

LAWRENCEBURG - LAWRENCE COUNTY

AIRPORT BOARD

Financial Statements

June 30, 2013

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

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LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Roster of Officers, Board Members and Officials

June 30, 2013

<u>Officers and Board Memebers</u>	<u>Position</u>	<u>Appointed By</u>
Jim Bush	Chairperson	City of Lawrenceburg
Steve Frisbie	Secretary/Treasurer	City of Lawrenceburg
Patricia Hudgins	Director	City of Lawrenceburg
Leon Everett	Director	Lawrence County
James Fleeman	Director	Lawrence County
John Franks	Director	Lawrence County

Management Officials

Doris Venable	Airport manager
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JOHN J. MICHIE
Certified Public Accountant

2108 B WESTWOOD AVENUE
NASHVILLE, TENNESSEE 37212

TELEPHONE
(615) 383-8806

FACSIMILE
(615) 986-5551

Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of Lawrenceburg - Lawrence County Airport Board as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Lawrenceburg - Lawrence County Airport Board as of June 30, 2013, and the changes in net position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Change in Accounting Principle

As discussed in Note 7 to the financial statements, for the year ended June 30, 2013 the Lawrenceburg - Lawrence County Airport Board adopted the new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflow of Recourses, Deferred Inflows of Recourses, and Net Position*, and early implementation of GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. My opinion is not modified as a result of these matters.

Other Matters

Required Supplementary Information

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 my 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.

Other Information

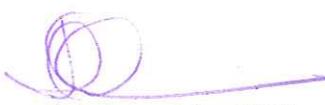
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lawrenceburg - Lawrence County Airport Board's financial statements. The accompanying Roster of Officers, Board Members and Officials for the year ended June 30, 2013 is presented for 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.

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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 Schedule of Grant Activity 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, I have also issued my report dated October 16, 2013, 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 in assessing Lawrenceburg - Lawrence County Airport Board's internal control over financial reporting and compliance.



October 16, 2013

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2013

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, 2013. 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, 2013 are as follows:

The Board's net position increased \$1,217,355.

At the end of the current year the Board reported total net position of \$5,850,941.

At the end of the current year the Board reported current assets in excess of current liabilities of \$227,190.

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 Position presents information on all of the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 Position presents information showing how the Board's net position changed during the fiscal year. All changes in net position 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 10 - 13 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 14 - 18 of this report.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2013

Financial Analysis

For the year ended June 30, 2013, assets exceeded liabilities by \$5,850,941. The Airport Board is a capital intensive enterprise, and 96% of the net position is invested in capital assets. The following is a summary of the Airport Board's net position.

	2013	2012	Change
Assets			
Current assets	\$ 241,884	\$ 481,015	\$ (239,131)
Capital Assets	<u>5,709,964</u>	<u>4,395,190</u>	<u>1,314,774</u>
Total assets	<u>5,951,848</u>	<u>4,876,205</u>	<u>1,075,643</u>
Liabilities			
Current liabilities	14,694	145,906	(131,212)
Long-term debt	<u>86,213</u>	<u>96,713</u>	<u>(10,500)</u>
Total liabilities	<u>100,907</u>	<u>242,619</u>	<u>(141,712)</u>
Net Position			
Invested in capital assets	5,612,951	4,184,741	1,428,210
Unrestricted	<u>237,990</u>	<u>448,845</u>	<u>(210,855)</u>
Total net position	<u>\$5,850,941</u>	<u>\$4,633,586</u>	<u>\$1,217,355</u>

The Airport Board's net position increased by \$1,217,355 in 2013. The following is a summary Statement of Statement of Revenues, Expenses, and Changes in Net Position.

	2013	2012	Change
Operating revenues	\$ 164,285	\$ 228,881	(64,596)
Operating expenses	<u>460,562</u>	<u>481,886</u>	<u>(21,324)</u>
Operating loss	(296,277)	(253,005)	(43,272)
Non-operating revenues	118,939	116,753	2,186
Capital contributions	<u>1,394,693</u>	<u>97,450</u>	<u>1,297,243</u>
Change in net position	<u>\$1,217,355</u>	<u>\$ (38,802)</u>	<u>\$1,256,157</u>

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2013

Revenues

The major changes in the Airport Board's revenues for the year ended June 30, 2013 was a decrease in Sale of aviation fuel and oil of \$71,065, increase in capital contributions of 1,297,243 and a decrease of County funding in the amount of \$7,175. 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:

	2013	2012	Change
Sale of aviation fuel and oil	\$ 123,067	\$194,132	\$ (71,065)
Hanger rent and tie down fees	30,745	26,875	3,870
Miscellaneous income	10,473	7,874	2,599
Operating grant revenues	6,569	12,956	(6,387)
Interest income	141	283	(142)
Gain on sale of equipment	-	(2,619)	2,619
Recovery of local share of grant	-	551	(551)
Capital contributions	1,394,693	97,450	1,297,243
Contributions from City of Lawrenceburg	40,000	40,000	-
Contributions from Lawrence County			
Imputed interest	5,054	5,582	(528)
Contributions from Lawrence County	<u>67,175</u>	<u>60,000</u>	<u>7,175</u>
 Total Revenues	 <u>\$1,677,917</u>	 <u>\$443,084</u>	 <u>\$1,234,833</u>

Expenses

The major change in operating expenses for the year ended June 30, 2013 was a increase in depreciation of \$59,638, a decrease in cost of sales of aviation fuel & oil of 71,956, and a decrease in hanger and terminal maintenance of \$9,335. The following is a summary of operating expenses:

	2013	2012	Change
Depreciation	\$231,453	\$171,815	\$59,638
Aviation fuel and oil	111,846	183,802	(71,956)
Grounds and runway maintenance	22,725	20,420	2,305
Salaries	29,227	30,418	(1,191)
Insurance	12,758	12,373	385
Utilities	15,256	15,381	(125)
Legal and professional	9,375	8,900	475

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2013

Expenses - continued

	2013	2012	Change
Interest expense	5,054	5,582	(528)
Travel and education	4,021	4,910	(889)
Hanger and terminal maintenance	5,545	14,880	(9,335)
Miscellaneous	1,986	1,775	211
Payroll taxes	2,440	2,439	1
Telephone	1,741	1,777	(36)
Credit card fees	2,772	5,200	(2,428)
Promotion and marketing	2,768	-	2,768
Equipment maintenance	9	229	(220)
Office supplies	788	1,100	(312)
Courtesy car expenses	<u>798</u>	<u>885</u>	<u>(87)</u>
Total Expenses	<u>\$460,562</u>	<u>\$481,886</u>	<u>\$(21,324)</u>

Cash Flows

Cash increased \$8,582 for the year ended June 30, 2013.

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

	2013	2012	Change
Cash Flows used in operations	\$(86,679)	\$(73,618)	(13,061)
Cash Flows from Non-Capital Financing activities	114,829	121,835	(7,006)
Cash Flows from Capital and Related Financing Activities	(19,709)	(142,821)	123,112
Cash Flows from Investing Activities	<u>141</u>	<u>283</u>	<u>(142)</u>
Change in cash	<u>\$ 8,582</u>	<u>\$(94,321)</u>	<u>\$102,903</u>

Capital Assets

The Airport Board's investment in capital assets as of June 30, 2013 amounted to \$5,612,951, 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 increased by \$1,428,210 for the year. Depreciation expense was recorded in the amount of \$231,453 for the year.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2013

The following is a summary of investment in capital:

	2013	2012	Change
Non-depreciable assets			
Land	\$ 979,337	\$ 968,337	\$ 11,000
Construction in progress	-	57,543	(57,543)
Depreciable assets			
Terminal building & hangers	1,380,353	1,380,353	-
Runways and taxiways	5,216,603	3,623,833	1,592,770
Equipment	283,952	283,952	-
Paving	21,292	21,292	-
Furniture and fixtures	21,163	21,163	-
Automobile	7,150	7,150	-
Total property and equipment	7,909,850	6,363,623	1,546,227
Accumulated depreciation	2,199,886	1,968,433	231,453
Property and equipment - net	5,709,964	4,395,190	1,314,774
Related liabilities	97,013	210,449	(113,436)
Investment in capital assets	<u>\$5,612,951</u>	<u>\$4,184,741</u>	<u>\$1,428,210</u>

Changes in investment in capital assets are as follows:

Acquisition of capital assets	
Land	\$ 11,000
Runway overlay	<u>1,535,227</u>
Total additions	1,546,227
Depreciation	(231,453)
Decrease in related liabilities	<u>113,436</u>
Change in investment in capital assets	<u>\$1,428,210</u>

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Management's Discussion and Analysis

June 30, 2013

Economic Factors and Future Outlook

Utilizing funds from the City of Lawrenceburg and Lawrence County the Lawrenceburg/Lawrence County Airport budgetary plan for 2013 - 14 include the following airport improvements

1. Airport Emergency Power Supply
2. Automation of fuel delivery system
3. Construction of handicap accessible ramp
4. Construction of maintenance hanger
5. Construction of additional T-hangers
6. Improve airport drainage
7. Relocate AWOS
8. Seal asphalt on taxiway and ramp
9. Update runway and taxiway lighting
10. Purchase new mowing equipment
11. Renovate main hanger
12. Seal apron at T-hanger
13. Security cameras and other security improvements
14. Tree trimming

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 Position

June 30, 2013

Assets

Current Assets

Petty Cash	\$ 100
Cash in bank	171,963
Total Cash and cash equivalents	172,063
Accounts receivable - trade	3,007
Accounts receivable - grants	4,819
Inventory	38,714
Prepaid local portion of grants	13,892
Prepaid expenses	9,389
Total Current Assets	241,884

Property and Equipment - Net 5,709,964

Total Assets \$5,951,848

Liabilities and Net Position

Current Liabilities

Accounts payable - trade	\$ 2,832
Current portion long-term debt	10,800
Accrued and withheld taxes	1,062
Total Current Liabilities	14,694

Long Term Debt 86,213

Net Position

Invested in capital assets, net of related debt	5,612,951
Unrestricted	237,990
Total Net Position	5,850,941

Total Liabilities and Net Position \$5,951,848

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

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2013

<u>Operating Revenues</u>	
Sale of aviation fuel and oil	\$ 123,067
Hanger rent and tie down fees	30,745
Miscellaneous income	10,473
Total Revenues	<u>164,285</u>
<u>Operating Expenses</u>	
Depreciation	231,453
Cost of sales - aviation fuel and oil	111,846
Grounds and runway maintenance	22,725
Salaries	29,227
Insurance	12,758
Utilities	15,256
Legal and professional	9,375
Interest expense	5,054
Travel and education	4,021
Hanger and terminal maintenance	5,545
Miscellaneous	1,986
Payroll taxes	2,440
Telephone	1,741
Credit card fees	2,772
Promotion and marketing	2,768
Equipment maintenance	9
Office supplies	788
Courtesy car expenses	798
Total Expenses	<u>460,562</u>
Loss from Operations	(296,277)
<u>Non-operating Revenues (Expenses)</u>	
Contributions from City of Lawrenceburg	40,000
Contributions form Lawrence County	67,175
Contributions from Lawrence County - imputed interest	5,054
Operating grant revenues	6,569
Interest income	141
Total Non-operating Revenues	<u>118,939</u>
<u>Capital Contributions</u>	
Capital contributions	1,394,693
Total Capital Contributions	<u>1,394,693</u>
Change in Net Position	1,217,355
<u>Net Position</u> - beginning of year	<u>4,633,586</u>
<u>Net Position</u> - end of year	<u>\$5,850,941</u>

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, 2013

<u>Cash Flows from Operations</u>	
Cash received from aviation operations	\$ 153,151
Miscellaneous income	10,473
	<u>163,624</u>
Cash paid to suppliers	220,957
Cash paid to employees	29,346
	<u>250,303</u>
Total Cash Provided (Used) by Operations	<u>(86,679)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Contributions from State, County and City	107,175
Operating grants received	7,654
	<u>114,829</u>
Cash Provided by Non-Capital Financing Activities	<u>114,829</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Capital contributions	1,639,954
Repayment of long term debt	(10,500)
Purchase of property and equipment	(1,649,163)
Cash Used by Capital and Related Financing Activities	<u>(19,709)</u>
<u>Cash Flows from Investing Activities</u>	
Interest income received	141
Cash Provided from Investing Activities	<u>141</u>
Total Increase in Cash	8,582
<u>Cash</u> - beginning of year	<u>163,481</u>
<u>Cash</u> - end of year	<u>\$ 172,063</u>

Imputed interest amounted to \$5,054
 Non cash property and equipment purchases \$102,936

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, 2013

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

Loss from Operations	(296,277)
Adjustment to reconcile excess revenues and other sources over expenses to net cash provided by operating activities	
Depreciation	231,453
Imputed interest	5,054
(Increase) decrease in:	
Trade accounts receivable	(661)
Inventory	1,531
Prepaid expenses	497
Increase (decrease) in:	
Accounts payable	(27,727)
Accrued and withheld taxes	<u>(549)</u>
Net Cash Used by Operations	<u>\$ (86,679)</u>

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

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2013

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, 2013 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, 2013

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

Invested in capital assets, net of related debt - This component of net position 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 position - This component of net position consists of net position 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, 2013 cash in bank consisted of the following accounts:

	<u>Balance</u>
Operating account	\$ 3,697
Savings account	52,490
Savings account	<u>115,776</u>
Total	<u>\$171,963</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, 2013

Note 3 - Property and Equipment - At June 30, 2013, property and equipment consisted of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
<u>Non-depreciable assets</u>		
Land	\$ 979,337	
<u>Depreciable assets</u>		
Buildings and improvements	1,380,353	\$ 325,359
Runways and taxiways	5,216,603	1,358,390
Equipment	283,952	237,559
Paving	21,292	21,292
Furniture and fixtures	21,163	20,953
Automobile	<u>7,150</u>	<u>4,880</u>
Total Equipment	7,909,850	\$ <u>1,968,433</u>
Less: accumulated depreciation	<u>2,199,886</u>	
Property and equipment - net	<u>\$5,709,964</u>	

	<u>Balance June 31, 2012</u>	<u>Additions</u>	<u>Transfers & Disposals</u>	<u>Balance June 30, 2013</u>
<u>Non-depreciable assets</u>				
Land	\$ 968,337	\$ 11,000	\$ -	\$ 979,337
Construction in progress	57,543		57,543	-
<u>Depreciable assets</u>				
Buildings	1,380,353	-	-	1,380,353
Runways and taxiways	3,623,833	1,592,770	-	5,216,603
Equipment	283,952	-	-	283,952
Paving	21,292	-	-	21,292
Furniture and equipment	21,163	-	-	21,163
Automobiles	<u>7,150</u>	<u>2,650</u>	<u>-</u>	<u>7,150</u>
Total	<u>\$6,363,623</u>	<u>\$1,603,770</u>	<u>\$57,543</u>	<u>\$7,909,850</u>

Depreciation expense for the year ended June 30, 2013 amounted to \$231,453.

Note 4 - Long-term Debt

Lawrence County inter-local agreement, dated May 18, 2007, no stated interest, interest imputed at 5%, payable in quarterly installments determined by rental income produced by hangers constructed with loan proceeds.

Unsecured.	\$97,013
Less: current portion	<u>10,800</u>
Long-term debt - net	<u>\$86,213</u>

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2013

Note 4 - Long-term Debt - continued

Aggregate maturities of long-term debt is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest and Principal</u>
2014	\$10,800	\$ 4,683	\$ 15,483
2015	10,800	4,109	14,909
2016	10,800	3,579	14,379
2017	10,800	3,029	13,829
2018	10,800	2,489	13,289
2019-2023	43,013	4,529	47,542
	<u>\$97,013</u>	<u>\$22,418</u>	<u>\$119,431</u>

Summary of changes in indebtedness is as follows:

	<u>Balance June 30, 2012</u>	<u>Payments</u>	<u>Balance June 30, 2013</u>
Inter-local agreement	<u>\$107,513</u>	<u>\$10,500</u>	<u>\$97,013</u>

Interest was imputed for the year ended June 30, 2013 in the amount of \$5,054. Amount charged to expense \$5,054. Amount capitalized \$-0-.

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 has contracted for a various airport improvements. The total anticipated cost of the projects is \$277,848 with the Tennessee Department of Transportation providing State funding in the amount of \$263,948 and local funding being provided by the Lawrenceburg - Lawrence County Airport Board. The local funding has been forwarded to the Tennessee Department of Transportation in compliance with the terms of the grants.

Date of Management Evaluation

Management has evaluated subsequent events through October 16, 2013, the date of which the financial statements were available to be issued.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Notes to Financial Statements

June 30, 2013

Note 7 Change in Accounting Method

For the year ended June 30, 2013 the Lawrenceburg - Lawrence County Airport Board adopted the new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflow of Recourses, Deferred Inflows of Recourses, and Net Position*. This action resulted in the establishment of categories outside of assets and liabilities titled deferred outflows and deferred inflows. The Statement of Net Assets has also been re-titled to Statement of Position. The Lawrenceburg - Lawrence County Airport Board also early implemented GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, resulting in no change to previously issued financial statements.

LAWRENCEBURG - LAWRENCE COUNTY AIRPORT BOARD

Schedule of Grant Activity

For the Year Ended June 30, 2013

<u>Grant Number</u> <u>State Grants</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Deferred</u> <u>(Due from)</u> <u>Balance</u> <u>June 30,</u> <u>2012</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Deferred</u> <u>(Due From)</u> <u>Balance</u> <u>June 30,</u> <u>2013</u>
				\$ 3,291	\$ (2,613)	\$ -
<u>Operating grants</u>						
TOA Project #99-555-1217-04	Airport Maintenance	Tennessee Department of Transportation	\$5,904			
TOA Project #99-555-1228-04	Airport Maintenance	Tennessee Department of Transportation	-	4,363	9,182	4,819
<u>Capital grants</u>						
TOA Project #99-555-0742-04	Land purchase	Tennessee Department of Transportation	-	11,000	11,000	-
TOA Project #50-555-0745-04	Engineering overlay	Tennessee Department of Transportation	51,789	1,431,164	1,379,375	-
TOA Project #50-555-0746-04	REIL lighting	Tennessee Department of Transportation	<u>41,161</u>	<u>41,161</u>	<u>-</u>	<u>-</u>
Total			<u>\$98,854</u>	<u>\$1,490,979</u>	<u>\$1,396,944</u>	<u>\$4,819</u>

JOHN J. MICHIE
Certified Public Accountant

2108 B WESTWOOD AVENUE
NASHVILLE, TENNESSEE 37212

TELEPHONE
(615) 383-8806

FACSIMILE
(615) 986-5551

Independent Auditor's 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, 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, the financial statements of Lawrenceburg - Lawrence County Airport Board as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lawrenceburg - Lawrence County Airport Board's basic financial statements, and have issued my report thereon dated October 16, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Lawrenceburg - Lawrence County Airport Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lawrenceburg - Lawrence County Airport Board internal control. Accordingly, I do not express an opinion on the effectiveness of Lawrenceburg - Lawrence County Airport Board's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Lawrenceburg - Lawrence County
Airport Board
October 16, 2013
Page Two

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 16, 2013