

MAURY COUNTY REGIONAL
AIRPORT AUTHORITY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2014

D. GREGORY JOHNSON
CERTIFIED PUBLIC ACCOUNTANT

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Maury County Regional Airport Authority
Mt. Pleasant, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 statements in accordance with accounting principles general 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 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 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.

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 respective financial position of the governmental activities and the major governmental fund of the Maury County Regional Airport Authority, as of June 30, 2014, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Maury County Regional Airport Authority's basic financial statements. The budgetary comparison schedule of the governmental fund is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of federal and state financial assistance is presented for purposes of additional analysis and also not a required part of the financial statements.

The budgetary comparison schedule of the governmental fund and the schedule of federal and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison schedule of the governmental fund and the schedule of federal and state financial assistance are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 23, 2015, on my consideration of Maury County Regional Airport Authority'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* in considering Maury County Regional Airport Authority's internal control over financial reporting and compliance.



D. Gregory Johnson, CPA
Columbia, Tennessee
March 23, 2015

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
ROSTER OF OFFICIALS AND COMMISSIONERS
YEAR ENDED JUNE 30, 2014**

Management Officials

Paul Turner, Manager

Carol Black, Secretary/Treasurer

Commissioners

Joe Duncan, Chairman

Michelle Williams

Greg Martin

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014**

ASSETS

Cash and cash equivalents	\$ 28,784
Receivables	50,000
Inventory	16,559
Deposits and prepaid expenses	127,736
Capital assets, not being depreciated	2,225,047
Capital assets, being depreciated, net	<u>2,523,850</u>
Total assets	<u>4,971,976</u>

LIABILITIES

Accounts payable	14,805
Sales tax payable	<u>970</u>
Total liabilities	<u>15,775</u>

NET POSITION

Investment in capital assets	4,748,897
Unrestricted	<u>207,304</u>
Total net position	<u><u>\$ 4,956,201</u></u>

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

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

ASSETS

Cash and cash equivalents	\$ 28,784
Receivables	50,000
Inventory	16,559
Deposits and prepaid expenses	<u>127,736</u>
Total assets	<u><u>\$ 223,079</u></u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 14,805
Sales tax payable	<u>970</u>
Total liabilities	<u>15,775</u>
Fund balances	
Nonspendable	144,295
Unassigned	<u>63,009</u>
Total fund balances	<u>207,304</u>
Total liabilities and fund balances	<u><u>\$ 223,079</u></u>

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

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Fund Balances - total governmental funds \$ 207,304

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds

Governmental capital assets	\$ 9,632,906	
Less accumulated depreciation	<u>(4,884,009)</u>	<u>4,748,897</u>

Net Position of Governmental Activities \$ 4,956,201

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

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014**

Revenues	
Hangar rent	\$ 59,378
Ground lease income	1,884
Fuel sales	323,211
Government appropriations and grants	199,719
Interest income	46
Other income	5,332
	<hr/>
Total revenues	589,570
	<hr/>
Expenditures	
Bookkeeping	3,673
Cable television	535
Capital expenditures	147,091
Conferences	225
Contract management	78,200
Fuel purchases	265,147
Fuel selling expenses	21,134
Grounds maintenance	17,038
Insurance	15,042
Janitorial	2,113
Office & operational expenses	2,592
Postage	106
Professional fees	22,457
Public notices	260
Repairs & maintenance	10,818
Taxes, licenses & penalties	2,847
Telephone	6,065
Utilities	24,975
	<hr/>
Total expenditures	620,318
	<hr/>
Excess of revenues over (under) expenditures	(30,748)
Other financing sources (uses)	
Sale of capital assets	4,000
	<hr/>
Net decrease in fund balance	(26,748)
Fund balance, beginning of year	234,052
	<hr/>
Fund balance, end of year	<u>\$ 207,304</u>

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

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - total governmental funds \$ (26,748)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	147,091	
Less current depreciation	<u>(251,399)</u>	(104,308)

Sale of capital assets is reported as revenues in the governmental funds and not reported as revenues in the Statement of Activities		<u>(4,000)</u>
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Change in Net Position of Governmental Activities \$ (135,056)

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

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Maury County Regional Airport Authority (“the Authority”) is a Tennessee not-for-profit corporation, organized under an agreement among the governments of Maury County, City of Columbia and the City of Mt. Pleasant. The Authority is under the direction of a three member Board of Commissioners, with one commissioner appointed by each governmental body.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

The Authority has adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, required for fiscal periods beginning after December 15, 2011. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Deferred Outflows/Inflows of Resources

The Authority has adopted GASB Statements No. 63 and 65. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as a consumption of net position applicable to a future reporting period and an acquisition of net position applicable to a future reporting period, respectively. Further, GASB Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. The Statement was implemented retroactively and resulted in a change in the presentation of the balance sheets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED JUNE 30, 2014**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (continued)

GASB Concepts Statement No. 4 requires that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

Sources of Revenue

The Authority is financed by hangar rent, ground lease income, fuel sales, state and local governmental appropriations and governmental grants. The amount received from governmental agencies during the current year is as follows:

Maury County	\$ 40,000
City of Columbia	10,000
City of Mt. Pleasant	4,000
State of Tennessee	<u>145,719</u>
	<u>\$199,719</u>

Amounts reported as *program revenues* include 1) charges to customers or applicants for services or privileges, and 2) operating grants and contributions.

Cash and Cash Equivalents

The Authority considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

Inventory consists of air and jet fuel stated at cost. In October 2010, the Authority assumed management duties of the facility, including the purchase and sale of fuel.

Investment in Capital Assets

The investment in airport facilities as of July 1, 1981, is recorded at its estimated value. Additions subsequent to July 1, 1981, are recorded at cost. The land, deeded to the Authority by the City of Mt. Pleasant, Tennessee, for airport use only, is recorded at its estimated market value on the date of transfer.

Subsequent capital assets, which include construction in process, land, buildings and improvements, equipment, and infrastructure assets (e.g. roads, sidewalks, traffic lights and signals, streetlights, and similar items), are reported in the applicable governmental columns in the statements. Capital assets are defined by the Authority as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2014.

Capital assets of the Authority are depreciated using a straight-line method over the following estimated useful lives:

Buildings	5 to 50 years
Improvements other than buildings	5 to 50 years
Infrastructure	15 to 75 years
Machinery and equipment	5 to 30 years

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

The Authority implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

Generally, governmental fund balances represent the difference between the assets and liabilities under the current financial resources measurement focus of accounting. Governmental funds report fund balance classifications that comprise a hierarchy primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed.
- **Unassigned** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The Authority reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

For unrestricted amounts of fund balance, it is the Authority's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

The Authority's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30th. The Authority's commissioners and the County of Maury formally approve the annual budget at the beginning of the year and subsequently authorize budget amendments as necessary.

NOTE B – DEPOSITS AND CASH INVESTMENTS

The Authority's funds are required to be deposited to accounts with commercial banks which are required to pledge securities as collateral for deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage amount of \$250,000, or participate in the Tennessee Collateral Pool. There were no amounts in banks in excess of insured limits as of June 30, 2014.

The Authority's investment policy follows state law which authorizes investments for Tennessee counties in *Tennessee Code Annotated* Section 5-8-301. State statutes authorize the Authority to invest in obligations of the federal government, federal agencies, state government, the state investment pool, certificates of deposit, other time deposits, and repurchase agreements, which require the approval of the State Director of Local Finance.

At June 30, 2014, the Authority's operating funds were maintained in an interest-bearing account earning interest at a rate of approximately 0.05%.

Cash deposits at June 30, 2014, are summarized as follows:

Cash and cash equivalents, as reported in financial statements	<u>\$ 28,784</u>
Bank balance for above deposits	<u>\$ 53,092</u>

NOTE C – RECEIVABLES

Receivables at June 30, 2014, consist of the following:

Maury County appropriation	\$ 40,000
City of Columbia appropriation	<u>10,000</u>
	<u>\$ 50,000</u>

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

NOTE D – DEPOSITS AND PREPAID EXPENSES

Deposits and prepaid expenses at June 30, 2014, consist of the following:

Prepaid 10% match for State of Tennessee Repair/Seal Airfield grant	\$ 1,654
Prepaid match for State of Tennessee Airport Layout grant	5,000
Prepaid match for State of Tennessee Hanger Refurbishment grant	445
Prepaid 10% match for State of Tennessee Relocate Taxiway grant	107,701
State of Tennessee Sales Tax Credits	12,188
Other deposits	<u>748</u>
	<u>\$ 127,736</u>

NOTE E – CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
Capital assets, not being depreciated:				
CIP – Hanger refurbishment	\$ 358,486	\$ 97,609	\$ -	\$ 456,095
CIP – Taxi runway relocation	-	45,982	-	45,982
Land	<u>1,722,970</u>	<u>-</u>	<u>-</u>	<u>1,722,970</u>
Total capital assets, not being depreciated	<u>2,081,456</u>	<u>143,591</u>	<u>-</u>	<u>2,225,047</u>
Capital assets, being depreciated:				
Land improvements	354,398	-	-	354,398
Building	330,500	-	-	330,500
Equipment & fixtures	818,649	3,500	(5,199)	816,950
Runways, taxiway, & apron	<u>5,906,011</u>	<u>-</u>	<u>-</u>	<u>5,906,011</u>
Total capital assets, being depreciated	<u>7,409,558</u>	<u>3,500</u>	<u>(5,199)</u>	<u>7,407,859</u>
Less accumulated depreciation:				
Land improvements	(72,061)	(14,176)	-	(86,237)
Building	(253,219)	(9,025)	-	(262,244)
Equipment & fixtures	(787,490)	(4,119)	1,199	(790,410)
Runways, taxiway, & apron	<u>(3,521,039)</u>	<u>(224,079)</u>	<u>-</u>	<u>(3,745,118)</u>
Total accumulated depreciation	<u>(4,633,809)</u>	<u>(251,399)</u>	<u>1,199</u>	<u>(4,884,009)</u>
Total capital assets, being depreciated, net	<u>2,775,749</u>	<u>(247,899)</u>	<u>(4,000)</u>	<u>2,523,850</u>
Capital assets, net	<u>\$ 4,857,205</u>	<u>\$ (104,308)</u>	<u>\$ (4,000)</u>	<u>\$ 4,748,897</u>

Depreciation was charged to governmental functions in the general fund in the amount of \$251,399.

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

NOTE F – FUND BALANCES

At June 30, 2014, fund balances for governmental funds are made up of the following:

	<u>General Fund</u>
Nonspendable	
Inventory	\$ 16,559
Deposits and prepaid expenses	<u>127,736</u>
	144,295
Unassigned	<u>63,009</u>
Total	<u>\$ 207,304</u>

NOTE G – ECONOMIC DEPENDENCE

The Authority is economically dependent on the appropriations from state and local governments. For the current year, these appropriations represent approximately 34% of total revenues of the Authority, and 75% of total non-fuel-sale revenue.

NOTE H – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains commercial insurance covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE I – AIRPORT MANAGEMENT

The Authority has responsibility for the management of the airport facility and the purchase and sale of fuel. Fuel is provided by the Authority, and the Authority receives 100% of the receipts of all fuel sales. The Authority has a contract with a manager for the daily oversight and maintenance of the facility. Total management fees incurred in the current year amounted to \$78,200.

NOTE J – SUBSEQUENT EVENTS

The Authority considered events and transactions that occur after the statement of net position, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were available to be issued on March 23, 2015, and subsequent events have been evaluated through that date.

SUPPLEMENTARY INFORMATION

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Hangar rent	\$ 34,349	\$ 34,349	\$ 59,378	\$ 25,029
Ground lease income	-	-	1,884	1,884
Fuel sales	462,727	462,727	323,211	(139,516)
Government appropriations and grants	54,000	54,000	199,719	145,719
Interest income	60	60	46	(14)
Other income	2,719	2,719	5,332	2,613
Total revenues	<u>553,855</u>	<u>553,855</u>	<u>589,570</u>	<u>35,715</u>
Expenditures				
Bookkeeping	3,682	3,682	3,673	9
Cable television	455	455	535	(80)
Capital expenditures	-	-	147,091	(147,091)
Conferences	853	853	225	628
Contract management	76,000	76,000	78,200	(2,200)
Fuel purchases	343,857	343,857	265,147	78,710
Fuel selling expenses	23,953	23,953	21,134	2,819
Grounds maintenance	22,750	22,750	17,038	5,712
Insurance	27,810	27,810	15,042	12,768
Janitorial	1,247	1,247	2,113	(866)
Office & operational expenses	6,269	6,269	2,592	3,677
Postage	157	157	106	51
Professional fees	10,000	10,000	22,457	(12,457)
Public notices	423	423	260	163
Repairs & maintenance	8,155	8,155	10,818	(2,663)
Taxes, licenses & penalties	290	290	2,847	(2,557)
Telephone	4,000	4,000	6,065	(2,065)
Utilities	23,954	23,954	24,975	(1,021)
Total expenditures	<u>553,855</u>	<u>553,855</u>	<u>620,318</u>	<u>(66,463)</u>
Excess of revenues over (under) expenditures	-	-	(30,748)	(30,748)
Other financing sources (uses)				
Sale of capital assets	-	-	4,000	4,000
Net increase (decrease) in fund balance	<u>-</u>	<u>-</u>	<u>(26,748)</u>	<u>(26,748)</u>
Fund balance, beginning of year	<u>234,052</u>	<u>234,052</u>	<u>234,052</u>	<u>-</u>
Fund balance, end of year	<u>\$ 234,052</u>	<u>\$ 234,052</u>	<u>\$ 207,304</u>	<u>\$ (26,748)</u>

See auditor's report.

MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2014

CFDA Number	Grant Number	Program Name	Grantor Agency	Receivable Balance July 1, 2013	Cash Receipts	Cash Expenditures	Receivable Balance June 30, 2014
		<u>Federal Awards</u>					
20.106	60-555-0140-04	Airport taxiway relocation grant	Department of Transportation	\$ -	\$ 6,897	\$ 6,897	\$ -
20.106	60-555-0138-04	Airport hangar refurbishment grant	Department of Transportation	-	87,848	87,848	-
		Total Federal Awards		-	94,745	94,745	-
		<u>State Financial Assistance</u>					
20.106	60-555-0140-04	Airport taxiway relocation grant	Department of Transportation	-	36,786	36,786	-
20.106	60-555-0138-04	Airport hangar refurbishment grant	Department of Transportation	-	3,305	3,305	-
-	60-555-0737-04	Airport pavement evaluation	Department of Transportation	-	4,133	4,133	-
-	60-555-0739-04	Airport repair & seal airfield pavement cracks	Department of Transportation	-	6,750	6,750	-
		Total State Financial Assistance		-	50,974	50,974	-
		Total Federal & State Financial Assistance		\$ -	\$ 145,719	\$ 145,719	\$ -

Note A - Basis of Presentation

The accompanying Schedule of Federal and State Financial Assistance summarizes the expenditures of the Authority under programs of the federal and state governments for the year ended June 30, 2014. The schedule is presented using the modified accrual basis of accounting.

See auditor's report.

D. GREGORY JOHNSON
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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 GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Maury County Regional Airport Authority
Mt. Pleasant, 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 the governmental activities and the major governmental fund of the Maury County Regional Airport Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Maury County Regional Airport Authority's basic financial statements and have issued my report thereon dated March 23, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Maury County Regional Airport Authority'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 the Maury County Regional Airport Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Maury County Regional Airport Authority'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 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. *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.

My consideration of 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 be 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 the Maury County Regional Airport Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-1.

Maury County Regional Airport Authority's Response to Findings

Maury County Regional Airport Authority's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Maury County Regional Airport Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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.



D. Gregory Johnson, CPA
Columbia, Tennessee
March 23, 2015

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

Finding 2014-1 – Expenditures Exceed the Budget and Fiscal Plan

Condition: The Authority exceeded budget amounts in several of its operating expenses. This was also a finding at June 30, 2013.

Criteria: According to Tennessee law, the authority cannot expend moneys regardless of their source except in accordance with a budget previously adopted. The law further states that nothing limits the Board of Commissioners from amending a budget after adoption.

Effect: State statutes, charters and local ordinances assign the responsibility of the budgeting process and establish budgetary authority for expenditures. To avoid possible conflict, officials should authorize all expenditures either in the original budget, in an amendment, or in a supplemental appropriation.

Recommendation: The Board of Commissioners reviews on a monthly basis, as required by law, the actual-to-budget comparisons and adopt amendments to its budget when unexpected departures from its fiscal plan are anticipated.

Management's Response: *The Board of Commissioners will review on a monthly basis the actual comparisons and adopt amendments or let the minutes reflect an explanation of the departures from the fiscal plan as necessary.*

**MAURY COUNTY REGIONAL AIRPORT AUTHORITY
SUMMARY OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014**

The 2013-1 finding for the prior year has been corrected.

The 2013-2 finding for the prior year has been corrected.

The 2013-3 finding for the prior year has been corrected.

The 2013-4 finding for the prior year has been corrected.

The 2013-5 finding for the prior year has not been corrected and is a repeat finding for the year ended June 30, 2014. It has been included in the 2014-1 finding.