40,000	40,000	100,000	40,000
Contributions from Lawrence County				
Imputed interest	6,097	6,614	7,142	7,495
Contributions from Lawrence County	<u>100,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
 Total Revenues	 <u>\$436,991</u>	 <u>\$425,878</u>	 <u>\$677,172</u>	 <u>\$402,166</u>

Expenses

The major change in operating expenses for the year ended June 30, 2011 was an increase in aviation fuel and oil of \$86,249. The following is a summary of operating expenses:

	2011	2010	2009	2008
Depreciation	\$173,366	\$177,657	\$167,238	\$156,709
Aviation fuel and oil	171,707	85,458	98,419	120,597
Grounds and runway maintenance	19,078	22,319	14,083	14,653
Salaries	28,722	28,085	33,987	34,992
Insurance	10,709	13,903	12,559	13,794
Utilities	16,783	15,071	16,292	12,750
Legal and professional	8,800	8,800	8,800	11,800
Engineering fees	13,750	10,130	43,021	-

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2011

Expenses - continued

Interest expense	6,097	6,614	7,142	7,495
Travel and education	5,444	4,278	5,805	5,572
Hanger and terminal maintenance	5,529	3,427	8,872	6,722
Miscellaneous	2,352	3,508	2,315	3,418
Payroll taxes	2,374	2,223	2,662	2,889
Telephone	2,771	3,155	2,980	3,315
Credit card fees	5,161	2,497	2,359	3,428
Equipment maintenance	948	2,195	4,025	6,910
Office supplies	1,459	1,851	1,673	2,441
Courtesy car expenses	<u>1,212</u>	<u>791</u>	<u>1,621</u>	<u>1,504</u>
Total Expenses	<u>\$476,262</u>	<u>\$391,962</u>	<u>\$433,853</u>	<u>\$408,989</u>

Cash Flows

Cash increased \$74,920 for the year ended June 30, 2011.

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

	2011	2010	2009	2008
Cash Flows used in operations	\$(71,652)	\$(95,813)	\$(102,069)	\$(68,590)
Cash Flows from Non-Capital Financing activities	155,293	129,632	131,598	159,303
Cash Flows from Capital and Related Financing Activities	(8,918)	(56,141)	(9,212)	(243,887)
Cash Flows from Investing Activities	<u>197</u>	<u>76,002</u>	<u>27,182</u>	<u>(93,867)</u>
Change in cash	<u>\$ 74,920</u>	<u>\$ 53,680</u>	<u>\$ 47,499</u>	<u>\$(247,041)</u>

Capital Assets

The Airport Board's investment in capital assets as of June 30, 2011 amounted to \$4,341,382, net of accumulated depreciation and related liabilities. Capital assets consist of land, runways and taxiways, buildings and building improvements, airport operations and office equipment, and vehicles. Investment in capital assets decreased by \$156,168 for the year. Depreciation expense was recorded in the amount of \$173,366 for the year.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2011

The following is a summary of investment in capital:

	2011	2010	2009	2008
Non-depreciable assets				
Land	\$ 963,837	\$ 954,739	\$ 759,003	\$ 650,324
Construction in progress	-	-	-	146,697
Depreciable assets				
Terminal building & hangers	1,380,353	1,380,353	1,379,681	1,236,788
Runways and taxiways	3,634,353	3,634,353	3,634,353	3,324,371
Equipment	242,843	242,843	242,843	242,843
Paving	21,292	21,292	21,292	21,292
Furniture and fixtures	29,014	29,014	29,014	28,116
Automobile	6,900	6,900	6,900	6,900
Total property and equipment	6,278,592	6,269,494	6,073,086	5,657,331
Accumulated depreciation	1,819,347	1,645,981	1,468,324	1,301,086
Property and equipment - net	4,459,245	4,623,513	4,604,762	4,356,245
Related liabilities	117,863	125,963	162,509	290,787
Investment in capital assets	\$4,341,382	\$4,497,550	\$4,442,253	\$4,065,458

Changes in investment in capital assets are as follows:

Acquisition of capital assets	
Land	9,098
Total additions	9,098
Depreciation	(173,366)
Decrease in related liabilities	8,100
Change in investment in capital assets	\$(156,168)

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2011

Economic Factors and Future Outlook

Utilizing funds from the City of Lawrenceburg and Lawrence County the Lawrenceburg/Lawrence County Airport budgetary plan for 2011 include:

1. Completion of obstruction removal, Runway 17.
2. Resurfacing/updating runway.
3. Completion of aviation easements
4. Updating runway REIL lights for safety improvement

Goals:

The Lawrenceburg - Lawrence County Airport Board continues to expand resources while becoming more financially independent supporting and promoting economic and community development for Lawrence County through the aviation industry.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Statement of Net Assets

June 30, 2011

Assets

Current Assets

Petty Cash	\$ 100
Cash in bank	257,702
Total Cash and cash equivalents	257,802
Accounts receivable - trade	1,008
Accounts receivable - grants	5,847
Inventory	23,698
Prepaid local portion of grants	45,060
Prepaid expenses	1,695
Total Current Assets	335,110

<u>Property and Equipment - Net</u>	4,459,245
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Total Assets	\$4,794,355
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Liabilities and Net Assets

Current Liabilities

Accounts payable - trade	\$ 2,410
Current portion long-term debt	10,800
Accrued and withheld taxes	1,694
Total Current Liabilities	14,904

<u>Long Term Debt</u>	107,063
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Net Assets

Invested in capital assets, net of related debt	4,341,382
Unrestricted	331,006
Total Net Assets	4,672,388

Total Liabilities and Net Assets	\$4,794,355
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The accompanying notes are an integrate part of these financial statements.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Statement of Revenues, Expenses and Changed in Net Assets

For the Year Ended June 30, 2011

Operating Revenues

Sale of aviation fuel and oil	\$ 189,292
Hanger rent and tie down fees	26,488
Miscellaneous income	<u>5,317</u>
Total Revenues	<u>221,097</u>

Operating Expenses

Depreciation	173,366
Cost of sales - aviation fuel and oil	171,707
Grounds and runway maintenance	19,078
Salaries	28,722
Insurance	10,709
Utilities	16,783
Legal and professional	8,800
Engineering fees	13,750
Interest expense	6,097
Travel and education	5,444
Hanger and terminal maintenance	5,529
Miscellaneous	2,352
Payroll taxes	2,374
Telephone	2,771
Credit card fees	5,161
Equipment maintenance	948
Office supplies	1,459
Courtesy car expenses	<u>1,212</u>
Total Expenses	<u>476,262</u>

Loss from Operations (255,165)

Non-operating Revenues

Contributions from City of Lawrenceburg	40,000
Contributions form Lawrence County	100,000
Contributions from Lawrence County - imputed interest	6,097
Operating grant revenues	25,196
Recovery of local share of grant	35,306
Interest income	<u>197</u>
Total Non-operating Revenues	<u>206,796</u>

Capital Contributions

Capital contributions	<u>9,098</u>
Total Capital Contributions	<u>9,098</u>

Change in Net Assets (39,271)

Net Assets - beginning of year 4,711,659

Net Assets - end of year \$4,672,388

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

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Statement of Cash Flows

For the Year Ended June 30, 2011

<u>Cash Flows from Operations</u>	
Cash received from aviation operations	\$216,304
Miscellaneous income	<u>5,317</u>
	221,621
Cash paid to suppliers	264,551
Cash paid to employees	<u>28,722</u>
	293,273
Total Cash Provided (Used) by Operations	<u>(71,652)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Contributions from State, County and City	140,000
Operating grants received	<u>15,293</u>
	155,293
<u>Cash Flows from Capital and Related Financing Activities</u>	
Repayment of long term debt	(8,100)
Purchase of property and equipment	(9,098)
Capital contributions	<u>8,280</u>
	(8,918)
Cash Used by Capital and Related Financing Activities	<u>(8,918)</u>
<u>Cash Flows from Investing Activities</u>	
Interest income received	<u>197</u>
	197
Cash Provided from Investing Activities	<u>197</u>
Total Increase in Cash	74,920
<u>Cash</u> - beginning of year	<u>182,882</u>
<u>Cash</u> - end of year	<u>\$257,802</u>

Imputed interest amounted to \$6,097

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

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Statement of Cash Flows

For the Year Ended June 30, 2011

Reconciliation of Net Operating Loss to Net
Cash Flows from Operating Activities

Loss from Operations	(255,165)
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	173,366
Imputed interest	6,097
(Increase) decrease in:	
Trade accounts receivable	524
Inventory	(357)
Prepaid expenses	6,003
Increase (decrease) in:	
Accounts payable	(2,963)
Accrued and withheld taxes	<u>843</u>
Net Cash Used by Operations	<u>\$ (71,652)</u>

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

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2011

Note 1 - Summary of Significant Accounting Policies

Business Activity - The Lawrenceburg - Lawrence County Airport Board is a joint venture of the City of Lawrenceburg and Lawrence County, Tennessee. Lawrenceburg/Lawrence County Airport Board is the administrative authority for operating the Lawrenceburg/Lawrence County Airport.

Method of Accounting - The Airport Board recognizes income and expenses on the accrual basis of accounting, whereby Airport operating income is reported as earned, grant income is reported when the applicable grant expense is incurred, expenses are reported when incurred. The financial statements have been prepared in conformity with all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Credit Risk - The Board grants credit to customers for hanger rent and gasoline purchases, substantially all of whom are local residents.

Accounts receivable - The Board reports trade receivables at net realized value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, if a receivable is determined to be uncollectible, it is written off through a charge against an existing allowance account or against earnings. As of June 30, 2011 no allowance for doubtful accounts was deemed necessary.

Inventories - Inventories are stated at the lower of cost or market value, with cost determined by using the first-in, first-out method (FIFO).

Property and Equipment - Property and equipment are stated at cost. The Board capitalizes expenditures when an individual cost exceeds \$250 and its estimated useful life is three years or greater. Depreciation is computed by the straight-line method based on the following estimated useful lives:

	<u>Years</u>
Buildings	10 - 40
Runway and taxiways	10 - 30
Equipment	5 - 15
Paving	12
Furniture and fixtures	5 - 10
Automobile	3

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2011

Note 1 - Summary of Significant Accounting Policies

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purpose of reporting cash flows, cash and cash equivalents include cash and all highly liquid investments with an original maturity of three months or less.

Net Assets - Net assets comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following two components:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition

Unrestricted net assets - This component of net assets consists on net assets that do not meet the definition of "invested in capital assets, net of related debt.

Operating and Non-operating revenues - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues not meeting this definition are reported as non-operating revenues.

Note 2 - Cash - At June 30, 2011 cash in bank consisted of the following accounts:

	<u>Balance</u>
Operating account	\$ 57,034
Savings account	182,126
Savings account	<u>18,542</u>
Total	<u>\$257,702</u>

Custodial Credit Risk For cash deposits, this is the risk that in the event of bank failure. The above accounts are deposited in single accounts with the same bank and collectively are covered by FDIC insurance, In the event the amounts exceed FDIC insurance limits excess amounts are covered by a collateral agreement between the bank and the Board of Directors.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2011

Note 3 - Property and Equipment - At June 30, 2011, property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<u>Non-depreciable assets</u>		
Land	\$ 963,837	\$ -
<u>Depreciable assets</u>		
Buildings and improvements	1,380,353	281,969
Runways and taxiways	3,634,353	1,239,836
Equipment	242,843	241,810
Paving	21,292	21,292
Furniture and fixtures	29,014	28,590
Automobile	6,900	5,850
Total Equipment	6,278,592	\$1,819,347
Less: accumulated depreciation	1,819,347	
Property and equipment - net	\$4,459,245	

	<u>Balance June 31,2010</u>	<u>Additions</u>	<u>Transfers & Disposals</u>	<u>Balance June 30, 2011</u>
<u>Non-depreciable assets</u>				
Land	\$ 954,739	\$9,098	\$ -	\$ 963,837
<u>Depreciable assets</u>				
Buildings	1,380,353	-	-	1,380,353
Runways and taxiways	3,634,353	-	-	3,634,353
Equipment	242,843	-	-	242,843
Paving	21,292	-	-	21,292
Furniture and equipment	29,014	-	-	29,014
Automobiles	6,900	-	-	6,900
Total	\$6,269,494	\$9,098	\$ -	\$6,278,592

Depreciation expense for the year ended June 30, 2011 amounted to \$173,366.

Note 4 - Long-term Debt

Lawrence County inter-local agreement, dated May 18, 2011, no stated interest, interest imputed at 5%, payable in quarterly installments determined by rental income produced by hangers constructed with loan proceeds. Unsecured.

	\$117,863
Less: current portion	<u>10,800</u>
Long-term debt - net	\$107,063

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2011

Note 4 - Long-term Debt - continued

Aggregate maturities of long-term debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	Interest and <u>Principal</u>
2012	10,800	5,707	16,507
2013	10,800	5,152	15,952
2014	10,800	4,612	15,412
2015	10,800	4,072	14,872
2016	10,800	3,541	14,341
2017-2020	54,000	9,561	63,561
2021	9,863	270	10,133
	<u>\$117,863</u>	<u>\$32,915</u>	<u>\$150,778</u>

Summary of changes in indebtedness is as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Payment</u>	<u>Balance</u> <u>June 30, 2011</u>
Inter-local agreement	<u>\$125,963</u>	<u>\$8,100</u>	<u>\$117,863</u>

Interest was imputed for the year ended June 30, 2011 in the amount of \$6,097.

Note 5 - Insurance Risk

It is the policy of the Board to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, and workman's compensation. Settled claims have not exceeded this commercial coverage in the last three years.

Note 6 - Commitments and Contingencies

The Lawrenceburg - Lawrence County Airport Board was notified by the Tennessee Department of Transportation that the Board was subject of an investigation related to the acquisition of an aviation easement. The investigation alleges that the easement acquisition was not conducted in compliance with State and Federal real property acquisition rules and regulations. The Board is of the opinion that the Board complied with the specific instructions of Tennessee Department of Transportation in the purchase of the property in question and that any violations of State and Federal real property acquisition rules and regulations were a result of the Board's reliance upon instructions of Tennessee Department of Transportation. As of the date of the auditor's report the allegations are under investigation by Tennessee Department of Transportation and the results of the investigation are unknown.

Date of Management Evaluation

Management has evaluated subsequent events through November 15, 2011, the date of which the financial statements were available to be issued.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Schedule of Grant Activity

For the Year Ended June 30, 2011

<u>Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	Deferred (Due from) Balance June 30, 2010	Receipts	Expenditures	Deferred (Due From) Balance June 30, 2011
<u>Operating grants</u>						
TOA Project #99-555-1199-04	Airport Maintenance	Tennessee Department of Transportation	\$4,880	\$ 4,880	\$ -	\$ -
TOA Project #99-555-1206-04	Airport Maintenance	Tennessee Department of Transportation	-	6,417	11,446	5,029
TOA Project #99-555-1206-04	ALP	Tennessee Department of Transportation	-	13,750	13,750	-
<u>Capital grants</u>						
TOA Project #50-555-0745-04	Land purchase	Tennessee Department of Transportation	-	8,280	9,098	818
Total			\$4,880	\$33,327	\$34,294	\$5,847

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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 *Governmental Auditing Standards*

Board of Directors
Lawrenceburg - Lawrence County
Airport Board
Lawrenceburg, Tennessee

I have audited the financial statements of Lawrenceburg - Lawrence County Airport Board as of and for the year ended June 30, 2011, and have issued my report thereon dated November 15, 2011. 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 Lawrenceburg - Lawrence County Airport Board'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 Lawrenceburg - Lawrence County Airport Board internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Lawrenceburg - Lawrence County Airport Board'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 control deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented or detected 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.

Lawrenceburg - Lawrence County
Airport Board
November 15, 2011
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrenceburg - Lawrence 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 grants 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 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 of the management of the Lawrenceburg - Lawrence County Airport Board, the City of Lawrenceburg, the County of Lawrence, and the State of Tennessee, Comptroller's office and is not intended to be and should not be used by anyone other than these specified parties.



November 15, 2011