

PEACHTREE CITY AIRPORT AUTHORITY
(A Component Unit of the City of Peachtree City, Georgia)
PEACHTREE CITY, GEORGIA

FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

PEACHTREE CITY AIRPORT AUTHORITY

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To the Board of Directors of
Peachtree City Airport Authority

We have audited the accompanying statements of net assets of Peachtree City Airport Authority, a component unit of the City of Peachtree City, Georgia (Authority), as of September 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peachtree City Airport Authority as of September 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, on our consideration of Peachtree City Airport 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 6 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.

A handwritten signature in black ink that reads "Habib, Arogeti & Wynne, LLP".

Atlanta, Georgia

December 12, 2012

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Peachtree City Airport Authority's (Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal year ending September 30, 2012. Please read it in conjunction with the Authority's financial statements, which begin on page 7. The intent of this discussion is to enhance the reader's understanding of the Authority's financial performance.

Financial Highlights

- The Authority's total current assets increased by \$170,576.
- The Authority's capital assets, net of accumulated depreciation decreased by \$355,413.
- The Authority's total liabilities decreased by \$33,348.
- The Authority's operating revenues increased by \$248,339.
- The Authority's operating expenses before amortization and depreciation increased by \$218,398.

Using this Financial Report

This annual report consists of management's discussion and analysis and the financial statements. The financial statements include the statements of net assets; the statements of revenues, expenses, and changes in net assets; and the statements of cash flows. In addition, the notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes begin on page 12.

Financial Analysis

Table 1 provides a summary of the Authority's Net Assets for 2012 compared to 2011.

Table 1
Net Assets as of September 30,

	Assets	
	2012	2011
Current assets	\$ 851,600	\$ 681,024
Restricted assets	93,582	290,443
Capital assets, net of accumulated depreciation	21,676,953	22,032,366
Other assets	625	1,125
Total assets	\$ 22,622,760	\$ 23,004,958
Liabilities and Net Assets		
Total liabilities	\$ 679,388	\$ 712,736
Net assets		
Invested in capital assets, net of related debt	21,225,386	21,515,121
Restricted	47,842	256,579
Unrestricted	670,144	520,522
Total net assets	21,943,372	22,292,222
Total liabilities and net assets	\$ 22,622,760	\$ 23,004,958

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2012

Table 2 provides a summary of the Authority's Changes in Net Assets for 2012 compared to 2011.

Table 2
Changes in Net Assets for the Years Ended September 30,

	<u>2012</u>	<u>2011</u>
Operating revenues		
Sales	\$ 1,542,264	\$ 1,324,148
Rental income	511,804	482,367
Rental car commissions	2,966	3,981
Miscellaneous revenue	<u>32,560</u>	<u>30,759</u>
Total operating revenues	<u>2,089,594</u>	<u>1,841,255</u>
Operating expenses		
Purchases	1,216,557	1,008,246
Salaries	429,189	392,366
Fringe benefits	34,034	25,019
Utilities and telephone	98,168	97,506
Insurance	47,270	63,532
Terminal and grounds upkeep	59,754	51,423
Bank fees and credit card processing fees	40,798	39,885
Fuel farm maintenance and truck rental	8,000	19,200
Professional fees	29,023	35,904
Other	<u>51,615</u>	<u>62,929</u>
Total operating expenses before amortization and depreciation	<u>2,014,408</u>	<u>1,796,010</u>
Operating income before amortization and depreciation	75,186	45,245
Amortization and depreciation expense	(751,218)	(750,800)
Nonoperating revenues	128,876	92,222
Capital contributions - federal and state	<u>198,306</u>	<u>2,089,350</u>
Change in net assets	(348,850)	1,476,017
Net assets, beginning of year	<u>22,292,222</u>	<u>20,816,205</u>
Net assets, end of year	<u>\$ 21,943,372</u>	<u>\$ 22,292,222</u>

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2012

Analysis of Overall Financial Position and Results of Operations

The Authority experienced a profit improvement from operations in the amount of \$29,941 in 2012 over the previous year. This was due to the continuation of the fuel pricing policies implemented in 2010 which resulted in an increase in gallons sold in both 2011 and 2012. Operating revenues increased by \$248,339, of which \$222,035 was the increase in fuel sales. Operating expenses increased by \$218,398, of which \$212,737 was the increase in fuel cost of goods sold.

Table 3 provides a summary of the Authority's Capital Assets for 2012 compared to 2011.

Table 3
Capital Assets

	2012	2011
Land	\$ 7,687,974	\$ 7,687,974
Construction in progress	133,664	273,607
Land improvements	19,754,909	19,350,262
Buildings and improvements	7,073,107	6,916,757
Furniture, equipment and vehicles	320,016	359,417
 Total	 34,969,670	 34,588,017
Less accumulated depreciation	(13,292,717)	(12,555,651)
Net property and equipment	\$ 21,676,953	\$ 22,032,366

Current Status

Peachtree City Airport Authority operates an active and growing state classified Level III general aviation airport serving business and charter jet traffic in the south Atlanta metro area. The Airport serves business communities in Peachtree City and the surrounding region, as well as many recreational aviation enthusiasts. The 5,220 foot runway can accommodate aircraft up to 60,000 pounds and is capable of handling large corporate and military jet aircraft. The Authority also serves as the fixed base operator (FBO) providing numerous customer service amenities and is considered one of the premier airports in the Southeast. Atlanta Regional Airport is located at 7 Falcon Drive in Peachtree City's Industrial Park.

As part of an effort to attract and retain based customers, FBO hangar improvements began with the replacement of the building's roof and the renovation of some of the existing office space.

The Authority implemented a new Mission Statement and Management Objectives along with the name change.

Mission Statement:

"To be the premier regional airport serving the metro Atlanta area providing superior services and facilities with competitive pricing."

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2012

Management Objectives:

1. Operate the airport in a professional and safe manner through sound business practices that assure financial strength;
2. Sustain an acceptable mix of general and corporate aviation with outstanding facilities, premier services and competitive prices; and
3. Create an attractive gateway to Peachtree City, Fayette County and the region to promote tourism and sustained economic development.

In September 2009, the Authority dedicated the Falcon Field Veterans Memorial (FFVM) as a special place to honor active military, veterans, and their families from all Services who have served and sacrificed for our country. The FFVM is located prominently at the entrance to Atlanta Regional Airport and is highlighted by a mounted Air Force F 16 "Fighting Falcon" jet fighter. The FFVM is nicely landscaped with night lighting. It features a Military Walk of Honor and a paver recognition area dedicated to permanently recognizing those that have contributed to preserving our freedom. The FFVM was developed by local businesses and citizens who volunteered their services, financial assistance and other in-kind benefits as part of a multi jurisdictional effort in making this worthy project a reality. The FFVM has become a significant tourist attraction for the City of Peachtree City and Fayette County with many groups coming to Peachtree City to visit the Memorial throughout the year.

The airport continues to host several community events during the years, such as the American Cancer Society's Relay for Life Walk, the Georgia Police Memorial Ride, and numerous aircraft "Fly-Ins".

Construction Projects:

The Airport has developed and is implementing a five (5) year capital improvement program, which is approved by the FAA and Georgia Department of Transportation. Future improvements include, but are not limited to, Hangar Areas B and C Development (phases), Land Acquisition, Airport Safety and Security Improvements, Runway 13/31 Overruns, Taxiway Development, Terminal Ramp Expansion, Airport Lighting and Signage Upgrades, Terminal Building and Auto Parking Lot expansion, Air Traffic Control Tower Site Study, Area E Site and Ramp Development.

The Authority is working with aviation consultants and engineers on the design for the overlay of runway 13-31 and the terminal apron. The design consists of preparing construction drawings and specifications necessary to complete the overlay, as well as, the necessary documents to advertise for bids, receive construction proposals, and award the construction contract. This project will not add strength to the pavement, but is considered preventative maintenance of the pavement.

The Authority continues to work with aviation consultants and engineers in the design and development of Areas B & C, which encompasses approximately 85 acres of developable airport land purchased by the Authority during the fiscal year ending September 30, 2004. The Authority continues to secure funding through the Federal Aviation Administration (FAA) and the Georgia Department of Transportation (GDOT) for aviation-related capital improvement projects. These capital improvements are depicted on the Airport Layout Plan (ALP), which was updated and approved by the FAA in 2009. The ALP depicts Areas B, C, E and other defined parcels that show new hangar development and other capital improvements.

Corporate and private hangar development, with expansion of commercial aeronautical services, will provide the Authority with additional and future revenue enhancement opportunities as well as additional ad valorem (property) taxes to Fayette County for hangars and aircraft.

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2012

Contacting the Peachtree City Airport Authority

This report is to provide a general overview of the Authority's finances and to show the Authority's accountability for the funding it receives for those with interest in this information. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chairman of the Peachtree City Airport Authority, 7 Falcon Drive, Peachtree City, GA 30269 or by calling 770.487.2225 during normal office hours Monday through Friday.

PEACHTREE CITY AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
SEPTEMBER 30,

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 716,235	\$ 551,015
Accounts receivable	80,413	41,168
Inventories	45,283	74,267
Prepaid expenses	<u>9,669</u>	<u>14,574</u>
Total current assets	<u>851,600</u>	<u>681,024</u>
<u>Restricted assets</u>		
Cash and cash equivalents	47,842	265,303
Receivables from governmental units	<u>45,740</u>	<u>25,140</u>
Total restricted assets	<u>93,582</u>	<u>290,443</u>
<u>Capital assets</u> , net of accumulated depreciation	<u>21,676,953</u>	<u>22,032,366</u>
<u>Other assets</u>		
Debt issue costs, net of accumulated amortization	<u>625</u>	<u>1,125</u>
Total assets	<u>\$22,622,760</u>	<u>\$23,004,958</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities</u>		
Accounts payable - operations	\$ 55,943	\$ 58,341
Accounts payable - construction	45,740	33,864
Accrued liabilities	56,778	17,100
Accrued interest payable - notes	1,507	1,622
Current portion of notes payable	68,775	66,083
Unearned revenue	18,341	31,033
Miscellaneous current liabilities	<u>44,512</u>	<u>48,531</u>
Total current liabilities	<u>291,596</u>	<u>256,574</u>
<u>Long-term liabilities</u>		
Notes payable, net of current portion	382,792	451,162
Deposits	<u>5,000</u>	<u>5,000</u>
Total long-term liabilities	<u>387,792</u>	<u>456,162</u>
Total liabilities	<u>679,388</u>	<u>712,736</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	21,225,386	21,515,121
Restricted	47,842	256,579
Unrestricted	<u>670,144</u>	<u>520,522</u>
Total net assets	<u>21,943,372</u>	<u>22,292,222</u>
Total liabilities and net assets	<u>\$22,622,760</u>	<u>\$23,004,958</u>

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2012</u>	<u>2011</u>
<u>Operating revenues</u>		
Sales - fuel	\$ 1,534,715	\$ 1,312,680
Sales - other	7,549	11,468
Rental income	511,804	482,367
Rental car commissions	2,966	3,981
Miscellaneous revenue	<u>32,560</u>	<u>30,759</u>
 Total operating revenues	 <u>2,089,594</u>	 <u>1,841,255</u>
<u>Operating expenses</u>		
Purchases - fuel	1,209,812	997,075
Purchases - other	6,745	11,171
Salaries	429,189	392,366
Fringe benefits	34,034	25,019
Airport promotions	4,246	10,850
Bank and credit card fees	40,798	39,885
Dues and subscriptions	1,776	764
Fuel farm maintenance and truck rental	8,000	19,200
Insurance	47,270	63,532
Meals and entertainment	270	361
Miscellaneous	7,857	6,198
Office expenses	14,301	16,005
Professional expenses	29,023	35,904
Supplies	4,724	4,767
Telephone	10,071	8,630
Terminal and grounds upkeep	59,754	51,423
Travel and training	4,998	6,217
Uniforms	2,983	3,006
Utilities	88,097	88,876
Vehicle expense	10,460	10,961
Bad debt	<u>0</u>	<u>3,800</u>
 Total operating expenses before amortization and depreciation	 <u>2,014,408</u>	 <u>1,796,010</u>
Operating income before amortization and depreciation - carried forward	 <u>\$ 75,186</u>	 <u>\$ 45,245</u>

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
 FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2012</u>	<u>2011</u>
Operating income before amortization and depreciation - brought forward	\$ <u>75,186</u>	\$ <u>45,245</u>
Amortization	500	500
Depreciation	<u>750,718</u>	<u>750,300</u>
	<u>751,218</u>	<u>750,800</u>
Operating loss	<u>(676,032)</u>	<u>(705,555)</u>
Nonoperating revenues (expenses)		
Hotel/motel tax	118,004	113,840
Interest income	0	616
Interest expense	(19,713)	(22,234)
Loss on disposal of capital assets	(725)	0
Miscellaneous revenue	<u>31,310</u>	<u>0</u>
	<u>128,876</u>	<u>92,222</u>
Loss before capital contributions	(547,156)	(613,333)
Federal and state capital contributions	<u>198,306</u>	<u>2,089,350</u>
Change in net assets	(348,850)	1,476,017
Net assets, beginning of year	<u>22,292,222</u>	<u>20,816,205</u>
Net assets, end of year	<u>\$21,943,372</u>	<u>\$22,292,222</u>

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

Increase (Decrease) in Cash and Cash Equivalents

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Cash received from customers and tenants	\$ 2,010,002	\$ 1,840,345
Cash received from special events	32,560	30,759
Cash paid to suppliers	(1,488,940)	(1,432,582)
Cash paid to employees for services	<u>(463,223)</u>	<u>(417,385)</u>
Net cash provided by operating activities	<u>90,399</u>	<u>21,137</u>
Cash flows from non-capital and related financing activities		
Cash received from hotel/motel tax	105,960	125,237
Cash received from FAA for relocation of ASOS equipment	<u>31,310</u>	<u>0</u>
Net cash flows provided by non-capital and related financing activities	<u>137,270</u>	<u>125,237</u>
Cash flows from capital and related financing activities		
Principal paid on capital and operating debt - net	(65,678)	(63,133)
Interest paid on capital and operating debt	(19,828)	(22,372)
Payments for capital assets	(384,154)	(2,352,901)
Capital contributions received	<u>189,750</u>	<u>2,411,655</u>
Net cash used in capital and related financing activities	<u>(279,910)</u>	<u>(26,751)</u>
Cash flows from investing activities		
Interest on investments	<u>0</u>	<u>616</u>
Net increase (decrease) in cash and cash equivalents	(52,241)	120,239
Cash and cash equivalents, beginning of year	<u>816,318</u>	<u>696,079</u>
Cash and cash equivalents, end of year	<u>\$ 764,077</u>	<u>\$ 816,318</u>
Unrestricted cash and cash equivalents	\$ 716,235	\$ 551,015
Restricted cash and cash equivalents	<u>47,842</u>	<u>265,303</u>
	<u>\$ 764,077</u>	<u>\$ 816,318</u>

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED SEPTEMBER 30,

Increase (Decrease) in Cash and Cash Equivalents

	2012	2011
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (676,032)	\$ (705,555)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Amortization and depreciation	751,218	750,800
(Increase) decrease in assets:		
Accounts receivable	(39,245)	34,216
Inventories	28,984	(43,380)
Prepaid expenses	4,905	(3,229)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	33,261	(10,577)
Unearned revenue	(12,692)	(2,138)
Deposits	0	1,000
Net cash provided by operating activities	\$ 90,399	\$ 21,137

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note A

Organization and Purpose

The Peachtree City Airport Authority (Authority) was created by the General Assembly of the State of Georgia on March 26, 1984, as a public body, corporate and political. The purpose of the Authority is to acquire, construct, equip, maintain, operate, own, lease, protect and improve the existing Atlanta Regional Airport, Falcon Field in Peachtree City, Georgia, and to promote trade, commerce, industry and employment opportunities. On September 20, 1988, the Authority became the owner of Falcon Field Airport in Peachtree City, Georgia. The Authority is necessary and essential to ensure the welfare, safety and convenience of citizens of the State of Georgia and City of Peachtree City, and to ensure the proper economic development of said State and City.

Note B

Reporting Entity

The accompanying financial statements report on the financial activities of the Peachtree City Airport Authority. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In accordance with the GASB's Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements, as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with, or contradict, GASB pronouncements. The more significant of the Authority's accounting policies are described below.

In defining the Authority for financial reporting purposes, Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, establishes the basis for the reporting entity and whether it is considered a component unit of another entity and whether other entities are component units. The definition is based primarily on the concept of financial accountability, which occurs when an entity appoints a voting majority of the board and (1) is able to impose its will on the potential component unit and/or (2) is in a relationship of financial benefit or burden with the potential component unit. An entity would also be considered financially accountable if the potential component unit is fiscally dependent, regardless of whether the entity appoints the voting majority of the potential component unit's board. Careful review of the above criteria has resulted in the conclusion that the Authority is a component unit of Peachtree City, Georgia, since the City exercises significant influence based primarily on operational or financial relationships with the City (as distinct from legal relationships). The City appoints all board members of the Authority. The Authority, the City of Peachtree City, and Peachtree City Tourism Association (now known as the Peachtree City Convention and Visitors Bureau) have entered into agreements whereby the City is obligated to make periodic payments to the Convention and Visitors Bureau, who then remits periodic payments to the Authority to operate and maintain its airport facilities and make its services and facilities available to the citizens of the City to promote tourism, conventions, and trade shows in the community.

There are no entities that are considered to be component units of the Authority.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note C
Summary of Significant Accounting Policies

a. Basis of Accounting:

The Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted as they are needed.

b. Basis of Presentation:

The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements and only Financial Accounting Standards Board Statements (FASB) and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with GASB pronouncements. Under these standards, the Authority follows the reporting requirements for special purpose governments involved in business-type activities, which provide an entity-wide perspective in the financial statement presentation. These standards require presentation of management's discussion and analysis as required supplementary information and presentation of statements of net assets; revenues, expenses, and changes in net assets using a specified format, which distinguishes between operating and non-operating revenues and expenses; and cash flows using the direct method.

Operating revenues generally result from the sale of fuel, car rentals, and leasing hangar space. Operating expenses include costs of maintaining and promoting the airport facilities, including administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Therefore, transactions that are capital, financing, or investing related are reported as non-operating revenues, and interest expense and financing costs are reported as non-operating expenses.

c. Cash and Cash Equivalents:

The Authority defines cash and cash equivalents as all cash in checking and savings accounts, money on-hand and all highly liquid short-term debt instruments purchased with a maturity of ninety days or less.

d. Accounts Receivable:

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Amounts due from customers are considered past due after 30 days. Interest is accrued monthly and recognized as income on balances past due. If a receivable becomes uncollectible, it is written off using the direct write-off method; thus, no allowance for doubtful accounts is deemed necessary.

e. Inventories:

Inventories are valued at the lower of cost or market using the first-in, first-out method and consist primarily of Jet-A and AvGas fuel.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note C
Summary of Significant Accounting Policies (Continued)

f. Fair Value of Financial Instruments:

The carrying value of cash, receivables, and accounts payable approximates fair value due to the short maturity of the financial instruments. The carrying value of short-and long-term debt approximates fair value based on discounting the projected cash flows using market rates available for similar maturities.

g. Capital Assets:

Capital assets purchased by the Authority are stated at historical cost. Assets acquired by gift are recorded at their fair market value on the date of transfer. Depreciation is computed over the estimated useful lives using the straight-line method of depreciation. Maintenance and repairs are charged to expense as incurred, whereas major renewals and betterments are capitalized. When items of property or equipment are sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in net income.

The estimated lives by general classification are as follows:

Land improvements	15 - 40 years
Buildings and improvements	15 - 30 years
Furniture, equipment, and vehicles	5 - 20 years

Interest is capitalized on constructed fixed assets during the period of construction, if it is material. No interest was capitalized during the years ended September 30, 2012 and 2011.

h. Net Assets:

The Authority recognizes the difference between its assets and liabilities as net assets. Net assets categories for the Authority include the following.

Invested in capital assets, net of related debt - comprised of the Authority's capital assets less any related outstanding debt used to acquire those assets.

Restricted - the remaining balance of unspent grant revenues and receivables from grants. These funds are restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Unrestricted - the remaining balance of net assets.

i. Advertising:

The Authority expenses advertising as incurred. Advertising expense was \$4,246 and \$10,850 for the years ended September 30, 2012 and 2011, respectively.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note C
Summary of Significant Accounting Policies (Continued)

j. Impairment of Long-Lived Assets:

The Authority reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended September 30, 2012 and 2011.

k. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Note D
Cash and Custodial Credit Risk

Cash consists of cash on hand and on deposit in a checking account with a local commercial bank. At year-end, the carrying amount of the Authority's cash was \$764,077 and the bank balance was \$758,530. All of the bank balance was covered by federal depository insurance or by collateral held by the Authority's custodial bank in the Authority's name. The Authority does not have a deposit policy for custodial credit risk, which is the risk that in the event of bank failure, the government's cash deposits may not be returned to it.

Note E
Accounts Receivable

Accounts receivable at September 30, 2012 and 2011, consist of payments due from customers and tenants for space rental and fuel charges and credit card charges due from banks. All amounts at year end are considered to be fully collectible.

Note F
Inventories

The components of inventory are as follows:

September 30,:	<u>2012</u>	<u>2011</u>
Jet-A fuel	\$ 18,389	\$ 25,399
AVGas fuel	23,178	44,557
Aircraft oil	1,876	2,252
Pilot supplies and charts	<u>1,840</u>	<u>2,059</u>
	<u>\$ 45,283</u>	<u>\$ 74,267</u>

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note G
Receivables from Governmental Units

	2012	2011
Federal grants receivable from FAA	\$ 45,740	\$ 25,140

Note H
Capital Assets

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

	Beginning Balance 9/30/11	Transfers and Additions	Transfers and Disposals	Ending Balance 9/30/12
Capital assets not being depreciated:				
Land	\$ 7,687,974	\$ 0	\$ 0	\$ 7,687,974
Construction in progress	273,607	211,289	(351,232)	133,664
Total assets not being depreciated	7,961,581	211,289	(351,232)	7,821,638
Other capital assets				
Land improvements	19,350,262	404,647	0	19,754,909
Building improvements	6,916,757	156,350	0	7,073,107
Furniture, equipment and vehicles	359,417	28,390	(67,791)	320,016
Total other capital assets	26,626,436	589,387	(67,791)	27,148,032
Less accumulated depreciation for:				
Land improvements	(9,669,286)	(460,302)	0	(10,129,588)
Building improvements	(2,610,435)	(274,340)	0	(2,884,775)
Furniture, equipment and vehicles	(275,930)	(16,076)	13,652	(278,354)
Total accumulated depreciation	(12,555,651)	(750,718)	13,652	(13,292,717)
Other capital assets, net	14,070,785	(161,331)	(54,139)	13,855,315
Net capital assets	\$ 22,032,366	\$ 49,958	\$ (405,371)	\$ 21,676,953

Depreciation expense charged to operations was \$750,718 and \$750,300 for the years ended September 30, 2012 and 2011, respectively.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note I
Notes Payable

Notes payable at September 30, 2012 and 2011, consist of the following:

	2012	2011
Bank of North Georgia:		
\$472,688 note dated July 10, 2009, with interest at 4.00%. Payments are \$3,512 per month, and the maturity date is July 15, 2024. This note is unsecured. The purpose of this note was to fund the working capital needed to finance the Authority's 25% match for various state grants.	\$ 395,547	\$ 421,060
 Bank of North Georgia:		
\$355,000 note dated December 12, 2003, with interest at 4.00%. Payments are \$3,613 per month, and the maturity date is December 12, 2013. This note is unsecured. The purpose of this note was to complete building renovations on the terminal, including a new roof.	56,020	96,185
	451,567	517,245
Less current maturities	68,775	66,083
	\$ 382,792	\$ 451,162

Debt service requirements for the next five years and in the aggregate are as follows:

September 30,	Principal	Interest
2013	\$ 68,775	\$ 16,730
2014	42,041	14,298
2015	29,084	13,065
2016	30,269	11,880
2017	31,502	10,647
Years 2018 through 2022	177,839	32,905
Years 2023 through 2024	72,057	2,640
	\$ 451,567	\$ 102,165

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2012 AND 2011

Note J
Rentals Under Operating Leases

The Authority has long-term operating lease agreements with lessees to occupy private hangar space. Some of the hangars are built and owned by tenants, who are only leasing the land. There are also several "Through the Fence" agreements, which lease access to the airport areas. All T-Hangar (except area C), Port-a-Port, Tie Downs, Shade Ports and FBO hangar rentals are on one year or less rental agreements, and are not included below. The projections of the non-cancelable future minimum rentals under leases that have remaining terms in excess of one year are as follows:

<u>September 30,</u>	<u>Principal</u>
2013	\$ 270,129
2014	268,950
2015	264,829
2016	242,615
2017	194,010
Thereafter	<u>2,211,250</u>
	<u>\$ 3,451,783</u>

Note K
Pension Contributions

The Authority adopted a Savings Incentive Match Plan for Employees (SIMPLE) on April 1, 2007, whereby up to 3% of a participating employee's salary contributed to the SIMPLE Plan is matched by the Authority, with a maximum match of \$11,500. The Authority contributed \$4,446 and \$4,256 for the years ended September 30, 2012 and 2011, respectively.

Note L
Grants, Commitments and Contingencies

Revenue by grant for the years ended September 30, 2012 and 2011, is as follows:

	<u>2012 Federal Revenue</u>	<u>2012 State Revenue</u>	<u>2012 Totals</u>	<u>2011 Totals</u>
FAA Grant No. 21	\$ 0	\$ 0	\$ 0	\$ 133,232
FAA Grant No. 22	91,020	0	91,020	221,332
FAA Grant No. 23	18	0	18	1,689,390
FAA Grant No. 24	107,268	0	107,268	25,140
State Grant No. 17	0	0	0	1,748
State Grant No. 19	0	0	0	15,980
State Grant No. 21	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,528</u>
Totals	<u>\$ 198,306</u>	<u>\$ 0</u>	<u>\$ 198,306</u>	<u>\$ 2,089,350</u>

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note L

Grants, Commitments and Contingencies (Continued)

FAA Grant No. 21:

In September 2008, a grant of \$4,150,000 was awarded to the Authority to construct an apron - Hangar Area "C" Phase I (Environmental Mitigation, Design, Site Prep and Paving). A state grant that was awarded in October 2008 will match 2.5% of the expenditures. Amendment No. 1 was approved to include land swap amounts of 2.5% FFC match, plus any 2.5% (area "C" design, localizer design, environmental mitigation, flood plain study) unfunded by the state matching grant. This grant was closed in the year ended September 30, 2011.

FAA Grant No. 22:

In September 2008, a grant of \$1,453,500 was awarded by FAA to acquire two pieces of property for development (Area B land acquisition: Toybox, Bearden & Vanechek Acquisition), as described in the Project Applications dated August 28, 2008. During the year ended September 30, 2008, one property was purchased and other properties were appraised for the purpose of future purchases. No additional properties were purchased during the year ended September 30, 2012. This grant was closed in the year ended September 30, 2012.

FAA Grant No. 23:

In 2010, a grant was awarded to the Authority in the amount of \$1,885,606, which is comprised of \$1,791,325 in federal funds, \$42,173 in state funds, and \$52,108 in a land swap from the Authority. The grant was for the construction of Area "C" Corporate Apron - Phase IV and Runway 13 Improvements. This grant was closed in the year ended September 30, 2011. In the current year, additional funds were received for expenses incurred that had not been previously reimbursed. The funds received have been included in revenue in the year ended September 30, 2012.

FAA Grant No. 24:

In 2011, a grant was awarded to the Authority for the engineering design for runway and apron overlay project. The project contains \$143,609 of federal funds and \$3,037 of state funds with a local share of the costs being \$4,532. This project is still in progress at the end of the current fiscal year.

State Grant No. 17:

This grant was closed out in a prior year due to completion of the project. In the prior year, additional funds were received for expenses incurred that had not been previously reimbursed. The funds received have been included in revenue in the year ended September 30, 2011.

State Grant No. 19:

This grant was closed out in a prior year due to completion of the project. In the prior year, additional funds were received for expenses incurred that had not been previously reimbursed. The funds received have been included in revenue in the year ended September 30, 2011.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note L
Grants, Commitments and Contingencies (Continued)

State Grant No. 21:

In October 2008, the State awarded a maximum of \$864,110 in state funds for installation of the localizer and to perform Phase II Area "C" construction at the Atlanta Regional Airport, Falcon Field. This grant was closed in the year ended September 30, 2011.

Note M
Concentration of Credit Risk

The Authority received approximately 85% and 45% of its total revenue from fuel sales and hangar rentals to local customers and pilots during the years ended September 30, 2012 and 2011, respectively. A downturn in the economy could adversely affect fuel sales and hangar rentals used for its basic operations. The Authority carefully monitors credit lines extended to customers to minimize credit risks. The Authority also receives approximately 8% and 50% of its total revenue from Federal and State grants and intergovernmental contributions for airport expansion during the years ended September 30, 2012 and 2011, respectively; a decline in these revenues would not appear to be detrimental to the current year operations of the Authority.

Note N
Significant Vendors

A significant vendor is defined as one from whom at least 10% of annual expenses is derived. For the year ended September 30, 2012, the Authority made purchases from one vendor for \$1,202,470, which comprised approximately 60% of the total operating expenses before amortization and depreciation. For the year ended September 30, 2011, the Authority made purchases from one vendor for \$1,049,114, which comprised approximately 58% of the total operating expenses before amortization and depreciation. The accounts payable balances included \$27,257 and \$37,313 for this vendor at September 30, 2012 and 2011, respectively.

Note O
Claims and Judgments

The Authority is the recipient of Federal, State, and Local grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with the grant program regulations, the Authority may be required to reimburse the grantor government.

Significant amounts of grant expenditures in fiscal years ended September 30, 2012 and 2011, were audited as part of the Single Audit Act. There were no expenditures that were considered disallowed expenditures.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011

Note P
Hotel/Motel Tax

The City of Peachtree City collects a lodging tax, which was authorized by O.C.G.A. 48-13-54 for the promotion of tourism and to facilitate trade shows and conventions. On July 14, 2004, an intergovernmental agreement was signed between Peachtree City Tourism Association, now known as the Peachtree City Convention and Visitors Bureau, and the Authority. This agreement provides for the Authority to receive 20% of the hotel/motel tax received by the Convention and Visitors Bureau from the City and was retroactive to November 1, 2003. The agreement was renewed on May 13, 2010. This agreement is ongoing to date.

The Authority received \$118,004 and \$113,840, respectively, for the years ended September 30, 2012 and 2011, from the Convention and Visitors Bureau for the Authority's portion of the hotel/motel tax.

Note Q
Intergovernmental and Related Party Transactions

As noted above, the Authority receives money from the Convention and Visitors Bureau for hotel/motel taxes. The balances due from the Convention and Visitors Bureau for the years ended September 30, 2012 and 2011, were \$21,424 and \$9,380, respectively.

The Authority allows the Great Georgia Airshow (a 501(c)(3) non-profit organization) to utilize their facilities in October of each year for a two-day air show performance, which is open to the public. Tickets can be obtained at Atlanta Regional Airport and are sold by Authority employees, as well as other locations within Peachtree City. The Authority provides the fuel for the show and some employee services are provided, but the Authority is reimbursed for the fuel and the related administrative expenses. Most of these reimbursed expenses are netted with the Authority's fuel and personnel expenses on the financial statements. Some of the reimbursements that are not netted were shown as other revenue of \$6,804 and \$4,503 for the years ended September 30, 2012 and 2011, respectively. The reimbursed expenses usually run from \$25,000 to \$30,000.

Note R
Subsequent Events

The Authority evaluated subsequent events through December 12, 2012, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on our Financial Statements.



INDEPENDENT AUDITORS' 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

To the Board of Directors of
Peachtree City Airport Authority

We have audited the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 2012, and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Peachtree City Airport Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Peachtree City Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Peachtree City Airport Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peachtree City Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

We noted certain matters that we reported to management of Peachtree City Airport Authority in a separate letter dated December 12, 2012.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, the Federal Aviation Administration, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Atlanta, Georgia

December 12, 2012