

**DICKSON COUNTY MUNICIPAL  
AIRPORT AUTHORITY**

Financial Statements

For the Years Ended June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

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**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

Directory of Board Members

<u>Member</u>	<u>Appointed By</u>
Jim Simmons, Chairman (July 1, 2011-May 14, 2012)	City
Hu Mayes, Chairman (May 15, 2012-June 30, 2012)	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

(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, 2012 and 2011 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.

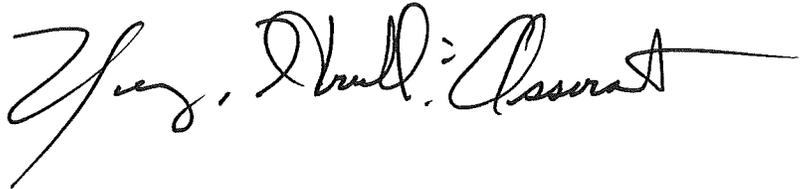
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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, 2012 and 2011, 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 July 13, 2012 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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 managements' responses to our inquires, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We did not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's financial statements as a whole. The Directory of Board Members are presented for purposes of additional analysis and is not a required part of the financial statements. The Supplemental Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us in the audits of the basic 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 generally accepted in the United States of America. In our opinion, based upon our audit, the information is stated fairly, in all material respects, in relation to the basic financial statements taken as a whole. The Directory of Board Members has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink, appearing to read "Greg D. Wall". The signature is written in a cursive style with a long horizontal flourish extending to the right.

July 13, 2012

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**  
**Management Discussion & Analysis**

**Financial Highlights**

Key Highlights for the year ended June 30, 2012 are as follows,:

The authority's net assets increased by \$115,990 as compared to a decrease of \$147,811 in 2011.

At the end of the current year the authority reported total net assets of \$7,310,218 comprised of amounts invested in capital assets of \$7,035,262 and unrestricted net assets of \$274,956.

At the end of the current year , the authority reported current assets in excess of current liabilities of \$274,491 as compared to \$240,808 in 2011.

**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 8-10 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 11-15 of this report.

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**  
**Management Discussion & Analysis**

**Financial Analysis**

For the year ended June 30, 2012, assets exceeded liabilities by \$7,310,218. The Airport Authority is a capital intensive enterprise, with 96% of the net assets invested in capital assets. The following is a summary of the Airport Authority's net assets

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Assets</b>			
Current Assets	\$ 275,696	\$ 246,188	\$ 196,060
Capital Assets	7,035,262	6,952,955	7,205,071
Other Assets	<u>465</u>	<u>465</u>	<u>465</u>
Total Assets	<u>7,311,423</u>	<u>7,199,608</u>	<u>7,401,596</u>
<b>Liabilities</b>			
Current Liabilities	<u>1,205</u>	<u>5,380</u>	<u>59,557</u>
<b>Net Assets</b>			
Invested In capital assets	7,035,262	6,952,955	7,205,071
Unrestricted	<u>274,956</u>	<u>241,273</u>	<u>136,968</u>
Total Net Assets	<u>\$ 7,310,218</u>	<u>\$ 7,194,228</u>	<u>\$ 7,342,039</u>

The Authority's net assets increased by \$115,990 in 2012. The following is a summary Statement of Revenues, Expenses and Changes in Net Assets.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 118,083	\$ 113,390	\$ 114,751
Operating expenses	<u>410,472</u>	<u>375,539</u>	<u>368,597</u>
Operating loss	(292,389)	(262,149)	(253,846)
Non operating revenue	59,655	62,170	69,668
Capital Contributions	<u>348,724</u>	<u>52,168</u>	<u>554,542</u>
Change in net assets	<u>\$ 115,990</u>	<u>\$ (147,811)</u>	<u>\$ 370,364</u>

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**  
**Management Discussion & Analysis**

**Revenues**

The major changes in Airport Authority continuing revenue of the year ended June 30, 2012 was an increase of \$4,481 or approximately 4.9% in hangar rentals. Grant receipt from the Department of Transportation for runway sealcoating and hangar improvement amounted to \$348,724 which was substantially in excess of capital grants of \$52,168 in 2011.

The following is a summary of operating , grant and other revenues.

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Hangar rentals	\$ 96,490	\$ 92,009	\$ 92,004
Fuel flowage fees	1,787	1,731	2,031
Non hangar rentals	19,806	19,650	18,750
Intergovernmental Revenue	63,000	62,170	69,668
Capital Grants	<u>348,724</u>	<u>52,168</u>	<u>556,508</u>
 Total Revenues	 <u>\$ 529,807</u>	 <u>\$ 227,728</u>	 <u>\$ 738,961</u>

**Expenses**

The major changes in operating expenses for the year ended June 30, 2012 was an increase of \$14,254 or 5% in depreciation expense and an increase of approximately 93% or \$20,762 in maintenance expense in 2012. Overall, operating expenses increased 9% which appeared to be reasonable and relatively consistent with the prior year.

The following is a summary of operating expenses:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Advertising	\$ 3,645	\$ 3,109	\$ 3,466
Conferences	500	-	1,100
Insurance	4,170	3,700	1,670
Legal & Professional	13,366	13,586	11,990
Maintenance	42,983	22,221	41,554
Office	2,073	3,025	2,791
Telephone	1,571	1,447	1,430
Utilities	18,210	19,055	16,704
Other	5,433	5,129	3,974
Depreciation	<u>318,521</u>	<u>304,267</u>	<u>283,918</u>
 Total Expenses	 <u>\$ 410,472</u>	 <u>\$ 375,539</u>	 <u>\$ 368,597</u>

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**  
**Management Discussion & Analysis**

**Cash Flows**

Cash increased \$90,241 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>2012</u>	<u>2011</u>	<u>2010</u>
Cash flows provided by (Used In)			
Operating Activities	\$ 23,517	\$ 42,953	\$ 40,396
Cash flows provided by (Used in)			
capital and related financing			
activities	7,899	(112,561)	(11,903)
Cash flows provided by (Used in)			
noncapital and related financing			
activities	58,825	94,668	38,000
Change in Cash	<u>\$ 90,241</u>	<u>\$ 25,060</u>	<u>\$ 66,493</u>

**Capital Assets**

The Airport Authority's investment in capital assets as of June 30, 2012 amounted to \$7,035,262 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 \$400,828 for the year. Depreciation was recorded in the amount of \$318,521 for the year.

The following is a summary of investment in capital:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Non depreciable assets:			
Land	\$ 1,679,600	\$ 1,679,600	\$ 1,679,600
Construction in progress	-	52,151	-
Depreciable assets:			
Improvements	6,059,955	5,961,130	5,961,130
Terminal	323,602	323,602	323,602
Hangars	1,412,291	1,065,710	1,065,710
Equipment and other	<u>314,906</u>	<u>307,333</u>	<u>307,333</u>
Total Property & equipment	9,790,354	9,389,526	9,337,375
Accumulated depreciation	<u>2,755,092</u>	<u>2,436,571</u>	<u>2,132,304</u>
Property and equipment -net	<u>\$ 7,035,262</u>	<u>\$ 6,952,955</u>	<u>\$ 7,205,071</u>

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**  
**Management Discussion & Analysis**

**Economic Factors and Future Outlook**

The Authority completed sealcoating the runway and various hangar improvements in 2012. Management expects the operations of the Airport to continue in 2013 much the same as in 2012.

DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

Statements of Net Assets

June 30, 2012 and 2011

Assets

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash-unrestricted	\$ 249,324	159,083
Accounts receivable:		
Rents receivable	4,396	3,102
Less allowance for doubtful accounts	(2,854)	-
Receivable from State Department of Transportation	16,562	39,085
Prepaid local match on grants	8,268	44,918
Total current assets	<u>275,696</u>	<u>246,188</u>
Capital Assets:		
Non depreciable assets	1,679,600	1,731,751
Depreciable plant in service	8,110,754	7,657,775
Accumulated depreciation	(2,755,092)	(2,436,571)
Total utility plant, net of depreciation	<u>7,035,262</u>	<u>6,952,955</u>
Other Assets:		
Utility deposits	465	465
Total other assets	<u>465</u>	<u>465</u>
Total assets	<u>\$ 7,311,423</u>	<u>7,199,608</u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$ -	3,666
Deferred revenue and deposits	1,205	1,714
Total current liabilities	<u>1,205</u>	<u>5,380</u>
Net Assets:		
Invested in capital assets, net of related debt	7,035,262	6,952,955
Unrestricted	274,956	241,273
Total Net Assets	<u>\$ 7,310,218</u>	<u>7,194,228</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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Charges for services:		
Hangar rentals	\$ 96,490	92,009
Fuel flowage fees	1,787	1,731
Other operating revenues	<u>19,806</u>	<u>19,650</u>
Total operating revenues	<u>118,083</u>	<u>113,390</u>
 Operating Expenses		
Advertising	3,645	3,109
Conferences	500	-
Insurance	4,170	3,700
Legal and professional	13,366	13,586
Maintenance	42,983	22,221
Office	2,073	3,025
Telephone	1,571	1,447
Utilities	18,210	19,055
Other	5,433	5,129
Depreciation expense	<u>318,521</u>	<u>304,267</u>
Total operating expenses	<u>410,472</u>	<u>375,539</u>
 Net operating revenue (loss)	<u>(292,389)</u>	<u>(262,149)</u>
 Nonoperating Revenues (Expenses)		
Intergovernmental:		
Operation grant	13,000	12,170
Contributions - other governments	50,000	50,000
Other	<u>(3,345)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>59,655</u>	<u>62,170</u>
 Income (loss) before contributions	<u>(232,734)</u>	<u>(199,979)</u>
 Contributions:		
Capital grants	<u>348,724</u>	<u>52,168</u>
	<u>348,724</u>	<u>52,168</u>
 Change in net assets	115,990	(147,811)
 Net Assets, Beginning of Year	<u>7,194,228</u>	<u>7,342,039</u>
 Net Assets, End of Year	<u>\$ 7,310,218</u>	<u>7,194,228</u>

See accompanying notes to the financial statements.

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

**Statements of Cash Flows**

**For the Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 116,280	117,633
Cash paid to suppliers of goods and services	(92,763)	(74,680)
Net cash provided (used) by operating activities	23,517	42,953
Cash Flows from Capital and Related Financing Activities:		
Purchase of property, plant and equipment	(400,828)	(103,740)
Proceeds from capital grants	372,077	25,253
(Increase) decrease in prepaid local share	36,650	(34,074)
Net cash provided (used) by capital and related financing activities	7,899	(112,561)
Cash Flows from Noncapital Financing Activities:		
Contributions from other governments	50,000	81,668
Proceeds from operating grant	8,825	13,000
Net cash provided (used) by capital and related financing activities	58,825	94,668
Net increase (decrease) in cash	90,241	25,060
Cash and Restricted Cash, Beginning of Year	159,083	134,023
Cash and Restricted Cash, End of Year	\$ 249,324	159,083
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations</u>		
Net Operating Revenue (Loss)	\$ (292,389)	(262,149)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	318,521	304,267
(Increase) decrease in current assets:		
Receivables	1,560	3,424
Increase (decrease) in current liabilities:		
Deferred revenue	(509)	819
Accounts payable	(3,666)	(3,408)
Net cash provided (used) by operating activities	\$ 23,517	42,953

See accompanying notes to the financial statements.

# DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

## Notes to Financial Statements

June 30, 2012 and 2011

### 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.

#### Rents Receivable

Rents receivable are reported at cost, net of an allowance for doubtful accounts. The allowance is based upon a review of outstanding receivables and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the lessee

#### Capital Assets

Capital assets of the Authority are recorded at cost. Depreciation is computed over the estimated lives of the assets utilizing the straight-line method. The Authority's policy is to capitalize assets with useful lives greater than 3 years with aggregate cost exceeding \$2500. 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 2012 and 2011, 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. At June 30, 2012 demand deposits were adequately collateralized.

**3. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance</u> <u>6-30-11</u>	<u>Additions</u>	<u>Retirements</u> <u>Transfers</u>	<u>Balance</u> <u>6-30-12</u>
Non depreciable assets:				
Land	\$ 1,679,600	-	-	1,679,600
Construction in Process	<u>52,151</u>	<u>-</u>	<u>(52,151)</u>	<u>-</u>
	<u>1,731,751</u>	<u>-</u>	<u>(52,151)</u>	<u>1,679,600</u>
Depreciable assets:				
Improvements	5,961,130	98,825	-	6,059,955
Terminal	323,602	-	-	323,602
Hangers	1,065,710	346,581	-	1,412,291
Equipment and other	<u>307,333</u>	<u>7,573</u>	<u>-</u>	<u>314,906</u>
	<u>7,657,775</u>	<u>452,979</u>	<u>-</u>	<u>8,110,754</u>
Less accumulated depreciation:				
Improvements	1,977,115	243,305	-	2,220,420
Terminal	87,642	8,090	-	95,732
Hangers	225,397	41,572	-	266,969
Equipment and other	<u>146,417</u>	<u>25,554</u>	<u>-</u>	<u>171,971</u>
	<u>2,436,571</u>	<u>318,521</u>	<u>-</u>	<u>2,755,092</u>
Depreciable capital assets-net	<u>5,221,204</u>			<u>5,355,662</u>
Total capital assets, net	\$ <u>6,952,955</u>			<u>7,035,262</u>

## DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

### Notes to Financial Statements, Continued

#### 3. CAPITAL ASSETS (CONTINUED)

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

	Balance <u>6-30-10</u>	<u>Additions</u>	Retirements <u>Transfers</u>	Balance <u>6-30-11</u>
Non depreciable assets:				
Land	\$ 1,679,600	-	-	1,679,600
Construction in Process	<u>-</u>	<u>52,151</u>	<u>-</u>	<u>52,151</u>
	<u>1,679,600</u>	<u>52,151</u>	<u>-</u>	<u>1,731,751</u>
Depreciable assets:				
Improvements	5,961,130	-	-	5,961,130
Terminal	323,602	-	-	323,602
Hangars	1,065,710	-	-	1,065,710
Equipment and other	<u>307,333</u>	<u>-</u>	<u>-</u>	<u>307,333</u>
	<u>7,657,775</u>	<u>-</u>	<u>-</u>	<u>7,657,775</u>
Less accumulated depreciation:				
Improvements	1,739,759	237,356	-	1,977,115
Terminal	79,552	8,090	-	87,642
Hangars	191,403	33,994	-	225,397
Equipment and other	<u>121,590</u>	<u>24,827</u>	<u>-</u>	<u>146,417</u>
	<u>2,132,304</u>	<u>304,267</u>	<u>-</u>	<u>2,436,571</u>
Depreciable capital assets-net	<u>5,525,471</u>			<u>5,221,204</u>
Total capital assets, net	\$ <u>7,205,071</u>			<u>6,952,955</u>

Depreciation expense was \$318,521 and \$304,267 for the years ended June 30, 2012 and 2011, respectively.

#### 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.

# DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

## Notes to Financial Statements, Continued

### 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 hangar 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 FBO's 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.

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

**Schedule of Federal and State Financial Assistance**

**For the Year Ended June 30, 2012**

CFDA No.	Contract #	Grantor Agency	(Receivable) Deferred June 30, 2011	Adjustments	Receipts	Disbursements	(Receivable) Deferred June 30, 2012
<b>STATE AWARDS:</b>							
N/A	TAD #22-555-0134-04	Tennessee Department of Transportation	\$ -	-	9	(9)	-
N/A	TAD #22-555-0741-04	Tennessee Department of Transportation	-	-	-	-	-
N/A	TAD #22-555-0744-04	Tennessee Department of Transportation	(24,223)	-	26,213	(1,990)	-
N/A	TAD #22-555-0143-04	Tennessee Department of Transportation	-	-	289,033	(289,894)	(861)
N/A	TAD #22-555-0742-04	Tennessee Department of Transportation	-	-	54,132	(56,832)	(2,701)
N/A	Proj. #99-555-1199-04	Tennessee Department of Transportation	(12,170)	3,345 *	8,825	(13,000)	(13,000)
			\$ (36,393)	3,345	378,202	(361,716)	(16,562)

\* To adjust to actual amount received on maintenance grant.

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

(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, 2012, which collectively comprise the Authority's basic financial statements and have issued a report thereon dated July 13, 2012. 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

Management of the Authority is responsible for establishing and maintaining effective 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 opinion 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.

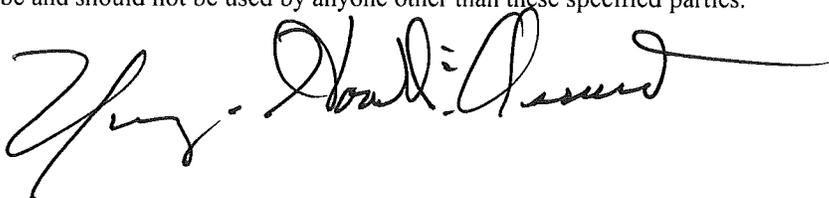
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination 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.

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.



July 13, 2012