

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

PEACHTREE CITY, GEORGIA

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

AS OF SEPTEMBER 30, 2008 AND SEPTEMBER 30, 2007

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FINANCIAL SECTION

**J. K. BOATWRIGHT & CO., P. C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
PEACHTREE CITY, GEORGIA 30269

February 2, 2009

Independent Auditors' Report

To the Board of Directors  
Peachtree City Airport Authority:

We have audited the accompanying statements of net assets of Peachtree City Airport Authority, a component unit of City of Peachtree City, Georgia, (Authority) as of September 30, 2008 and 2007, 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2008 and 2007, and the changes in its financial position 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 a report dated February 2, 2009, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that comprise Peachtree City Airport Authority's financial statements. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements of Peachtree City Airport Authority. The schedule of expenditures of federal awards and schedule of findings and questioned costs have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yours truly,

*J. K. Boatwright & Co., P. C.*

J. K. BOATWRIGHT & CO., P. C.  
Certified Public Accountants

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Peachtree City Airport Authority's (PCAA) financial performance provides an overall review of the Authority's financial activities for the fiscal year ending September 30, 2008. Please read it in conjunction with the Authority's financial statements, which begin on page 8. 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 \$67,617.
- The Authority's total liabilities increased by \$1,080,437.
- The Authority's operating revenues increased by \$421,759.
- The Authority's operating expenses increased by \$385,410.

**Using this Financial Report**

This annual report consists of the management's discussion and analysis and the financial statements. The financial statements include statement of net assets; statement of revenues, expenses and changes in net assets; and statement 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 11.

**Financial Analysis**

Table 1 provides a summary of the Authority's Net Assets for 2008 compared to 2007.

Table 1  
Net Assets as of September 30, 2008 and 2007

Assets	<u>2008</u>	<u>2007</u>
Current Assets	\$ 890,832	\$ 823,215
Restricted Assets	1,233,512	157,036
Capital Assets, Net of Accumulated Depreciation	15,469,850	12,337,602
Other Assets	<u>2,625</u>	<u>3,125</u>
<b>Total Assets</b>	<b><u>\$ 17,596,819</u></b>	<b><u>\$ 13,320,978</u></b>
<b>Liabilities and Net Assets</b>		
<b>Total Liabilities</b>	<b>\$ 1,644,351</b>	<b>\$ 563,914</b>
<b>Net Assets</b>		
Invested in Capital Assets	14,432,788	12,096,027
Restricted	1,233,512	157,036
Unrestricted	<u>286,168</u>	<u>504,001</u>
<b>Total Net Assets</b>	<b><u>15,952,468</u></b>	<b><u>12,757,064</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 17,596,819</u></b>	<b><u>\$ 13,320,978</u></b>

Table 2 provides a summary of the Authority's Changes in Net Assets for 2008 compared to 2007.

Table 2  
Changes in Net Assets for the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>Operating Revenues:</b>		
Sales	\$ 1,864,746	\$ 1,485,153
Rental Income	492,066	454,667
Rental Car Commissions	11,487	3,904
Miscellaneous Revenue	<u>58,243</u>	<u>61,059</u>
<b>Total Operating Revenues</b>	<b><u>2,426,542</u></b>	<b><u>2,004,783</u></b>
<b>Operating Expenses:</b>		
Purchases	1,523,649	1,171,034
Salaries	423,039	414,893
Fringe Benefits	37,066	30,227
Utilities and Telephone	88,935	91,774
Insurance	62,947	70,326
Terminal and Grounds Upkeep	54,498	42,966
Bank Fees and Credit Card Processing Fees	49,058	40,474
Fuel Farm Maintenance & Truck Rental	19,200	19,200
Professional Fees	29,488	15,883
Other	<u>61,715</u>	<u>67,408</u>
<b>Total Operating Expenses Before Amortization/Depreciation</b>	<b><u>2,349,595</u></b>	<b><u>1,964,185</u></b>
<b>Operating Income Before Amortization/Depreciation</b>	<b>76,947</b>	<b>40,598</b>
Amortization/Depreciation Expense	(641,794)	(692,156)
Nonoperating Revenues (Expenses)	153,415	89,756
Capital Contributions - Federal and State	<u>3,606,836</u>	<u>2,328,041</u>
<b>Increase (Decrease) in Net Assets</b>	<b>3,195,404</b>	<b>1,766,239</b>
<b>Net Assets, Beginning of Year</b>	<b><u>12,757,064</u></b>	<b><u>10,990,825</u></b>
<b>Net Assets, End of Year</b>	<b><u>\$ 15,952,468</u></b>	<b><u>\$ 12,757,064</u></b>

### Analysis of Overall Financial Positions and Results of Operations

The financial position of the Authority improved over the past year. The Authority received additional federal and state grants income in the fiscal year 2007 in the amount of \$1,680,398 which was used for the Taxiway "F" Site Preparation and NAVAIDS project.

Table 3 provides a summary of the Authority's Capital Assets for 2008 compared to 2007.

Table 3  
Capital Assets

	<u>2008</u>	<u>2007</u>
Land	\$ 7,656,014	\$ 7,246,268
Construction in Progress	3,375,454	589,700
Land Improvements	11,284,332	11,284,332
Buildings and Improvements	3,035,345	2,468,711
Furniture and Equipment	<u>286,559</u>	<u>275,151</u>
Total	25,637,704	21,864,162
Less Accumulated Depreciation	<u>10,167,854</u>	<u>9,526,560</u>
Net Property and Equipment	<u>\$ 15,469,850</u>	<u>\$ 12,337,602</u>

### Current Issues

Peachtree City-Falcon Field is 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 surrounding region as well as many recreational aviation enthusiasts. The 5,220' runway can accommodate aircraft up to 60,000 pounds and is capable of handling large corporate and military jet aircraft. PCAA also serves as the fixed base operator (FBO) providing numerous customer service amenities and is considered one of the premier airports in the southeast. Peachtree City-Falcon Field is located at 7 Falcon Drive in Peachtree City's Industrial Park. The airport hosts The Great Georgia Airshow annually.

The PCAA 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 PCAA in FY04. The PCAA 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 in the process of being updated in 2007 with final approval anticipated in 2009. The ALP depicts Areas B, C, E and other defined parcels that show new hangar development and other capital improvements.

Area C which encompasses approximately 60 acres of land on the southwestern boundary of the airport has completed all environmental assessments allowing the FAA to issue a final report indicating Findings of No Significant Impact (FONSI) thereby allowing funding for the first phase of construction for taxiway "F" and navigational aids (NAVAIDS) installation. In August 2007, contractors began clearing and grading portions of Area C for site preparation of taxiway "F". The airport's newest taxiway will provide the access to all future hangar and apron areas as part of the continued development Area C. These projects are 95% funded through federal and state grant programs. This project also includes complete pavement rejuvenation for the main runway, parallel taxiway and transient ramp areas. This project should be completed no later than March 2009.



NAVAIDS include a new glide slope antenna as part of a full Instrument Landing System (ILS) installation providing precision instrument approach capabilities for Runway 31. In late 2007, the FAA established Localizer Performance and Vertical (LPV) instrument approaches for Runways 13 and 31. The Wide Area Augmentation System (WAAS) is a very precise navigational system that provides the additional accuracy, availability, continuity, and integrity necessary to enable pilots to rely on the Global Positioning System (GPS) for all phases of flight. The aircraft use the WAAS signal, in addition to the GPS service to fly area navigation and LPV instrument approaches, equivalent to the legacy ILS system. The Airport's Automated Surface Observation System (ASOS), an automated weather station maintained by the National Weather Service (NWS), will be moved from its current location and co-located with the glide slope antenna installation.

Area B which encompasses approximately 25 acres of land on the southeastern boundary of the airport has completed all environmental assessments allowing the FAA to issue a final report indicating Findings of No Significant Impact (FONSI) thereby allowing funding for design and construction. Design for Area B has been completed and funding for development is being pursued through state and federal resources. Corporate and private hangar development, with expansion of commercial aeronautical services, will provide the PCAA with additional and future revenue enhancement opportunities as well as additional ad valorem taxes to Fayette County for hangars and aircraft.

The Airport develops and implements a five (5) year capital improvement program with representatives from FAA and GDOT. Future improvements include, but are not limited to: Hangar Areas B & C Development, Land Acquisition, Security Improvements, Runway 13/31 Overruns, Taxiway development, Terminal Ramp Expansion, Airport Lighting and Signage Upgrades, Expand Terminal Building & Auto Parking Lot, Air Traffic Control Tower Site, Area E Site and Ramp Development.

The Peachtree City Tourism Association continues to provide economic development support through the hotel-motel tax generated by tourism and business-related activities in Peachtree City. Through an intergovernmental agreement, the Airport receives approximately 20% percent of the taxes received by the Tourism Association.

In 2007, the Airport reported approximately 105,184 operations. An operation is defined as a takeoff or a landing. Due to the economic crisis of 2008, volatile fuel prices and an industry-wide reduction in aeronautical activities, airport operations have dramatically decreased in the last year. It is estimated that there were 75,000 operations in 2008. Past economic benefit studies show that the total economic impact generated by activities/businesses associated with Peachtree City-Falcon Field equates to approximately \$30 Million dollars annually to the surrounding region. This figure was derived from the Peachtree City – Falcon Field Master Plan Update, Chapter 9 – Economic Impact completed by Wilbur Smith Associates in February 2001. Georgia Department of Transportation – Aviation Programs is conducting a state-wide economic benefit analysis for all Georgia Airports which will provide an update as to the current economic impact associated with Peachtree City – Falcon Field.

### **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, 2008 and September 30, 2007

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash and Cash Equivalents	\$ 694,076	\$ 738,467
Accounts Receivable	34,046	29,790
Inventories	103,230	52,542
Prepaid Expenses	<u>59,480</u>	<u>2,416</u>
Total Current Assets	<u>890,832</u>	<u>823,215</u>
Restricted Assets:		
Cash and Cash Equivalents	761,167	70,015
Receivables from Governmental Units	<u>472,345</u>	<u>87,021</u>
Total Restricted Assets	<u>1,233,512</u>	<u>157,036</u>
Capital Assets, Net of Accumulated Depreciation	<u>15,469,850</u>	<u>12,337,602</u>
Other Assets:		
Debt Issue Costs, Net of Accumulated Amortization	<u>2,625</u>	<u>3,125</u>
Total Assets	<u>\$ 17,596,819</u>	<u>\$ 13,320,978</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 542,517	\$ 212,795
Accrued Liabilities	30,525	66,163
Line of Credit	72,855	-
Notes Payable, Current Portion	792,522	34,336
Unearned Revenue	<u>34,247</u>	<u>43,381</u>
Total Current Liabilities	1,472,666	356,675
Noncurrent Liabilities:		
Notes Payable, Long-Term Portion	<u>171,685</u>	<u>207,239</u>
Total Liabilities	<u>1,644,351</u>	<u>563,914</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	14,432,788	12,096,027
Restricted	1,233,512	157,036
Unrestricted	<u>286,168</u>	<u>504,001</u>
Total Net Assets	<u>15,952,468</u>	<u>12,757,064</u>
Total Liabilities and Net Assets	<u>\$ 17,596,819</u>	<u>\$ 13,320,978</u>

See accompanying notes to financial statements.

Peachtree City Airport Authority  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 For The Years Ended September 30, 2008 and September 30, 2007

	<u>2008</u>	<u>2007</u>
Operating Revenues:		
Sales - Fuel	\$ 1,851,715	\$ 1,464,506
Sales - Other	13,031	20,647
Rental Income	492,066	454,667
Rental Car Commissions	11,487	3,904
Miscellaneous Revenue	<u>58,243</u>	<u>61,059</u>
Total Operating Revenues	<u>2,426,542</u>	<u>2,004,783</u>
Operating Expenses:		
Purchases - Fuel	1,516,758	1,153,933
Purchases - Other	6,891	17,101
Salaries	423,039	414,893
Fringe Benefits	37,066	30,227
Airport Promotions	2,870	13,249
Bank and Credit Card Fees	49,058	40,474
Dues and Subscriptions	875	757
Fuel Farm Maintenance and Truck Rental	19,200	19,200
Insurance	62,947	70,326
Meals and Entertainment	77	818
Miscellaneous	9,559	9,057
Office Expenses	13,860	12,601
Professional Expenses	29,488	15,883
Supplies	6,281	4,624
Telephone	6,826	7,451
Terminal and Grounds Upkeep	54,498	42,966
Travel and Training	13,874	11,894
Uniforms	-	1,237
Utilities	82,109	84,323
Vehicle Expense	<u>14,319</u>	<u>13,171</u>
Total Operating Expenses Before Depreciation	<u>2,349,595</u>	<u>1,964,185</u>
Operating Income Before Amortization and Depreciation - Carried Forward	\$ 76,947	\$ 40,598

See accompanying notes to financial statements.

Peachtree City Airport Authority  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 For The Years Ended September 30, 2008 and September 30, 2007

	<u>2008</u>	<u>2007</u>
Operating Income Before Amortization and Depreciation - Brought Forward	\$ 76,947	\$ 40,598
Amortization	500	500
Depreciation	<u>641,294</u>	<u>691,656</u>
	<u>641,794</u>	<u>692,156</u>
Operating Income (Loss)	(564,847)	(651,558)
Nonoperating Revenues (Expenses):		
Hotel/Motel Tax	142,195	124,382
Interest Income	25,329	7,641
Interest Expense	(14,109)	(9,589)
Loss on Disposals	<u>-</u>	<u>(32,678)</u>
Income (Loss) Before Capital Contributions	(411,432)	(561,802)
Federal and State Capital Grant Contributions	<u>3,606,836</u>	<u>2,328,041</u>
Change in Net Assets	3,195,404	1,766,239
Net Assets, Beginning of Year	<u>12,757,064</u>	<u>10,990,825</u>
Net Assets, End of Year	<u>\$15,952,468</u>	<u>\$12,757,064</u>

See accompanying notes to financial statements.

Peachtree City Airport Authority  
 STATEMENTS OF CASH FLOWS  
 For The Years Ended September 30, 2008 and September 30, 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities:		
Cash Received from Customers and Tenants	\$ 2,297,844	\$ 1,913,927
Cash Received from Special Events	58,243	61,059
Cash Paid to Suppliers	(1,646,169)	(1,463,432)
Cash Paid to Employees for Services	(460,028)	(393,904)
Net Cash Provided by Operating Activities	<u>249,890</u>	<u>117,650</u>
Cash Flows from Non-Capital and Related Financing Activities		
Cash Received from Hotel/Motel Tax	<u>121,635</u>	<u>125,137</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Capital and Operating Debt - Net	(34,155)	(30,155)
New Borrowings of Long-term Debt and Line of Credit	829,642	-
Interest Paid on Capital and Operating Debt	(14,109)	(9,589)
Payments for Capital Acquisitions	(3,773,543)	(2,353,513)
Capital Contributions Received	<u>3,242,072</u>	<u>379,214</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>249,907</u>	<u>(2,014,043)</u>
Cash Flows from Investing Activities:		
Interest on Investments	<u>25,329</u>	<u>7,641</u>
Net Increase (Decrease) in Cash	646,761	(1,763,615)
Cash, Beginning of Year	<u>808,482</u>	<u>2,572,097</u>
Cash, End of Year	<u>\$ 1,455,243</u>	<u>\$ 808,482</u>
Unrestricted Cash	\$ 694,076	\$ 738,467
Cash Restricted for Federal and State Grant Expenditures	<u>761,167</u>	<u>70,015</u>
	<u>\$ 1,455,243</u>	<u>\$ 808,482</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Loss	\$ (564,847)	\$ (651,558)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Amortization and Depreciation	641,794	692,156
(Increase) Decrease in Assets:		
Accounts Receivable	(4,256)	(23,306)
Inventories	(50,686)	1,788
Prepaid Expenses	(57,065)	268
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	294,084	105,061
Unearned Revenues	<u>(9,134)</u>	<u>(6,759)</u>
Net Cash Provided by Operating Activities	<u>\$ 249,890</u>	<u>\$ 117,650</u>

See accompanying notes to financial statements.

Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

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NOTE 1 - 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 politic. The purpose of the Authority is to acquire, construct, equip, maintain, operate, own, lease, protect and improve the existing Falcon Field Airport 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 insure the welfare, safety and convenience of citizens of the State of Georgia and City of Peachtree City and to insure the proper economic development of said State and County.

NOTE 2 - 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 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.

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 have entered into agreements whereby the City is obligated to make periodic payments to the Tourism Association, 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, 2008 and 2007

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting and Measurement Focus**

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.

**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 a statement of net assets, statement of revenues, expenses and changes in net assets using a specified format which distinguishes between operating and nonoperating revenues and expenses, and statement of cash flows using the direct method.

Operating revenues and expenses 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, which are capital, financing or investing related, are reported as non-operating revenues and interest expense and financing costs are reported as non-operating expenses.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, 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.

**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.

**Inventories**

Inventories are valued at the lower of cost (first-in, first-out) or market and consist primarily of Jet-A and 100LL AvGas fuel.

Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

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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.

Capital Assets

Capital assets purchased by the Authority are stated at historical cost. Assets acquired by gift are recorded at their fair market value at 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
Building 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, 2008 and 2007.

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.

Advertising

The Authority expenses advertising as incurred.

Estimates

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



Peachtree City Airport Authority  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2008 and 2007

**NOTE 4 - 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 \$1,455,243 and the bank balance was \$1,700,685. 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 5 - ACCOUNTS RECEIVABLE**

Accounts receivable at September 30, 2008 and 2007 consists of payments and 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 fully collectible.

**NOTE 6 - INVENTORIES**

Inventories are valued at the lower of cost (first-in, first-out) or market. The components of inventory at September 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Jet-A Fuel	\$ 55,856	\$ 34,237
AvGas Fuel	44,011	15,094
Aircraft Oil	1,683	2,269
Pilot Supplies and Charts	<u>1,680</u>	<u>942</u>
	<u>\$ 103,230</u>	<u>\$ 52,542</u>

**NOTE 7 - RECEIVABLES FROM GOVERNMENTAL UNITS**

	<u>2008</u>	<u>2007</u>
Hotel/Motel Tax Revenues due from Peachtree City Tourism Association	\$ 31,366	\$ 10,807
Federal Grants Receivable from FAA	369,673	-
State Grants Receivable from Georgia DOT	<u>71,306</u>	<u>76,214</u>
	<u>\$ 472,345</u>	<u>\$ 87,021</u>

Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

**NOTE 8 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended September 30, 2008 is as follows:

	2008			Ending Balance 9/30/08
	Beginning Balance 9/30/07	Transfers and Additions	Transfers and Disposals	
Capital Assets not Being Depreciated:				
Land	\$ 7,246,268	\$ 409,746	\$ -	\$ 7,656,014
Construction in Progress	589,700	2,785,754	-	3,375,454
<b>Total Assets not Being Depreciated</b>	<b>7,835,968</b>	<b>3,195,500</b>	<b>-</b>	<b>11,031,468</b>
Other Capital Assets:				
Land Improvements	11,284,332	-	-	11,284,332
Building and Improvements	2,468,711	566,634	-	3,035,345
Equipment	275,151	11,408	-	286,559
<b>Total Other Capital Assets</b>	<b>14,028,194</b>	<b>578,042</b>	<b>-</b>	<b>14,606,236</b>
Less Accumulated Depreciation for:				
Land Improvements	(7,641,691)	(513,290)	-	(8,154,981)
Building and Improvements	(1,701,769)	(110,786)	-	(1,812,555)
Equipment	(183,100)	(17,218)	-	(200,318)
<b>Total Accumulated Depreciation</b>	<b>(9,526,560)</b>	<b>(641,294)</b>	<b>-</b>	<b>(10,167,854)</b>
<b>Other Capital Assets, Net</b>	<b>4,501,634</b>	<b>(63,252)</b>	<b>-</b>	<b>4,438,382</b>
<b>Net Capital Assets</b>	<b>\$12,337,602</b>	<b>\$ 3,132,248</b>	<b>\$ -</b>	<b>\$15,469,850</b>

Depreciation expense charged to operations was \$641,294 and \$691,656 for the years ended September 30, 2008 and 2007, respectively.

**NOTE 9 - LINE OF CREDIT**

On June 17, 2008, the Authority obtained an unsecured line of credit in the amount of \$500,000 for working capital needed to finance the Authority's 25% match for various state grants. At September 30, 2008 the outstanding balance was \$72,855 and the interest rate is the bank's prime rate plus .75%. The effective interest rate as of September 30, 2008 was 3.75%. The line of credit expires June 17, 2009.

Peachtree City Airport Authority  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2008 and 2007

NOTE 10 - NOTES PAYABLE

Notes payable at September 30, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Bank of North Georgia:		
\$355,000 note dated December 12, 2003, with interest at 4.00%. Payments are \$3,613 per month, maturity date is December 12, 2013. This note is secured by an intergovernmental agreement with City of Peachtree City, the primary governmental unit. The note is a qualified tax-exempt obligation.	\$ 207,420	\$ 241,575
Bank of North Georgia:		
\$756,787 note dated June 30, 2008, with interest at 3.75%. Payments are interest only with a maturity date of June 30, 2009. The note is secured by real estate consisting of land and a building.	<u>756,787</u>	<u>-</u>
	964,207	241,575
Less Current Maturities	<u>792,522</u>	<u>34,336</u>
	<u>\$ 171,685</u>	<u>\$ 207,239</u>

Debt service requirements to maturity for debt of the Authority at September 30, 2008 are as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 792,522	\$ 11,091	\$ 803,613
2010	37,191	6,166	43,357
2011	38,706	4,651	43,357
2012	40,283	3,074	43,357
2013	41,924	1,432	43,356
Thereafter	<u>13,581</u>	<u>94</u>	<u>13,675</u>
	<u>\$ 964,207</u>	<u>\$ 26,508</u>	<u>\$ 990,715</u>

The following is a summary of the note payable transactions with Bank of North Georgia for the year ended September 30, 2008:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
<u>\$ 241,575</u>	<u>\$ 756,787</u>	<u>\$ 34,155</u>	<u>\$ 964,207</u>	<u>\$ 792,522</u>	<u>\$ 171,685</u>

Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

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**NOTE 11 - 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. The carrying value of leased assets of \$9,267 (cost of \$170,356 less accumulated depreciation of \$161,089) is included in the capital assets in the financial statements. 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. The projections of the non-cancelable future minimum rentals under leases that have remaining terms in excess of one year are as follows:

<u>Year Ended</u>	
2009	\$ 142,312
2010	139,012
2011	139,012
2012	139,012
2013	138,524

**NOTE 12 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

During the years ended September 30, 2008 and 2007, cash paid for interest was \$14,109 and \$9,589, respectively.

**NOTE 13 - ADVERTISING EXPENSE**

Advertising expense was approximately \$2,900 and \$13,200 for the years ended September 30, 2008 and 2007, respectively.

**NOTE 14 - RECLASSIFICATIONS**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**NOTE 15 - 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 \$10,500 for 2007. The Authority contributed \$8,640 and \$4,748, respectively for the years ended September 30, 2008 and 2007.

Peachtree City Airport Authority  
 NOTES TO FINANCIAL STATEMENTS  
 September 30, 2008 and 2007

NOTE 16 – GRANTS, COMMITMENTS AND CONTINGENCIES

Revenue by grant for the year ended September 30, 2008 is as follows:

	<u>Federal Revenue</u>	<u>State Revenue</u>	<u>Totals</u>
FAA Grant No. 20	\$ 1,472,813	\$ -	\$ 1,472,813
FAA Grant No. 21	825,109	-	825,109
FAA Grant No. 22	766,588	-	766,588
State Grant No.16	-	16,769	16,769
State Grant No.18	-	146,434	146,434
State Grant No.19	-	359,813	359,813
State Grant No.20	-	19,310	19,310
Totals	<u>\$3,064,510</u>	<u>\$ 542,326</u>	<u>\$3,606,836</u>

FAA Grant No. 17

During 2006 the Authority received FAA Grant offer No. 17. This is a reimbursable grant for Areas B & C Environmental Assessment and Parallel Taxiway Design. The original grant of \$446,246 was amended to be \$400,551. It had matching state and participant portions of approximately \$12,000 each. Expenditures in year ended September 30, 2007 were \$96,446, while revenues from FAA were \$76,418. Total expenditures exceeded revenues by approximately \$20,000. No state funds were available to assist with the expenditure match. No additional revenues or expenditures were incurred in year ended September 30, 2008.

FAA Grant No. 18 and State Matching Grant

During 2006 the Authority received FAA Grant offer No. 18 for a maximum of \$2,000,000 to improve the runway safety area by acquiring land for runway safety area 13 and relocating and/or modifying three golf holes. The Authority received \$1,964,000 in advance funding in September of 2006, and purchased land in November 2006 in the amount of \$1,898,898. Additional attorney and consulting fees and administration costs resulted in total land costs of \$1,968,397 and grant reimbursements from FAA to equal expenditures. The state approved and submitted additional funding for this project for its part of the required matching on the grant in the amount of \$49,613. These grants were closed in year ended September 30, 2008.

FAA Grant No. 19

In March 2007, a grant of \$93,420 was received from FAA to be used by the Authority for an environmental permit and assessment in preparation for Area A, Taxiway F project. Expenditures for this project equaled the grant revenues of \$93,420 in year ended September 30, 2007. This grant was closed in year ended September 30, 2008.

Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

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NOTE 16 – GRANTS, COMMITMENTS AND CONTINGENCIES - continued

FAA Grant No. 20

In September of 2007, a grant of \$1,496,477 was approved by FAA to update the Airport Master Plan: construct Taxiway (Area B design and ASOS Relocation-Reimbursable Agreement); construct Taxiway "F" (Site Prep). In September of 2008, Amendment #1 for additional work required under AIP-20 brought the revised grant amount to \$1,634,901 with the additional funds of \$138,424.

FAA Reimbursable Agreement

A non-Federal reimbursable agreement between FAA and the authority was signed in April 2008, whereby the Authority prepaid the amount of \$53,415 to FAA as an estimate of the costs to relocate Automated Surface Observation System (ASOS) in preparation for the installation of a new taxiway at Falcon Field. The ASOS will be moved and relocated within the new Runway 31 Glide Slope (GS) plot. This payment has been recorded as a prepaid expense as the grant is still in progress at the end of the current fiscal year.

FAA Grant No. 21

In September of 2008, a grant of \$4,150,000 was awarded to the Authority to construct apron - Hangar Area "C", Phase I (Environmental Mitigation, Design, Site Prep and Paving). A state grant which was awarded after the year end will match 2.5% of the expenditures. This project is still in progress at the end of the current fiscal year.

FAA Grant No. 22

In September of 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 has been purchased and other properties were appraised for the purpose of future purchases. The Authority's match of expenditures was \$7,883 during the year ended September 30, 2008.

State Grant No. 16

During 2004, the Authority received a grant offer from the State of Georgia for \$38,053 for additional land acquisition costs. The Authority had received \$36,713 and incurred expenditures of \$14,444 as of September 30, 2006. During 2007 the Authority applied an allowed \$5,500 in administration costs to the grant. In 2008, the remaining \$16,769 was allowed by the state and FAA in 2008 to assist with additional administration costs. This is shown as revenue and expenditures for 2008.

State Grant No. 18

In June of 2007, the Authority was awarded \$183,921 in state funds to Crack Seal, Rejuvenate and Mark Airfield at the Peachtree City Airport – Falcon Field, with a maximum Exhibit "A" amount of \$151,982 with a 25% Authority match. An amendment in 2008 for a change to marking plan due to FAA delay in publishing instrument approach procedure added line items for temporary and permanent taxiway paint. It also added line items to install electrical service for the glide slope. This amendment did not change the award amount. The Authority's match in year ended September 30, 2008 was \$37,414.

Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

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NOTE 16 – GRANTS, COMMITMENTS AND CONTINGENCIES - continued

State Grant No. 19

This grant was awarded in July 2007 for Phase I construction of Taxiway F and to installation of the Glide Slope. The contract agreement was for an estimated cost of \$1,384,745, with a maximum state match of \$381,399. Over a two-year period, the total expenditures for the project were \$1,504,843, which were paid by FAA, two different state grants and a match by the Authority as follows: \$1,027,146 from FAA, \$360,271 by state and \$117,426 by the Authority.

State Grant No. 20

The grant was awarded in June 2008 to provide state matches for FAA Grants 20 and 22. A portion of the acquisition of Toy Box land (1.92 acres) was provided with state funds revenues. The state also assisted in the expenditures for the ASOS relocation.

State Grant No. 21

Subsequent to September 30, 2008 – in October 2008, the State awarded a maximum of \$864,110 in state funds for installation of the localizer and perform Phase II Area “C” Construction at the Peachtree City Airport – Falcon Field.

NOTE 17 - CONCENTRATION OF CREDIT RISK

The Authority receives 40 – 45 % of its operating revenue from fuel sales and hangar rentals to local customers and pilots. 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 45 – 50% of its total revenue from Federal and state grants and intergovernmental contributions for airport expansion, growth, and non-operating expenditures. Since most of these funds are used for expansion, a decline in these revenues would not appear to be detrimental to the current year operations of the Authority.

NOTE 18 - 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, 2007 and 2008 were audited as part of the Single Audit Act. There were no expenditures that were considered disallowed expenditures.

COMPLIANCE SECTION



Peachtree City Airport Authority  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2008 and 2007

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**NOTE 19 - 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 and the Authority. This agreement provides for the Authority to receive 20% of the hotel/motel tax received by the Tourism Association from the City and was retroactive to November 1, 2003. This agreement is ongoing to date.

The Authority received \$142,195 and \$124,382, respectively for the years ended September 30, 2008 and 2007 from the Tourism Association for the Authority's portion of the hotel/motel tax.

**NOTE 20 - INTERGOVERNMENTAL AND RELATED PARTY TRANSACTIONS**

As noted above, the Authority receives money from the Tourism Association for hotel/motel taxes. Additionally, there is an intergovernmental contract with the City of Peachtree City, which provides the collateral on the Authority's debt. See note 6 for balance due from the Tourism Association.

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 Falcon Field 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 at cost and the related administrative expenses. Most of these reimbursed expenses are netted with the Authority's fuel and personnel expenses on the financial statements for year ended September 30, 2008. Some of the reimbursements which are not netted with were shown as other revenue of \$5,562. These reimbursed expenses usually run from \$25,000 to \$30,000.

**NOTE 21 - CONTINGENCY**

On August 1, 2004, the Authority increased hangar lease rates more than contract stated. The lease agreement allows an increase in rates every three years that equal the increase in the consumer price index (CPI). However, the rate increase was computed as the difference between the prior CPI versus the current CPI. Then, the next increase on August 1, 2007 was done correctly; however, due to the incorrect increase in 2004, the rate was still higher than it would have been if the 2004 increase had been done correctly. The Authority has been in the process of deciding how to make the correction. As of September 30, 2008, the exact amount of the liability due to the overcharge of the leases is unknown, but is not thought to be material. The choices of correction are (1) to repay the tenants the amount of overcharge, (2) to decrease the lease rate until the amounts are repaid or (3) to forgo any increase on August 1, 2010 until the overcharge has been absorbed.

**J. K. BOATWRIGHT & CO., P. C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
PEACHTREE CITY, GEORGIA 30269

February 2, 2009

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  
Peachtree City Airport Authority

We have audited the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 2008, and have issued our report thereon dated February 2, 2009. We conducted our audit in accordance with U.S. 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.

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 opinions on the financial statements, but not for the purpose 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 Peachtree City Airport Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Peachtree City Airport Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Peachtree City Airport Authority's financial statements that is more than inconsequential will not be prevented or detected by Peachtree City Airport Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Peachtree City Airport Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be 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

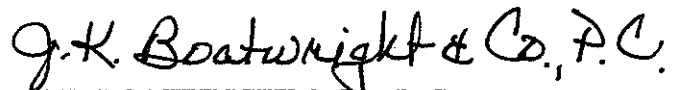
As part of obtaining reasonable assurance about whether Peachtree City Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 other matters that we reported to management of Peachtree City Airport Authority in a separate letter dated February 2, 2009.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, 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.

Yours truly,

A handwritten signature in black ink that reads "J. K. Boatwright & Co., P.C." in a cursive style.

J. K. BOATWRIGHT & CO., P. C.  
Certified Public Accountants

**J. K. BOATWRIGHT & CO., P. C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
PEACHTREE CITY, GEORGIA 30269

February 2, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Peachtree City Airport Authority

Compliance

We have audited the compliance of Peachtree City Airport Authority with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. Peachtree City Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Peachtree City Airport Authority's management. Our responsibility is to express an opinion on Peachtree City Airport Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Peachtree City Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Peachtree City Airport Authority's compliance with those requirements.

In our opinion, Peachtree City Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of Peachtree City Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Peachtree City Airport Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Peachtree City Airport Authority's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, board of directors, others within the entity, Federal Aviation Administration, 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.

Yours truly,

*J. K. Boatwright & Co., P. C.*

J. K. BOATWRIGHT & CO., P. C.  
Certified Public Accountants

Peachtree City Airport Authority  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 September 30, 2008

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<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation			
Direct:			
Federal Aviation Administration			
Airport Improvement Programs:			
	20.106	AIP-03-13-0146-020-2007	\$ 1,470,297
	20.106	AIP-03-13-0146-021-2008	825,109
	20.106	AIP-03-13-0146-022-2008	<u>766,588</u>
			<u>\$ 3,061,994</u>

NOTES TO SCHEDULE

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of federal awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. This method is consistent with the method used in the preparation of the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – SUBRECIPIENTS

The Authority did not have any non-cash awards or subrecipients during the fiscal year.

NOTE C – MATCHING FUNDS

Generally there is a 5% to 25% match depending upon the individual grant specification.

Peachtree City Airport Authority  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2008

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SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Peachtree City Airport Authority.
2. No significant deficiencies in internal control were found during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Peachtree City Airport Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for Peachtree City Airport Authority expresses an unqualified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 were disclosed during the audit.
7. The programs tested as major programs included AIP-03-13-0146-20-2007, AIP-03-13-0146-21-2008 and AIP-03-13-0146-22-2008.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Peachtree City Airport Authority does qualify as a low-risk auditee.

Peachtree City Airport Authority  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended September 30, 2008

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DEPARTMENT OF TRANSPORTATION

FINDING 2007-1: Reporting expenditures and revenues in the proper period

*Condition:* This Finding was a significant deficiency stating that expenditures incurred during the fiscal year were not recorded as liabilities and revenues earned during the fiscal year were not recorded as revenues and receivables as required by generally accepted accounting principles.

*Recommendation:* The auditor recommended that procedures be established to ensure that all revenues that were earned and expenditures that were incurred be recorded in the proper period. The auditor further recommended that the authority's accounting consultant be made aware of the issue so that he can assure a similar finding does not occur in the future. Management concurred with the recommendation and indicated that the procedures would be implemented.

*Current Status:* The recommendation was adopted in January 2008. No similar findings were noted in the 2008 audit.



SUPPLEMENTAL SCHEDULE

Peachtree City Airport Authority  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 September 30, 2008

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<u>Federal Grantor</u>	<u>State Grant Number</u>	<u>State Expenditures</u>
Georgia Department of Transportation		
Direct:		
	APO70-9000-16(113) Fayette	\$ 16,769
	APO70-9000-18(113) Fayette	146,434
	APO70-9000-19(113) Fayette	359,814
	APO70-9000-20(113) Fayette	<u>19,310</u>
Total Expenditures of State Grant Awards		<u>\$ 542,327</u>

NOTES TO SCHEDULE

NOTE A – BASIS OF PRESENTATION

The Authority follows the accrual basis of accounting in preparing this schedule. This method is consistent with the method used in the preparation of the Authority's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE B – SUBRECIPIENTS

The Authority did not have any non-cash awards or subrecipients during the fiscal year.

NOTE C – MATCHING FUNDS

For state grants not related to specific Federal grants, generally the state covers 75% of the expenditures, with a 25% match required as the Authority's portion. This may vary depending upon the individual grant specification. For grants related to specific Federal grants, the state generally will match 2.5% match of the Federal portion.

