

**DICKSON COUNTY MUNICIPAL  
AIRPORT AUTHORITY**

Financial Statements

For the Years Ended June 30, 2014 and 2013

(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>
Hu Mayes, Chairman	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

## **INDEPENDENT AUDITORS' REPORT**

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Board Members of the  
Dickson County Municipal Airport Authority

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Dickson County Municipal Airport Authority (the Authority), a component unit of Dickson County, Tennessee, as of and for the year ended June 30, 2014 and 2013, 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 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**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Authority, as of June 30, 2014 and 2013, and the changes in net position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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 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 management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do 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.

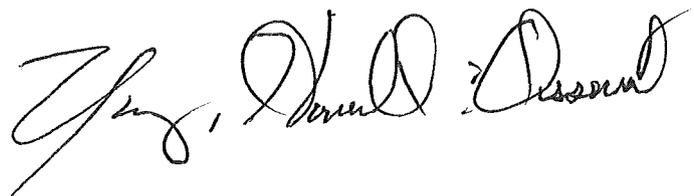
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The information on the accompanying schedules on page 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule is the responsibility of management and was derived from and relates 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 our opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Reporting Required by Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014 on our consideration of the Authority's internal control over financial reporting and on 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 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 the Authority's internal control over financial reporting and compliance.



September 18, 2014

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

**Financial Highlights**

Key Highlights for the year ended June 30, 2014 are as follows,:

The authority's net position decreased by \$296,784 as compared to an decrease of \$237,057 in 2013.

At the end of the current year the authority reported total net position of \$6,776,377 comprised of amounts invested in capital assets of \$6,416,742 and unrestricted net position of \$359,635.

At the end of the current year, the authority reported current assets in excess of current liabilities of \$359,170 as compared to \$357,354 in 2013.

**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 Position presents information on all of the Authority'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 Authority is improving or deteriorating. The Statement of Activities and Changes in Net Position present information showing how the Authority's net position has 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 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, 2014, assets exceeded liabilities by \$6,776,377. The Airport Authority is a capital intensive enterprise, with 94% of the net position invested in capital assets. The following is a summary of the Airport Authority's net position.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>			
Current Assets	\$ 385,389	\$ 363,065	\$ 275,696
Capital Assets	6,416,742	6,715,342	7,035,262
Other Assets	<u>465</u>	<u>465</u>	<u>465</u>
Total Assets	<u>6,802,596</u>	<u>7,078,872</u>	<u>7,311,423</u>
<b>Liabilities</b>			
Current Liabilities	<u>26,219</u>	<u>5,711</u>	<u>1,205</u>
<b>Net Position</b>			
Net Investment In capital			
Investment In capital assets	6,416,742	6,715,342	7,035,262
Unrestricted	<u>359,635</u>	<u>357,819</u>	<u>274,956</u>
Total Net Position	<u>\$ 6,776,377</u>	<u>\$ 7,073,161</u>	<u>\$ 7,310,218</u>

The Authority's net position decreased by \$296,784 in 2014. The following is a summary Statement of Revenues, Expenses and Changes in Net Position.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 226,970	\$ 121,394	\$ 118,083
Operating expenses	<u>589,342</u>	<u>441,191</u>	<u>410,472</u>
Operating loss	(362,372)	(319,797)	(292,389)
Non operating revenue	44,281	70,143	59,655
Capital Contributions	<u>21,307</u>	<u>12,597</u>	<u>348,724</u>
Change in net position	<u>\$ (296,784)</u>	<u>\$ (237,057)</u>	<u>\$ 115,990</u>

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

**Revenues**

Hangar rentals remained much the same in 2014 as in 2013, Hanger rentals decreased from 2012 to 2013 by \$5,122, or approximately 5.3%. In October 2013, the airport assumed operational control of the airport which had previously been handled by an independent Fixed Based Operator (the FBO) through contract. The contract had granted the FBO the proceed from fuel sales, In 2014 the Airport commenced receiveing fuel and oil sale revenue. Grant revenues from the Tennessee Department of Transportation vary from year to year depending largely upon capital project activity for each year.

The following is a summary of operating revenues.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Hangar rentals	\$ 91,330	\$ 91,368	\$ 96,490
Fuel and oil sales	108,146	-	-
Aircraft rental proceeds	5,841	-	-
Fuel flowage fees	-	1,549	1,787
Non hangar rentals	<u>21,653</u>	<u>28,477</u>	<u>19,806</u>
Total Revenues	<u>\$ 226,970</u>	<u>\$ 121,394</u>	<u>\$ 118,083</u>

**Expenses**

The major change in operating expenses in 2014 were wages, benefits and fuel costs which in prior years had been that of the FBO, increases in maintenance expense may also be attributed to the change. Also, in 2014 significant amounts were expended for engineering fees related to a project ultimately deemed not feasible by the Board. The major changes in operating expenses for the year ended June 30, 2013 was an increase of \$16,314 or 5% in depreciation expense and an increase of \$9,576 in maintenance expense over those in 2012.

The following is a summary of operating expenses.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Advertising	\$ 10,679	\$ 3,484	\$ 3,645
Insurance	9,379	5,572	4,170
Wages and benefits	63,515	-	-
Fuel and oil costs	86,743	-	-
Aircraft rental expense	9,697	-	-
Legal & Professional	13,087	13,261	13,366
Maintenance	33,603	52,559	42,983
Utilities	22,718	20,511	18,210
Other operating expenses	10,844	10,969	9,577
Depreciation	<u>329,077</u>	<u>334,835</u>	<u>318,521</u>
Total Expenses	<u>\$ 589,342</u>	<u>\$ 441,191</u>	<u>\$ 410,472</u>

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

**Cash Flows**

Cash decreased \$24,134 in 2014 from that of the prior year. This decrease was primarily due to increases in operating costs associated with the Airport taking over responsibilities and related operating activities previously performed by the FBO. Operating expenses of 2013 were similar to those of 2012

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash flows provided by (used In) Operating Activities	\$ (66,207)	\$ 19,107	\$ 23,517
Cash flows provided by Used in) capital and related financing activities	(22,227)	(4,130)	7,899
Cash flows provided by Used in) noncapital and related financing activities	64,300	63,500	58,825
Change in Cash	<u>\$ (24,134)</u>	<u>\$ 78,477</u>	<u>\$ 90,241</u>

**Capital Assets**

The Airport Authority's investment in capital assets as of June 30, 2014 amounted to \$6,416,742 net of accumulated depreciation. Capital Assets consist of land, runways and taxiways, buildings and building improvements, and airport operating equipment. Investment in capital assets decreased by \$298,600 for the year. Depreciation was recorded in the amount of \$329,077 for the year.

The following is a summary of investment in capital:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Non depreciable assets:			
Land	\$ 1,679,600	\$ 1,679,600	\$ 1,679,600
Construction in progress	-	13,260	-
Depreciable assets:			
Improvements	6,059,955	6,059,955	6,059,955
Terminal	333,862	323,602	323,602
Hangars	1,412,291	1,412,291	1,412,291
Equipment and other	<u>345,749</u>	<u>316,561</u>	<u>314,906</u>
Total Property & equipment	9,831,457	9,805,269	9,790,354
Accumulated depreciation	<u>3,414,715</u>	<u>3,089,927</u>	<u>2,755,092</u>
Property and equipment -net	<u>\$ 6,416,742</u>	<u>\$ 6,715,342</u>	<u>\$ 7,035,262</u>

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

**Economic Factors and Future Outlook**

The Airport expects operations of 2015 to be similar to those of 2014. The Authority currently plans to construct a large storage hangar for the housing of transient and resident aircraft. The estimated budget for the structure and related site improvements approximates \$1,500,000, with the majority of the funds being provided by the state and federal governments.

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

**Statement of Net Position**

**June 30, 2014 and 2013**

**Assets**

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash-unrestricted	\$ 303,667	327,801
Accounts receivable:		
Accounts receivable	10,309	3,703
Less allowance for doubtful accounts	-	(2,221)
Receivable from State Department of Transportation	12,489	26,897
Prepaid expenses	9,435	6,885
Fuel inventory	49,489	-
Total current assets	<u>385,389</u>	<u>363,065</u>
Capital Assets:		
Non depreciable assets	1,679,600	1,692,860
Depreciable plant in service	8,151,857	8,112,409
Accumulated depreciation	<u>(3,414,715)</u>	<u>(3,089,927)</u>
Total utility plant, net of depreciation	<u>6,416,742</u>	<u>6,715,342</u>
Other Assets:		
Utility deposits	465	465
Total other assets	<u>465</u>	<u>465</u>
Total assets	\$ <u>6,802,596</u>	<u>7,078,872</u>

**Liabilities and Net Position**

Current Liabilities:		
Accounts payable	\$ 22,354	3,385
Accrued expenses	2,435	-
Prepaid rents and deposits	1,430	2,326
Total current liabilities	<u>26,219</u>	<u>5,711</u>
Net Position:		
Invested in capital assets, net of related debt	6,416,742	6,715,342
Unrestricted	359,635	357,819
Total Net Position	\$ <u>6,776,377</u>	<u>7,073,161</u>

See accompanying notes to the financial statements.

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

**Statements of Activities and Changes in Net Position**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Charges for services:		
Hangar rentals	\$ 91,330	91,368
Fuel and oil sales	108,146	-
Aircraft rentals	5,841	-
Fuel flowage fees	-	1,549
Other operating revenues	21,653	28,477
Total operating revenues	<u>226,970</u>	<u>121,394</u>
Operating Expenses		
Wages	58,500	-
Payroll taxes	5,015	-
Advertising	10,679	3,484
Insurance	9,379	5,572
Legal and professional	13,087	13,261
Maintenance	33,603	52,559
Fuel and oil costs	86,743	-
Rental aircraft costs	9,697	-
Telephone	2,085	1,422
Utilities	22,718	20,511
Other	8,759	9,547
Depreciation expense	329,077	334,835
Total operating expenses	<u>589,342</u>	<u>441,191</u>
Net operating revenue (loss)	<u>(362,372)</u>	<u>(319,797)</u>
Nonoperating Revenues (Expenses)		
Operation grant revenues	219,430	14,300
Operating grant related expenses:		
Runway resurfacing and repair project	(114,892)	-
Engineering fees	(115,331)	-
Contributions - other governments	50,000	50,000
Other	5,074	5,843
Total nonoperating revenues (expenses)	<u>44,281</u>	<u>70,143</u>
Income before contributions	(318,091)	(249,654)
Contributions:		
Capital grants	21,307	12,597
	<u>21,307</u>	<u>12,597</u>
Change in net position	(296,784)	(237,057)
Net Position, Beginning of Year	<u>7,073,161</u>	<u>7,310,218</u>
Net Position, End of Year	\$ <u><u>6,776,377</u></u>	<u><u>7,073,161</u></u>

See accompanying notes to the financial statements.

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

**Statements of Cash Flows**

**For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 208,882	122,078
Cash paid to employees	(58,500)	-
Cash paid to suppliers of goods and services	(216,589)	(102,971)
Net cash provided (used) by operating activities	<u>(66,207)</u>	<u>19,107</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of property, plant and equipment	(43,962)	(14,915)
Proceeds from state grants	240,845	-
Grant payments for engineering services and runway repairs	(230,223)	-
Proceeds from sale of capital assets	5,300	-
Proceeds from refunds of local share	5,813	10,785
Net cash provided (used) by capital and related financing activities	<u>(22,227)</u>	<u>(4,130)</u>
Cash Flows from Noncapital Financing Activities:		
Contributions for other governments	50,000	50,000
Deposits	-	500
Proceeds from operating grant	14,300	13,000
Net cash provided (used) by non-capital and related financing activities	<u>64,300</u>	<u>63,500</u>
Net increase (decrease) in cash	(24,134)	78,477
Cash and Restricted Cash, Beginning of Year	<u>327,801</u>	<u>249,324</u>
Cash and Restricted Cash, End of Year	\$ <u><u>303,667</u></u>	\$ <u><u>327,801</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations</u>		
Net Operating Revenue (Loss)	\$ (362,372)	(319,797)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	329,077	334,835
Other	13,261	-
(Increase) decrease in current assets:		
Accounts and Notes Receivable	(8,827)	60
Fuel inventory	(49,489)	-
Prepaid expenses	(9,261)	624
Increase (decrease) in current liabilities:		
Accounts payable	18,969	3,385
Accrued expenses	2,435	-
Net cash provided (used) by operating activities	\$ <u><u>(66,207)</u></u>	\$ <u><u>19,107</u></u>

See accompanying notes to the financial statements.

# DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY

## Notes to Financial Statements

June 30, 2014 and 2013

### 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 Governmental Accounting Standards Board, the Authority is considered a component unit of Dickson County Tennessee because of the significance of their operational or financial relationships with the county. The Dickson County Commission appoints a majority of the governing body of the Authority and the County has historically provided annual operating subsidies the Authority. Accordingly, the accompanying financial statements are included in the basic financial statements of the County.

#### Measurement Focus, Basis of Accounting and Basis of Presentation

The Authority's 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 flow.

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 position, a statement of activities and changes in net position and a statement of cash flows when applicable. It further requires the classification of net position 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 sales. 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.

#### 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 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 position and displayed in three components, if applicable:

- a. Investment in capital assets - 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 position - Consists of net position with constraints, primarily for debt service and capital purchases.
- c. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

#### 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 2014 and 2013, 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.

### 3. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 is as follows:

	Balance <u>6-30-13</u>	<u>Additions</u>	<u>Retirements Transfers</u>	Balance <u>6-30-14</u>
Non depreciable assets:				
Land	\$ 1,679,600	-	-	1,679,600
Construction in Process	<u>13,260</u>	-	<u>(13,260)</u>	<u>-</u>
	<u>1,692,860</u>	-	<u>(13,260)</u>	<u>1,679,600</u>
Depreciable assets:				
Improvements	6,059,955	-	-	6,059,955
Terminal	323,602	10,260	-	333,862
Hangers	1,412,291	-	-	1,412,291
Equipment and other	<u>316,561</u>	<u>33,702</u>	<u>(4,514)</u>	<u>345,749</u>
	<u>8,112,409</u>	<u>43,962</u>	<u>(4,514)</u>	<u>8,151,857</u>
Less accumulated depreciation:				
Improvements	2,464,470	236,701	-	2,701,171
Terminal	103,822	8,363	-	112,185
Hangers	323,934	56,576	-	380,510
Equipment and other	<u>197,701</u>	<u>27,437</u>	<u>(4,289)</u>	<u>220,849</u>
	<u>3,089,927</u>	<u>329,077</u>	<u>(4,289)</u>	<u>3,414,715</u>
Depreciable capital assets- net	<u>5,022,482</u>			<u>4,737,142</u>
Total capital assets, net	\$ <u>6,715,342</u>			<u>6,416,742</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, 2013 is as follows:

	Balance <u>6-30-12</u>	<u>Additions</u>	<u>Retirements Transfers</u>	<u>Balance 6-30-13</u>
Non depreciable assets:				
Land	\$ 1,679,600	-	-	1,679,600
Construction in Process	<u>-</u>	<u>13,260</u>	<u>-</u>	<u>13,260</u>
	<u>1,679,600</u>	<u>13,260</u>	<u>-</u>	<u>1,692,860</u>
Depreciable assets:				
Improvements	6,059,955	-	-	6,059,955
Terminal	323,602	-	-	323,602
Hangers	1,412,291	-	-	1,412,291
Equipment and other	<u>314,906</u>	<u>1,655</u>	<u>-</u>	<u>316,561</u>
0	<u>7,657,775</u>	<u>1,655</u>	<u>-</u>	<u>8,112,409</u>
Less accumulated depreciation:				
Improvements	2,220,420	244,050	-	2,464,470
Terminal	95,732	8,090	-	103,822
Hangers	266,969	56,965	-	323,934
Equipment and other	<u>171,971</u>	<u>25,730</u>	<u>-</u>	<u>197,701</u>
	<u>2,755,092</u>	<u>334,835</u>	<u>-</u>	<u>3,089,927</u>
Depreciable capital assets- net	<u>5,221,204</u>			<u>5,022,482</u>
Total capital assets, net	\$ <u>7,035,262</u>			<u>6,715,342</u>

Depreciation expense was \$329,077 and \$334,835 for the years ended June 30, 2014 and 2013, 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. AIRPORT OPERATION

In October 2013, the Airport assumed total responsibility for airport operation. Actual operation of the airport, prior to October, had been the responsibility of an independent Fixed Base Operator (FBO). As payment for these services the FBO was 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.

### 7. OPERATING GRANTS

The Airport receives grant monies annually from the Tennessee Department of Transportation which are intended to cover certain operating costs of the Airport, accordingly, the grants are accounted for as operating grants in the accompanying financial statements. During 2014, the Airport received grants from the Department of Transportation that were designated for runway resurfacing and repair and a project ultimately deemed to costly by the Airport Board and not continued. These grants are also presented as operating grant revenue as the related costs and engineering fees are presented as expenses in the accompanying Statement of Activities and Changes in Net Position.

**SUPPLEMENTAL SCHEDULE**

**DICKSON COUNTY MUNICIPAL AIRPORT AUTHORITY**

**Schedule of Federal and State Financial Assistance**

**For the Year Ended June 30, 2014**

<u>CFDA No.</u>	<u>Contract #</u>	<u>Grantor Agency</u>	<u>(Receivable) * Deferred June 30, 2013</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>(Receivable) Deferred June 30, 2014</u>
<b>FEDERAL AWARDS:</b>							
20.018	TAD #22-555-0145-04	Tennessee Department of Transportation	\$ -	-	79,040	(79,040)	-
20.018	TAD #22-555-0144-04	Tennessee Department of Transportation	(12,597)	-	140,498	(127,901)	-
	Total Federal Awards		<u>(12,597)</u>	<u>-</u>	<u>219,538</u>	<u>(206,941)</u>	<u>-</u>
<b>STATE AWARDS:</b>							
N/A	TAD #22-555-0346-04	Tennessee Department of Transportation	\$ -	-	21,307	(21,307)	-
N/A	Proj. #99-555-1228-04	Tennessee Department of Transportation	(14,300)	-	14,300	-	-
N/A	Proj. #99-555-1239-04	Tennessee Department of Transportation	-	-	-	(12,489)	(12,489)
			<u>\$ (14,300)</u>	<u>-</u>	<u>35,607</u>	<u>(33,796)</u>	<u>(12,489)</u>

\* Represents Federal share only, does not include local portion.

Note: All financial assistance programs utilize the accrual basis of accounting.

## **OTHER REPORTS**

# YEARY, HOWELL & ASSOCIATES

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

Board of Commissioners  
Dickson County Municipal Airport Authority

We have audited, in accordance with the 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 business-type activities of the Dickson County Municipal Airport Authority as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Dickson County Municipal Airport Authority's basic financial statements, and have issued our report thereon dated September 18, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 Authority's financial statements are free from 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 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our 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.

September 18, 2014

