

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

FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

PEACHTREE CITY AIRPORT AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Peachtree City Airport Authority

We have audited the accompanying statements of net assets of Peachtree City Airport Authority, a component unit of the City of Peachtree City, Georgia (Authority), as of September 30, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peachtree City Airport Authority as of September 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of Peachtree City Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is 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 not a required part of the basic financial statements. Such information is the responsibility of management and was derived, from and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Halij, Anagata & Partners LLP".

Atlanta, Georgia

December 23, 2011

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Peachtree City Airport Authority's (Authority) financial performance provides an overall review of the Authority's financial activities for the fiscal year ending September 30, 2011. Please read it in conjunction with the Authority's financial statements, which begin on page 9. 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 \$190,597.
- The Authority's capital assets, net of accumulated depreciation increased by \$1,192,149.
- The Authority's total liabilities decreased by \$485,438.
- The Authority's operating revenues increased by \$264,248.
- The Authority's operating expenses increased by \$225,325.

Using this Financial Report

This annual report consists of management's discussion and analysis and the financial statements. The financial statements include the statements of net assets; the statements of revenues, expenses, and changes in net assets; and the statements of cash flows. In addition, the notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes begin on page 14.

Financial Analysis

Table 1 provides a summary of the Authority's Net Assets for 2011 compared to 2010.

Table 1
Net Assets as of September 30,

	2011	As Restated 2010
Assets		
Current assets	\$ 681,024	\$ 490,427
Restricted assets	290,443	682,110
Capital assets, net of accumulated depreciation	22,032,366	20,840,217
Other assets	<u>1,125</u>	<u>1,625</u>
Total assets	<u>\$ 23,004,958</u>	<u>\$ 22,014,379</u>
Liabilities and Net Assets		
Total liabilities	<u>\$ 712,736</u>	<u>\$ 1,198,174</u>
Net assets		
Invested in capital assets	21,515,121	20,259,839
Restricted	256,579	237,794
Unrestricted	<u>520,522</u>	<u>318,572</u>
Total net assets	<u>22,292,222</u>	<u>20,816,205</u>
Total liabilities and net assets	<u>\$ 23,004,958</u>	<u>\$ 22,014,379</u>

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2011

Table 2 provides a summary of the Authority's Changes in Net Assets for 2011 compared to 2010.

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

	2011	As Restated 2010
Operating revenues		
Sales	\$ 1,324,148	\$ 1,086,993
Rental income	482,367	440,603
Rental car commissions	3,981	2,717
Miscellaneous revenue	30,759	46,694
Total operating revenues	1,841,255	1,577,007
Operating expenses		
Purchases	1,008,246	797,358
Salaries	392,366	370,859
Fringe benefits	25,019	27,371
Utilities and telephone	97,506	99,007
Insurance	63,532	73,955
Terminal and grounds upkeep	51,423	53,327
Bank fees and credit card processing fees	39,885	38,126
Fuel farm maintenance and truck rental	19,200	19,200
Professional fees	35,904	34,309
Other	62,929	57,173
Total operating expenses before amortization and depreciation	1,796,010	1,570,685
Operating income before amortization and depreciation	45,245	6,322
Amortization and depreciation expense	(750,800)	(874,272)
Nonoperating revenues	92,222	84,978
Capital contributions - federal and state	2,089,350	3,624,056
Increase in net assets	1,476,017	2,841,084
Net assets, beginning of year as originally stated	20,816,205	17,977,792
Prior period adjustment	-	(2,671)
Net assets, beginning of year as restated	20,816,205	17,975,121
Net assets, end of year	\$ 22,292,222	\$ 20,816,205

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2011

Analysis of Overall Financial Position and Results of Operations

The Authority experienced a profit improvement from operations in the amount of \$38,923 in 2011 over the previous year. This was due to the continuation of the fuel pricing policies implemented in 2010 which resulted in an increase in gallons sold in 2011. Operating revenues increased by \$264,248, of which \$233,049 was the increase in fuel sales. Operating expenses increased by \$225,325, of which \$204,784 was the increase in fuel cost of goods sold. Net assets increased by \$1,476,017.

Table 3 provides a summary of the Authority's Capital Assets for 2011 compared to 2010.

Table 3
Capital Assets

	2011	As Restated 2010
Land	\$ 7,687,974	\$ 7,687,974
Construction in progress	273,607	4,359,490
Land improvements	19,350,262	13,353,708
Buildings and improvements	6,916,757	6,894,158
Furniture, equipment and vehicles	359,417	350,238
 Total	 34,588,017	 32,645,568
Less accumulated depreciation	(12,555,651)	(11,805,351)
 Net property and equipment	 \$ 22,032,366	 \$ 20,840,217

Current Status

Peachtree City Airport Authority operates an active and growing state classified Level III general aviation airport serving business and charter jet traffic in the south Atlanta metro area. The Airport serves business communities in Peachtree City and the surrounding region, as well as many recreational aviation enthusiasts. The 5,770 foot runway can accommodate aircraft up to 60,000 pounds and is capable of handling large corporate and military jet aircraft. The Authority also serves as the fixed base operator (FBO) providing numerous customer service amenities and is considered one of the premier airports in the Southeast.

As part of a new marketing and advertising plan, the Authority took action in 2009 to enhance the airport name by going from Peachtree City – Falcon Field to Atlanta Regional Airport. Additional terminal building improvements and upgraded furniture, fixtures and equipment were purchased as part of an overall renovation of the FBO. Atlanta Regional Airport is located at 7 Falcon Drive in Peachtree City's Industrial Park.

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

Mission Statement:

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

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2011

Management Objectives:

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

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

The comprehensive marketing plan the Airport implemented included creating a website, which was launched in October 2010. The website layout is attractive and user friendly. Contact information is easily found on each page and several links to websites of businesses whose services the airport offers are found throughout, including links to many websites pilots use for flight planning.

www.atlantaregionalairport.com

In addition, the Authority has made good use of other social media including Facebook, Twitter, and Blogger to drive traffic to the new website (www.thegreatgeorgiaairshow.com).

The airport continues to host The Great Georgia Airshow annually.

Construction Projects:

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

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

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2011

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. This project also includes complete pavement rejuvenation for the main runway, parallel taxiway and transient ramp areas. In August 2007, contractors began clearing and grading portions of Area C for site preparation of taxiway "F" and finished the project in 2009. The airport's newest taxiway will provide the access to all future hangar and apron areas as part of the continued development of Area C. These projects are 95% funded through federal and state grant programs. Additional Area C hangar development provided NAVAIDS, including a new glideslope antenna and localizer equipment, which is used as part of a full Instrument Landing System (ILS) 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), was moved in 2009 from its then current location and co-located with the glideslope antenna.

Current Area C construction, partially funded through ARRA funds, encompasses approximately 10 acres and includes entrance road access, three (3) developable parcels for aviation related businesses, paved apron, taxiway and lighting systems, upgraded and expanded electrical vault, perimeter fencing and airfield drainage systems. This project was completed in 2010.

Area C construction, partially funded through ARRA funds, encompasses approximately 10 acres and includes entrance road access, three (3) developable parcels for aviation related businesses, paved apron, taxiway and lighting systems, upgraded and expanded electrical vault, perimeter fencing and airfield drainage systems. This project was completed in 2010.

Additional funding was received in 2010 for Area "C" Corporate Apron Construction (Phase IV) and Runway 13 Improvements. In 2010, paving construction of an entrance road, Taxiway 'F', aircraft parking apron and taxi lanes were completed. In 2011, Runway 13 was extended 550 feet to the northwest, providing an overrun. The 600 foot runway safety area length prior to landing will be provided within this increased pavement length, thereby improving safety. This construction project was completed in September, 2011, and readies the site for hangar construction.

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

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2011

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,

ASSETS

	<u>2011</u>	<u>As Restated 2010</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 551,015	\$ 372,811
Accounts receivable	41,168	75,384
Inventories	74,267	30,887
Prepaid expenses	<u>14,574</u>	<u>11,345</u>
Total current assets	<u>681,024</u>	<u>490,427</u>
<u>Restricted assets</u>		
Cash and cash equivalents	265,303	323,268
Receivables from governmental units	<u>25,140</u>	<u>358,842</u>
Total restricted assets	<u>290,443</u>	<u>682,110</u>
Capital assets, net of accumulated depreciation	<u>22,032,366</u>	<u>20,840,217</u>
<u>Other assets</u>		
Debt issue costs, net of accumulated amortization	<u>1,125</u>	<u>1,625</u>
Total assets	<u>\$ 23,004,958</u>	<u>\$ 22,014,379</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable - operations	\$ 58,341	\$ 67,765
Accounts payable - construction	33,864	444,316
Accrued liabilities	17,100	22,515
Accrued interest payable - notes	1,622	1,760
Current portion of notes payable	66,083	63,496
Unearned revenue	31,033	33,171
Miscellaneous current liabilities	<u>48,531</u>	<u>44,269</u>
Total current liabilities	<u>256,574</u>	<u>677,292</u>
<u>Long-term liabilities</u>		
Notes payable, net of current portion	451,162	516,882
Deposits	<u>5,000</u>	<u>4,000</u>
Total long-term liabilities	<u>456,162</u>	<u>520,882</u>
Total liabilities	<u>712,736</u>	<u>1,198,174</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	21,515,121	20,259,839
Restricted	256,579	237,794
Unrestricted	<u>520,522</u>	<u>318,572</u>
Total net assets	<u>22,292,222</u>	<u>20,816,205</u>
Total liabilities and net assets	<u>\$ 23,004,958</u>	<u>\$ 22,014,379</u>

See auditors' report and accompanying notes

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

	<u>2011</u>	<u>As Restated 2010</u>
<u>Operating revenues</u>		
Sales - fuel	\$ 1,312,680	\$ 1,079,631
Sales - other	11,468	7,362
Rental income	482,367	440,603
Rental car commissions	3,981	2,717
Miscellaneous revenue	<u>30,759</u>	<u>46,694</u>
 Total operating revenues	 <u>1,841,255</u>	 <u>1,577,007</u>
 <u>Operating expenses</u>		
Purchases - fuel	997,075	792,291
Purchases - other	11,171	5,067
Salaries	392,366	370,859
Fringe benefits	25,019	27,371
Airport promotions	10,850	8,252
Bank and credit card fees	39,885	38,126
Dues and subscriptions	764	524
Fuel farm maintenance and truck rental	19,200	19,200
Insurance	63,532	73,955
Meals and entertainment	361	852
Miscellaneous	6,198	7,343
Office expenses	16,005	14,979
Professional expenses	35,904	34,309
Supplies	4,767	4,824
Telephone	8,630	7,821
Terminal and grounds upkeep	51,423	53,327
Travel and training	6,217	8,530
Uniforms	3,006	1,968
Utilities	88,876	91,186
Vehicle expense	10,961	9,901
Bad debt	<u>3,800</u>	<u>0</u>
 Total operating expenses before depreciation	 <u>1,796,010</u>	 <u>1,570,685</u>
 Operating income before amortization and depreciation - carried forward	 <u>\$ 45,245</u>	 <u>\$ 6,322</u>

See auditors' report and accompanying notes

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

	<u>2011</u>	<u>As Restated 2010</u>
Operating income before amortization and depreciation - brought forward	\$ <u>45,245</u>	\$ <u>6,322</u>
Amortization	500	501
Depreciation	<u>750,300</u>	<u>873,771</u>
	<u>750,800</u>	<u>874,272</u>
Operating loss	<u>(705,555)</u>	<u>(867,950)</u>
Nonoperating revenues (expenses)		
Hotel/motel tax	113,840	106,763
Interest income	616	2,967
Interest expense	<u>(22,234)</u>	<u>(24,752)</u>
	<u>92,222</u>	<u>84,978</u>
Loss before capital contributions	(613,333)	(782,972)
Federal and state capital contributions	<u>2,089,350</u>	<u>3,624,056</u>
Change in net assets	<u>1,476,017</u>	<u>2,841,084</u>
Net assets, beginning of year as originally stated	20,816,205	17,977,792
Prior period adjustment	<u>0</u>	<u>(2,671)</u>
Net assets, beginning of year as restated	<u>20,816,205</u>	<u>17,975,121</u>
Net assets, end of year	<u>\$22,292,222</u>	<u>\$20,816,205</u>

See auditors' report and accompanying notes

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

Increase (Decrease) in Cash and Cash Equivalents

	<u>2011</u>	<u>As Restated 2010</u>
Cash flows from operating activities		
Cash received from customers and tenants	\$ 1,840,345	\$ 1,556,168
Cash received from special events	30,759	46,694
Cash paid to suppliers	(1,432,582)	(1,205,399)
Cash paid to employees for services	<u>(417,385)</u>	<u>(398,230)</u>
Net cash provided by (used in) operating activities	<u>21,137</u>	<u>(767)</u>
Cash flows from non-capital and related financing activities		
Cash received from hotel/motel tax	<u>125,237</u>	<u>98,887</u>
Cash flows from capital and related financing activities		
Principal paid on capital and operating debt - net	(63,133)	(60,632)
Interest paid on capital and operating debt	(22,372)	(24,874)
Payments for capital acquisitions	(2,352,901)	(3,955,945)
Capital contributions received	<u>2,411,655</u>	<u>3,881,902</u>
Net cash used in capital and related financing activities	<u>(26,751)</u>	<u>(159,549)</u>
Cash flows from investing activities		
Interest on investments	<u>616</u>	<u>2,967</u>
Net increase (decrease) in cash and cash equivalents	120,239	(58,462)
Cash and cash equivalents, beginning of year	<u>696,079</u>	<u>754,541</u>
Cash and cash equivalents, end of year	<u>\$ 816,318</u>	<u>\$ 696,079</u>
Unrestricted cash and cash equivalents	\$ 551,015	\$ 372,811
Restricted cash and cash equivalents	<u>265,303</u>	<u>323,268</u>
	<u>\$ 816,318</u>	<u>\$ 696,079</u>

See auditors' report and accompanying notes

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

Increase (Decrease) in Cash and Cash Equivalents

	2011	As Restated 2010
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (705,555)	\$ (867,950)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Amortization and depreciation	750,800	874,272
(Increase) decrease in assets:		
Accounts receivable	34,216	(22,161)
Inventories	(43,380)	7,168
Prepaid expenses	(3,229)	52,333
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(10,577)	(40,112)
Unearned revenues	(2,138)	(8,317)
Deposits	1,000	4,000
Net cash provided by (used in) operating activities	\$ 21,137	\$ (767)

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note A

Organization and Purpose

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

Note B

Reporting Entity

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

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

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

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note C
Summary of Significant Accounting Policies

a. Basis of Accounting:

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

b. Basis of Presentation:

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

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

c. Cash and Cash Equivalents:

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

d. Accounts Receivable:

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

e. Inventories:

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

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note C
Summary of Significant Accounting Policies (Continued)

f. Fair Value of Financial Instruments:

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

g. Capital Assets:

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

The estimated lives by general classification are as follows:

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

Interest is capitalized on constructed fixed assets during the period of construction, if it is material. No interest was capitalized during the years ended September 30, 2011 and 2010.

h. Net Assets:

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

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

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

Unrestricted - the remaining balance of net assets.

i. Advertising:

The Authority expenses advertising as incurred.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note C
Summary of Significant Accounting Policies (Continued)

j. Impairment of Long-Lived Assets:

The Authority reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended September 30, 2011 and 2010.

k. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note D
Prior Period Adjustment and Restatement

A prior period adjustment was recorded in order to correctly place in service a capital asset that was incorrectly recorded as a prepaid asset during the year ended September 30, 2008. The net effect of this adjustment resulted in an decrease in assets of \$2,671 and an decrease in net assets of \$2,671 as of September 30, 2009.

The 2010 numbers have been restated as a result of depreciation expense related to the asset that was placed in service with the recording of the prior period adjustment described in the preceding paragraph. The net effect of this restatement resulted in a decrease in assets of \$2,671 and an increase in depreciation expense of \$2,671 in the year ended September 30, 2010.

The 2010 numbers have also been restated to correct a land swap transaction that was incorrectly recorded as a reduction in land because it was originally thought that the title of the land would transfer upon termination of the grant. It has since been determined that the title to the land will not be transferred, but instead has restricted use and ownership is maintained. The net effect of this adjustment resulted in an increase in assets of \$62,938 and an increase in grant revenue of \$62,938 in the year ended September 30, 2010.

Note E
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 \$816,318 and the bank balance was \$846,783. 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.

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011 AND 2010

Note F
Accounts Receivable

Accounts receivable at September 30, 2011 and 2010 consist of payments due from customers and tenants for space rental and fuel charges and credit card charges due from banks. All amounts at year end are considered to be fully collectible.

Note G
Inventories

The components of inventory are as follows:

September 30,:	<u>2011</u>	<u>2010</u>
Jet-A fuel	\$ 25,399	\$ 19,318
AVGas fuel	44,558	8,028
Aircraft oil	2,252	2,414
Pilot supplies and charts	<u>2,059</u>	<u>1,127</u>
	<u>\$ 74,268</u>	<u>\$ 30,887</u>

Note H
Receivables from Governmental Units

	<u>2011</u>	<u>2010</u>
Federal grants receivable from FAA	<u>\$ 25,140</u>	<u>\$ 358,843</u>

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note I
Capital Assets

A summary of changes in capital assets for the year ended September 30, 2011 is as follows:

	Beginning Balance 9/30/10	Transfers and Additions	Transfers and Disposals	Ending Balance 9/30/11
Capital assets not being depreciated:				
Land	\$ 7,687,974	\$ 0	\$ 0	\$ 7,687,974
Construction in progress	<u>4,359,490</u>	<u>1,910,671</u>	<u>(5,996,554)</u>	<u>273,607</u>
Total assets not being depreciated	<u>12,047,464</u>	<u>1,910,671</u>	<u>(5,996,554)</u>	<u>7,961,581</u>
Other capital assets				
Land improvements	13,353,708	5,996,554	0	19,350,262
Building improvements	6,894,158	22,599	0	6,916,757
Furniture, equipment and vehicles	<u>350,238</u>	<u>9,179</u>	<u>0</u>	<u>359,417</u>
Total other capital assets	<u>20,598,104</u>	<u>6,028,332</u>	<u>0</u>	<u>26,626,436</u>
Less accumulated depreciation for:				
Land improvements	(9,215,131)	(454,155)	0	(9,669,286)
Building improvements	(2,330,555)	(279,880)	0	(2,610,435)
Furniture, equipment and vehicles	<u>(259,665)</u>	<u>(16,265)</u>	<u>0</u>	<u>(275,930)</u>
Total accumulated depreciation	<u>(11,805,351)</u>	<u>(750,300)</u>	<u>0</u>	<u>(12,555,651)</u>
Other capital assets, net	<u>8,792,753</u>	<u>5,278,032</u>	<u>0</u>	<u>14,070,785</u>
Net capital assets	<u>\$ 20,840,217</u>	<u>\$ 7,188,703</u>	<u>\$ (5,996,554)</u>	<u>\$ 22,032,366</u>

Land and furniture, equipment and vehicles as of September 30, 2010 have been restated. Please refer to Note D for further information.

Depreciation expense charged to operations was \$750,300 and \$873,771 for the years ended September 30, 2011 and 2010, respectively.

Note J
Line of Credit

On June 10, 2009, 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, 2011 and 2010, the outstanding balance was \$0 and the interest rate was the bank's prime plus .75%. The effective interest rate at September 30, 2010 was 3.75%. The line of credit matured on July 15, 2010. The line has not been renewed, but a commitment exists and will be renewed if and when needed.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note K
Notes Payable

Notes payable at September 30, 2011 and 2010 consist of the following:

	2011	2010
Bank of North Georgia:		
\$472,688 note dated July 10, 2009, with interest at 4.00%. Payments are \$3,512 per month, and the maturity date is July 15, 2024. This note is unsecured. The purpose of this note was to fund the working capital needed to finance the Authority's 25% match for various state grants.	\$ 421,060	\$ 444,636
 Bank of North Georgia:		
\$355,000 note dated December 12, 2003, with interest at 4.00%. Payments are \$3,613 per month, and the maturity date is December 12, 2013. This note is unsecured. The purpose of this note was to complete building renovations on the terminal, including a new roof.	96,185	135,742
	517,245	580,378
Less current maturities	66,083	63,496
	\$ 451,162	\$ 516,882

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

September 30,	Principal	Interest
2012	\$ 66,083	\$ 19,423
2013	68,775	16,730
2014	41,923	14,298
2015	29,084	13,065
2016	30,269	11,880
Years 2017 through 2021	170,878	39,867
Years 2022 through 2024	110,233	6,325
	\$ 517,245	\$ 121,588

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011 AND 2010

Note L
Rentals Under Operating Leases

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

<u>September 30,</u>	<u>Principal</u>
2012	\$ 270,538
2013	224,538
2014	200,538
2015	200,538
2016	198,906
Thereafter	<u>2,429,820</u>
	<u>\$ 3,524,878</u>

Note M
Advertising Expense

Advertising expense was \$10,850 and \$8,252 for the years ended September 30, 2011 and 2010, respectively.

Note N
Pension Contributions

The Authority adopted a Savings Incentive Match Plan for Employees (SIMPLE) on April 1, 2007, whereby up to 3% of a participating employee's salary contributed to the SIMPLE Plan is matched by the Authority, with a maximum match of \$11,500. The Authority contributed \$4,256 and \$8,018 for the years ended September 30, 2011 and 2010, respectively.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note O
Grants, Commitments and Contingencies

Revenue by grant for the years ended September 30, 2011 and 2010 is as follows:

	2011 Federal Revenue	2011 State Revenue	2011 Totals	2010 Totals
FAA Grant No. 20	\$ 0	\$ 0	\$ 0	\$ 86,048
FAA Grant No. 21	133,232	0	133,232	1,914,176
FAA Grant No. 22	221,332	0	221,332	15,000
FAA Grant No. 23	1,689,390	0	1,689,390	125,424
FAA Grant TA	25,140	0	25,140	0
ARRA Grant No. 22	0	0	0	1,428,447
State Grant No. 17	0	1,748	1,748	0
State Grant No. 19	0	15,980	15,980	0
State Grant No. 21	<u>0</u>	<u>2,528</u>	<u>2,528</u>	<u>54,961</u>
Totals	<u>\$ 2,069,094</u>	<u>\$ 20,256</u>	<u>\$ 2,089,350</u>	<u>\$ 3,624,056</u>

Revenue for the year ended September 30, 2010 for FAA Grant Number 20 as of September 30, 2010 has been restated. Please refer to Note D for further information.

FAA Grant No. 20:

In September 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); and construct Taxiway "F" (Site Prep). In September 2008, Amendment No. 1 for additional work required under AIP-20 brought the revised grant amount to \$1,634,90. This grant was closed in the year ended September 30, 2010.

FAA Grant No. 21:

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

FAA Grant No. 22:

In September 2008, a grant of \$1,453,500 was awarded by FAA to acquire two pieces of property for development (Area B land acquisition: Toybox, Bearden & Vanechek Acquisition), as described in the Project Applications dated August 28, 2008. During the year ended September 30, 2008, one property was purchased and other properties were appraised for the purpose of future purchases. No additional properties were purchased during the year ended September 30, 2011. This project is still in progress at the end of the current fiscal year.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note O
Grants, Commitments and Contingencies (Continued)

FAA Grant No. 23:

In 2010, a grant was awarded to the Authority in the amount of \$1,885,606, which is comprised of \$1,791,325 in federal funds, \$42,173 in state funds, and \$52,108 in a land swap from the Authority. The grant was for the construction of Area "C" Corporate Apron - Phase IV and Runway 13 Improvements. This grant was closed in the year ended September 30, 2011.

FAA Grant TA:

In 2011, a grant was awarded to the Authority in the amount of \$123,500, all of which are federal funds. The grant was for the runway design and construction of a water vault. This project is still in progress at the end of the current fiscal year.

ARRA Grant No. 22:

On May 28, 2009, a grant in the amount of \$2,064,198 was awarded to the Authority under the American Recovery and Reinvestment Act. The grant was for the construction of Phase II - Area "C" Corporate Apron at the Atlanta Regional Airport, Falcon Field. This grant was closed in the year ended September 30, 2010.

State Grant No. 17:

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

State Grant No. 19:

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

State Grant No. 21:

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

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note P
Concentration of Credit Risk

The Authority received approximately 45% and 30% of its total revenue from fuel sales and hangar rentals to local customers and pilots during the years ended September 30, 2011 and 2010, respectively. A downturn in the economy could adversely affect fuel sales and hangar rentals used for its basic operations. The Authority carefully monitors credit lines extended to customers to minimize credit risks. The Authority also receives approximately 70% and 50% of its total revenue from Federal and State grants and intergovernmental contributions for airport expansion during the years ended September 30, 2011 and 2010, respectively; a decline in these revenues would not appear to be detrimental to the current year operations of the Authority.

Note Q
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, 2011 and 2010 were audited as part of the Single Audit Act. There were no expenditures that were considered disallowed expenditures.

Note R
Hotel/Motel Tax

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

The Authority received \$113,840 and \$106,763, respectively, for the years ended September 30, 2011 and 2010 from the Convention and Visitors Bureau for the Authority's portion of the hotel/motel tax.

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

Note S
Intergovernmental and Related Party Transactions

As noted above, the Authority receives money from the Convention and Visitors Bureau for hotel/motel taxes. The balances due from the Convention and Visitors Bureau for the years ended September 30, 2011 and 2010 were \$9,380 and \$20,777, respectively.

The Authority allows the Great Georgia Airshow (a 501(c)(3) non-profit organization) to utilize their facilities in October of each year for a two-day air show performance, which is open to the public. Tickets can be obtained at Atlanta Regional Airport and are sold by Authority employees, as well as other locations within Peachtree City. The Authority provides the fuel for the show and some employee services are provided, but the Authority is reimbursed for the fuel and the related administrative expenses. Most of these reimbursed expenses are netted with the Authority's fuel and personnel expenses on the financial statements. Some of the reimbursements that are not netted were shown as other revenue of \$4,503 and \$5,424 for the years ended September 30, 2011 and 2010, respectively. The reimbursed expenses usually run from \$25,000 to \$30,000.

Note T
Subsequent Events

The Authority evaluated subsequent events through December 23, 2011, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on our Financial Statements.



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

To the Board of Directors of
Peachtree City Airport Authority

We have audited the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 2011, and have issued our report thereon dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

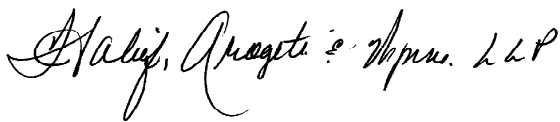
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Peachtree City Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Peachtree City Airport Authority in a separate letter dated December 23, 2011.

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

A handwritten signature in black ink that reads "Malin, Progett & Moore, LLP". The signature is written in a cursive, flowing style.

Atlanta, Georgia

December 23, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Peachtree City Airport Authority

Compliance

We have audited Peachtree City Airport Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Peachtree City Airport Authority's major federal programs for the year ended September 30, 2011. Peachtree City Airport Authority's major federal programs are identified in the summary of auditors' 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

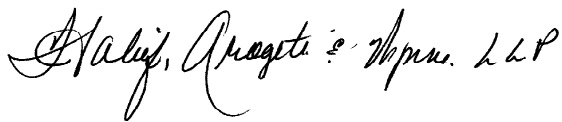
Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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, the Board of Directors, others within the entity, the Federal Aviation Administration, and other federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Atlanta, Georgia

December 23, 2011

PEACHTREE CITY AIRPORT AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 SEPTEMBER 30, 2011

<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-03-13-0146-021-2007	\$ 133,232
	20.106	AIP-03-13-0146-022-2008	221,332
	20.106	APO11-9015-23(113)	1,689,390
	<u>20.106</u>	TA	<u>25,140</u>
			<u>\$ 2,069,094</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 specifications.

PEACHTREE CITY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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 program tested as a major program was the airport improvement program, specifically, the following grants:
 - a. Federal Aviation Administration
 1. AIP-03-13-0146-021-2007
 2. AIP-03-13-0146-022-2008
 3. APO11-9015-23(113)
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, 2011

NONE

PEACHTREE CITY AIRPORT AUTHORITY
 SCHEDULE OF EXPEDITURES OF STATE AWARDS
 SEPTEMBER 30, 2011

Grantor	State Grant Number	State Expenditures
Georgia Department of Transportation		
Direct:		
	APO70-9100-17(113) Fayette	\$ 1,748
	APO70-9000-19(113) Fayette	15,980
	APO90-9200-21(113) Fayette	<u>2,528</u>
Total Expenditures of State Grant Awards		<u>\$ 20,256</u>

NOTES TO SCHEDULE

NOTE D - 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 basis financial statements.

NOTE E - SUBRECIPIENTS

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

NOTE F - 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 specifications. For grants related to specific Federal grants, the state generally will match 2.5% match of the federal portion.