

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

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Years Ended September 30, 2001 and 2000

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Authority
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the accompanying financial statements of the Peachtree City Airport Authority, a component unit of the City of Peachtree City, Georgia, as of and for the years ended September 30, 2001 and 2000. 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 audit.

We have 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Peachtree City Airport Authority as of September 30, 2001 and 2000, and the results of its operations 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 November 29, 2001 on our consideration of Peachtree City Airport Authority's internal control over financial reporting and our tests of its provisions of laws, regulations, contracts and grants. The report should be read in conjunction with this report in considering the results of the audit.

Peachtree City Airport Authority
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Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GEESLIN, CORDLE, JOHNSON & WETHERINGTON, LLP

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
November 29, 2001

PEACHTREE CITY AIRPORT AUTHORITY
BALANCE SHEETS
September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current Assets		
Cash	\$ 67,526	\$ 89,865
Accounts receivable	17,297	33,147
Grant receivable	-	145,647
Due from primary government	25,864	15,730
Inventory	39,446	35,029
Construction in progress	6,000	463,893
Total current assets	<u>156,133</u>	<u>783,311</u>
Property and equipment		
Land and improvements	12,867,694	12,142,844
Buildings and improvements	2,225,114	2,205,115
Equipment	272,244	272,244
	<u>15,365,052</u>	<u>14,620,203</u>
Less accumulated depreciation	5,591,406	4,929,509
Net property and equipment	<u>9,773,646</u>	<u>9,690,694</u>
TOTAL ASSETS	<u>\$ 9,929,779</u>	<u>\$ 10,474,005</u>

LIABILITIES AND EQUITY

	2001	2000
LIABILITIES		
Current liabilities		
Accounts payable	\$ 39,271	\$ 209,074
Accrued liabilities	10,999	4,952
Unearned revenue	41,849	47,891
Lease obligations, current portion	15,633	5,824
Notes payable, current portion	110,740	58,588
Total current liabilities	218,492	326,329
Long-term liabilities		
Lease obligations, long-term portion	25,253	38,818
Notes payable, long-term portion	1,242,830	1,368,231
Total long-term liabilities	1,268,083	1,407,049
TOTAL LIABILITIES	1,486,575	1,733,378
EQUITY		
Contributed capital-grant	10,768,370	10,768,374
Contributed capital-donated	2,125,000	2,125,000
Total contributed capital	12,893,370	12,893,374
Retained earnings	(4,450,166)	(4,152,747)
TOTAL EQUITY	8,443,204	8,740,627
TOTAL LIABILITIES AND EQUITY	\$ 9,929,779	\$ 10,474,005

The accompanying notes are an integral part of these statements.

PEACHTREE CITY AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 For the Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating revenues		
Fuel sales	\$ 600,223	\$ 538,451
Leases	329,970	260,879
Fixed base operations	44,040	281,212
Total operating revenues	<u>974,233</u>	<u>1,080,542</u>
 Operating expenses		
Purchases - fuel and parts	441,282	535,617
Professional fees	12,912	15,524
Depreciation	661,897	650,021
Salaries	256,005	340,822
Insurance	61,338	55,995
Office expense and postage	11,665	14,168
Payroll tax expense	19,596	29,855
Utilities	59,141	49,806
Auto expenses	8,110	6,801
Dues and subscriptions	1,521	1,421
Meals and entertainment	753	1,530
Repairs and maintenance	36,592	43,036
Telephone	7,655	11,253
Travel	574	2,367
Contract labor	-	8,536
Supplies	4,637	12,320
Credit card processing fee	12,229	12,622
Uniforms	1,338	1,067
Bad debt expense	8,154	-
Miscellaneous	439	2,774
Fuel farm maintenance and truck rental	15,600	15,600
Total operating expenses	<u>1,621,438</u>	<u>1,811,135</u>
 Operating loss	<u>(647,205)</u>	<u>(730,593)</u>

	<u>2001</u>	<u>2000</u>
Nonoperating revenues (expenses)		
Debt service - interest	(102,291)	(124,724)
Interest income	3,694	8,165
Hotel and motel tax	184,743	162,971
Federal grant income	259,079	-
State grant income	146	-
Miscellaneous income (expense)	4,415	(20,002)
Total nonoperating revenues (expenses)	<u>349,786</u>	<u>26,410</u>
Net (loss)	(297,419)	(704,183)
Retained earnings - beginning of year	<u>(4,152,747)</u>	<u>(3,448,564)</u>
Retained earnings - end of year	<u><u>\$ (4,450,166)</u></u>	<u><u>\$ (4,152,747)</u></u>

The accompanying notes are an integral part of these statements.

PEACHTREE CITY AIRPORT AUTHORITY
 STATEMENTS OF CASH FLOWS
 For the Years Ended September 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Operating (loss)	\$ (647,205)	\$ (730,593)
Adjustments to reconcile net (loss) to net cash flows provided by (used in) operating activities:		
Depreciation	661,897	650,021
(Increase) decrease in:		
Accounts receivable	15,850	(6,043)
Grant receivable	145,647	-
Due from primary government	(10,134)	1,626
Inventory	(4,417)	8,871
Increase (decrease) in:		
Accounts payable	(169,803)	21,477
Accrued liabilities	6,047	(11,605)
Unearned revenues	(6,042)	16,246
Net cash provided by (used in) operating activities	<u>(8,160)</u>	<u>(50,000)</u>
Cash flows from noncapital financing activities:		
Hotel and motel tax	184,743	162,971
Federal and state grants	259,225	-
Miscellaneous income (expense)	4,415	(20,002)
Net cash provided by noncapital financing activities	<u>448,383</u>	<u>142,969</u>
Cash flows from capital and related financing activities:		
Contributed capital	(4)	126,309
Repayment of debt	(77,005)	(62,797)
Interest paid on debt	(102,291)	(124,724)
Disposal of capital assets	-	26,843
Payments for capital acquisitions	(286,956)	(104,223)
Net cash (used in) capital and related financing activities	<u>(466,256)</u>	<u>(138,592)</u>

	<u>2001</u>	<u>2000</u>
Cash flows from investing activities:		
Interest on investments	<u>3,694</u>	<u>8,165</u>
Net increase (decrease) in cash and cash equivalents	(22,339)	(37,458)
Cash and cash equivalents at beginning of year	<u>89,865</u>	<u>127,323</u>
Cash and cash equivalents at end of year	<u>\$ 67,526</u>	<u>\$ 89,865</u>
Non-cash Investing, Capital and Financing Activities		
Capital assets acquired by increases in accounts payable	\$ -	\$ 178,656
Increase in capital from recognition of a grant receivable	<u>-</u>	<u>145,647</u>

The accompanying notes are an integral part of these statements.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

On March 26, 1984 the General Assembly of the State of Georgia approved enabling legislation to create the Peachtree City Airport Authority (Authority).

The Authority was created to acquire, construct, equip, maintain, operate, own and improve airports and landing fields for the use of aircraft. On September 20, 1988, the Authority became the owner of Falcon Field Airport in Peachtree City, Georgia.

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 the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. In addition, the Authority applies all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

The Authority is considered to be a component unit of the City of Peachtree City, Georgia, as defined by GASB Statement No. 14, The Financial Reporting Entity. The City exercises significant influence. Significant influence or accountability is 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 and the City of Peachtree City have entered into an agreement whereby the City is obligated to make periodic payments to the Authority to assist in the payment of debt obligations and some operating costs.

Method of Accounting

As a proprietary type fund, the Peachtree City Airport Authority uses the flow of economic resources measurement focus and the accrual method of accounting for revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents include money on hand and demand deposits.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair Value of Financial Instruments

The carrying value of cash, receivables and accounts payable approximates fair value due to the short maturity of these 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.

Inventory

Inventory is valued at the lower of cost or market. Cost is determined on the first in, first out (FIFO) basis.

Receivables

All receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible. Uncollectible amounts were estimated to be \$1,580 and \$0 for the years ended September 30, 2001 and 2000, respectively. Unbilled revenues are recognized at the end of each fiscal year based on billings during the month following the close of the fiscal year.

Property, Plant and Equipment

Property, plant and equipment is stated at cost. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Gains and losses on disposal of property, plant and equipment are reflected in current income. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The estimated useful lives for each major class of depreciable fixed assets are as follows:

Equipment	5 years
Land improvements	15-20 years
Buildings and improvements	15-20 years
Furniture and fixtures	10 years

Interest is capitalized on constructed fixed assets during the period of construction, if it is material. No interest was capitalized in the years ended September 30, 2001 and 2000.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Management's Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of management's estimates. Actual results could differ from these estimates

Reclassifications

Certain reclassifications were made to the 2000 financial statement presentation in order to conform to the 2001 financial statements presentation

Change in Accounting Principle

During the year ended September 30, 2001, the Authority adopted Governmental Accounting Standards Board No. 33, Accounting and Financial Reporting for Nonexchange Transactions. Statement No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

Prior to the issuance of Statement No. 33, the Authority treated resources provided through Federal and state grants as contributed capital and not as revenue, if the resources were provided to finance capital expenditures only.

Statement No. 33 requires revenue recognition once time requirements and purpose restrictions are met. In the case of the Federal and state grants, these resources are considered voluntary nonexchange transactions. Once the Authority was awarded the contract and costs eligible for reimbursement were recorded, the time and purpose requirements were met, and revenue was recognized.

Statement No. 33 goes on to say that "governments should not restate contributed capital arising from periods prior to implementation of the this Statement." Therefore, grants received during the year ended September 30, 2000 are recorded as contributions to capital.

2. CASH

Cash and cash equivalents include money on hand and demand deposits. The book balance and bank balance of the Peachtree City Airport Authority's deposits, including money market accounts, are detailed below. The amount of the total book and bank balances are classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the Authority or by its agent in the Authority's name, 2) cash collateralized with securities held by the pledging financial institution's agent in the Authority's name, and 3) uncollateralized bank accounts.

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2001 and 2000

2. CASH - continued

The Authority's deposits are classified as follows at September 30, 2001 and 2000:

<u>Category</u>	<u>Book Balance</u>		<u>Bank Balance</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
1	\$67,526	\$89,865	\$77,493	\$99,748
2	-	-	-	-
3	-	-	-	-
Total	<u>\$67,526</u>	<u>\$89,865</u>	<u>\$77,493</u>	<u>\$99,748</u>

3. PROPERTY AND EQUIPMENT

Activity for property and equipment capitalized by the Authority is summarized below:

	<u>9/30/00</u>			<u>9/30/01</u>
	<u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u>
Land and Improvements	\$12,142,844	724,850	-	\$12,867,694
Building and Improvements	2,205,115	19,999	-	2,225,114
Equipment	272,244	-	-	272,244
Total	<u>\$14,620,203</u>	<u>744,849</u>	<u>-</u>	<u>\$15,365,052</u>

Property and equipment is normally stated at cost. However, assets acquired by gift or donation are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets is charged as an expense against operations, and accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method of depreciation. Depreciation expense for the years ended September 30, 2001 and 2000 was \$661,897 and \$650,021, respectively.

4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

On September 20, 1988, the Authority entered into a grant agreement with the Federal Aviation Administration (FAA) (Project No. 3-13-0146-02) enabling the Authority to obtain title to Falcon Field Airport (Airport) and fund improvements to the Airport. The tentative allocation of \$7,680,000 was made under the Fiscal Year 1988 Airport Improvement Program. Grant offers for the approved project must meet the requirements of the Airport and Airway Improvement Act of 1982 (as amended by the Airport and Airway Safety and Capacity Expansion Act of 1987) and is

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - continued

subject to the limits of obligational authority for the current fiscal year. In a Letter of Intent dated May 19, 1988, the FAA outlined its intention to obligate additional amounts in Fiscal Years 1989-1991 for payment of its share of the cost for the remaining development. The FAA allocation represents ninety (90%) percent of the cost of the project. The remaining ten (10%) percent is to be funded by the State of Georgia and the Authority. The Authority portion will be provided by the land donated to it.

FAA Grant No. 2

The initial grant offer (identified as FAA Grant No. 02 and received by the Authority in 1988) was for the following items of development with a total estimated cost of \$1,444,444 (\$1,300,000 Federal share):

Acquire land for future development; prepare construction plans and specifications for replacement of Runway 13-31 and associated taxiways; and credit for land donation.

At September 30, 2001, the first stage in the development and improvement of the Airport was complete with actual expenses incurred of \$1,221,311. The State of Georgia did not participate in this portion of the project. The expenses in this first stage are included in Land and Improvements category on the balance sheet since the runway and taxiway are complete.

FAA Grant No. 3

The second grant offer (identified as FAA Grant No. 03 and received during 1989) was for the following items of development with a total estimated cost of \$2,362,962 (\$2,126,666 Federal share):

Construction administration, inspection, quality control and construction of site preparation for new 5200 linear feet runway including clearing, earthwork, drainage, erosion control, power line relocation and associated work.

At September 30, 2001, the second stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,247,830. The expenses in this stage are included in the Land and Improvements category on the balance sheet since the runway and taxiway are complete.

FAA Grant No. 4

The third grant offer (identified as FAA Grant No. 04 and received during 1990) was for the following items of development with a total estimated cost of \$2,362,963 (\$2,126,667 Federal share):

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - continued

Construct runway, taxiway and apron; construct drainage; install lighting; acquire land for development; relocate utilities.

At September 30, 2001, the third stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,230,666. The expenses in this stage are included in the Land and Improvements category on the balance sheet since the runway and taxiway are complete.

FAA Grant No. 5

The fourth and final phase of the multi-year project (identified as FAA Grant No. 05 and received in 1991) is for the following items of development with a total estimated cost of \$2,372,480 (\$2,135,230 Federal share):

Reconstruction of all major aprons and relocation of existing "T-hangars" to a new apron area.

At September 30, 2001, the fourth stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,202,320.

FAA Grant No. 6

During 1991, the Authority began working on two additional projects not funded by the original multi-year grant. The first of these projects (identified as FAA Grant No. 06 and received in 1991) is for the following items of development with a total estimated cost of \$216,608 (\$194,950 Federal share).

The installation of a deer control fence around the perimeter of the airport.

At September 30, 2001, this project was complete with actual expenses incurred of \$199,194.

State of Georgia Grant No. C-2501-9200

The second of these projects (identified as State of Georgia Grant #C-3-2501-9200) is for the following items of development.

The installation of electronic navigational aids to enhance the safe operation of the airport during inclement weather. The aids include: localizer/DME approach equipment located on the airport, a non-directional radio beacon located on the center line of the runway some six miles southeast of the airport, and an omni-directional approach lighting system.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - continued

At September 30, 2001, this project was complete with actual expenses incurred of \$453,619.

FAA Grant No. 7

During 1992, the Authority received an additional FAA Grant (No. 7). The grant is for construction of apron expansion and construction of connecting taxiway.

At September 30, 2001, this project was complete with actual expenses incurred of \$794,776.

FAA Grant No. 8

During 1993, the Authority received an additional FAA Grant (No.8). The grant is for costs incurred to complete the administration, inspection, quality control and construction of the runway.

At September 30, 2001, this project was complete with actual expenses incurred of \$675,190.

FAA Grant No. 9

During 1996, the Authority received FAA Grant No. 9. The Grant is for the expansion of the airport apron.

At September 30, 2001 the project was complete with actual expenses incurred of \$290,320.

FAA Grant No. 10

During 1999, the Authority received FAA Grant No. 10. This grant was for the following items of development:

Construction of taxilane, Phase I.

Actual expenses incurred for Phase I were \$190,236 (\$184,412 Federal share, \$5,698 Georgia State share). At September 30, 2001, Phase I construction was complete.

FAA Grant No. 11

During 1999, the Authority also received FAA Grant offer No. 11. This grant was for the following items of development:

Phase II of the taxilane construction project, including paving and grading.

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2001 and 2000

4. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - continued

Actual expenses incurred for Phase II were \$534,614 (\$531,035 Federal share). At September 30, 2001, Phase II construction was complete.

The Authority has entered into several contracts relating to the Airport acquisition and development. All Authority obligations under these contracts were current at the end of the year.

All costs incurred by the Authority through September 30, 2001 have been included in these financial statements.

5. LONG-TERM OBLIGATIONS

At September 30, 2001 and 2000, notes payable consists of the following:

	<u>2001</u>	<u>2000</u>
Installment loan (dated September, 1999) with a floating interest rate of 85 percent of prime rate, payable in 180 monthly payments of \$12,186 due and payable on September 1, 2014. Secured as described below.	\$1,245,619	\$1,301,743
Installment loan (dated September 1999) with a floating interest rate at 85 percent of prime interest rate. Payable in 84 monthly payments of \$2,120. Secured as described below.	107,951	125,076
	<u>1,353,570</u>	<u>1,426,819</u>
Less Current Portion	110,740	58,588
	<u>\$1,242,830</u>	<u>\$1,368,231</u>

Airplane hangar/office building, aviation center building, T-hangars, and various equipment and inventory secure the debt.

The above debt has a floating interest rate of 85 percent of prime rate. At October 3, 2001, the interest rate on the loans was 4.675%. The following annual requirements to amortize the above debt are based on that rate. This rate is subject to change based on the fluctuations of the prime rate.

Fiscal Year Ending September 30,	
2002	\$ 110,740
2003	116,030
2004	121,572
2005	127,379
2006	126,808
Later Years	751,041
	<u>\$1,353,570</u>

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 2001 and 2000

5. LONG-TERM OBLIGATIONS - continued

Capital Leases

The Authority has financed the acquisition of aviation fuel storage and dispensing equipment by means of a lease. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. Amortization of equipment leased under capital leases is included in depreciation expense.

The following is an analysis of equipment leased under capital leases as of September 30, 2001.

Equipment	<u>\$120,000</u>
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The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at September 30, 2001.

Fiscal Year Ending September 30,	
2002	\$ 18,000
2003	18,000
2004	<u>8,652</u>
Total minimum lease payment	44,652
Less: amount representing interest	<u>3,766</u>
Present value of future minimum lease payments	<u>40,886</u>

6. 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 grant program regulations, the Authority may be required to reimburse the grantor government. As of September 30, 2001, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

7. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

a. Litigation

At September 30, 2001, the Authority was not involved in any lawsuits.

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2001 and 2000

8. HOTEL/MOTEL TAX

The City of Peachtree City collects a lodging tax. A portion of this tax is distributed to the Peachtree City Airport Authority for the promotion of tourism and to facilitate trade shows and conventions as required by O.C.G.A. 48-13-54. The City and Authority agreed in 1993 that proceeds from the lodging tax would be used to assist in servicing debt incurred to pay for the airport improvements and expansions as such improvements and expansions have been designed to promote tourism and trade. On June 14, 2001, the City agreed to increase the amount paid to the Airport Authority in order to offset some operating costs. During the years ended September 30, 2001 and 2000, the Authority received \$184,743 and \$162,971, respectively. Additionally, the Authority had receivable balances from the City of Peachtree City of \$25,864 and \$15,730 at September 30, 2001 and 2000, respectively.

A summary of the transactions for the years ending September 30, 2001 and 2000 follows:

	<u>2001</u>	<u>2000</u>
Revenues	\$184,743	\$162,971
Principal and interest payments on debt	179,296	187,521
Other operating costs	<u>5,447</u>	<u>0</u>
Balance of lodging tax funds on hand at year end	<u>\$ 0</u>	<u>\$ 0</u>



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To the Members of the Authority
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the financial statements of the Peachtree City Airport Authority as of September 30, 2001 and for the year then ended, and have issued our report thereon dated November 29, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Peachtree City Airport Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Peachtree City Airport Authority
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This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Geelin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
November 29, 2001

SUPPLEMENTARY INFORMATION

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 02 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 6,507
Preliminary expenses	19,096
Land, structures, right-of-way	826,027
Architectural & engineering basic fees	207,376
Other architectural & engineering fees	<u>162,305</u>
	<u>\$1,221,311</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 03 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 1,647
Utility relocation	15,313
Architectural & engineering basic fees	72,048
Other architectural & engineering basic fees	90,030
Project inspection fees	115,471
Construction and project improvement cost	<u>1,953,321</u>
	<u>\$2,247,830</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 04 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 18,048
Utility relocation	19,907
Preliminary expenses	25,372
Architectural & engineering basic fees	71,498
Other architectural & engineering fees	76,186
Project inspection fees	157,170
Construction and project improvement cost	<u>1,862,485</u>
	<u>\$2,230,666</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 05 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 22,972
Preliminary expenses	26,752
Architectural & engineering basic fees	152,422
Other architectural & engineering fees	140,211
Project inspection fees	186,201
Construction and project improvement cost	<u>1,673,762</u>
	<u>\$2,202,320</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 06 EXPENSES
Cumulative through September 30, 2001

Administrative expense	\$ 4,403
Architectural & engineering basic fees	19,789
Other architectural & engineering fees	9,380
Project inspection fees	16,909
Construction and project improvement cost	<u>148,713</u>
	\$ <u>199,194</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 07 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 5,364
Architectural & engineering basic fees	72,423
Other architectural & engineering fees	30,988
Project inspection fees	93,213
Construction and project improvement cost	<u>592,788</u>
	\$ <u>794,776</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 08 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 2,322
Preliminary expenses	3,600
Architectural & engineering basic fees	4,743
Other architectural & engineering fees	3,164
Project inspection fees	22,893
Construction and project improvement cost	<u>638,468</u>
	<u>\$ 675,190</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 09 EXPENSES
Cumulative through September 30, 2001

Construction and related costs	<u>\$ 390,320</u>
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Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 10 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 1,635
Architectural and engineering fees	66,067
Construction costs	<u>122,534</u>
	<u>\$190,236</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 11 EXPENSES
Cumulative through September 30, 2001

Administrative	\$ 13,580
Project inspection fees	42,819
Construction and project improvement costs	357,085
Architectural and engineering fees	<u>121,130</u>
	<u>\$534,614</u>