

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

FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

PEACHTREE CITY AIRPORT AUTHORITY

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Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Peachtree City Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Peachtree City Airport Authority, a component unit of the City of Peachtree City, Georgia (Authority), which comprise the statements of net assets as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

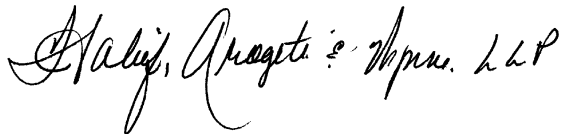
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Peachtree City Airport Authority's internal control over financial reporting and compliance.



Atlanta, Georgia

January 16, 2017

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2016

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, 2016. Please read it in conjunction with the Authority's financial statements, which begin on page 7. The intent of this discussion is to enhance the reader's understanding of the Authority's financial performance.

Financial Highlights

- The Authority's total current assets increased by \$348,770.
- The Authority's capital assets, net of accumulated depreciation decreased by \$500,069.
- The Authority's total liabilities decreased by \$164,722.
- The Authority's operating revenues increased by \$230,910.
- The Authority's operating expenses before depreciation increased by \$42,381.

Using this Financial Report

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

Financial Analysis

Table 1 provides a summary of the Authority's Net Assets for 2016 compared to 2015:

Table 1
Net Assets as of September 30,

	2016	2015
Assets		
Current assets	\$ 1,455,169	\$ 1,106,399
Restricted assets	92,837	214,160
Capital assets, net of accumulated depreciation	22,172,962	22,673,031
Total assets	\$ 23,720,968	\$ 23,993,590
Liabilities and Net Assets		
Total liabilities	\$ 548,152	\$ 712,874
Net assets		
Invested in capital assets, net of related debt	21,890,611	22,360,662
Restricted	1,388	2,360
Unrestricted	1,280,817	917,694
Total net assets	23,172,816	23,280,716
Total liabilities and net assets	\$ 23,720,968	\$ 23,993,590

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2016

Table 2 provides a summary of the Authority's Changes in Net Assets for 2016 compared to 2015:

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

	<u>2016</u>	<u>2015</u>
Operating revenues		
Sales	\$ 1,391,615	\$ 1,188,340
Rental income	588,570	563,101
Rental car commissions	3,051	3,300
Miscellaneous revenue	<u>36,152</u>	<u>33,737</u>
Total operating revenues	<u>2,019,388</u>	<u>1,788,478</u>
Operating expenses		
Purchases	861,530	880,262
Salaries	457,889	431,803
Fringe benefits	39,023	36,025
Utilities and telephone	112,494	107,291
Insurance	62,861	55,959
Terminal and grounds upkeep	60,586	51,890
Bank fees and credit card processing fees	36,239	32,058
Professional fees	31,952	28,737
Other	<u>38,280</u>	<u>34,448</u>
Total operating expenses before depreciation	<u>1,700,854</u>	<u>1,658,473</u>
Operating income before depreciation	318,534	130,005
Nonoperating revenues (expenses)	<u>82,318</u>	<u>88,078</u>
Income before depreciation and capital contributions	400,852	218,083
Depreciation expense	(709,176)	(655,199)
Capital contributions - federal and state	<u>200,424</u>	<u>182,161</u>
Decrease in net assets	(107,900)	(254,955)
Net assets, beginning of year	<u>23,280,716</u>	<u>23,535,671</u>
Net assets, end of year	<u>\$ 23,172,816</u>	<u>\$ 23,280,716</u>

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2016

Analysis of Overall Financial Position and Results of Operations

The Authority experienced a profit improvement from operations in the amount of \$188,529 in 2016 over the previous year. This was due to a price restructuring of fuel, lease rates, and service fees. The new pricing structure is based on realizing that the demand for fuel and services is inelastic. Lease revenue and fuel sales increased by \$25,469 and \$204,983, respectively.

Table 3 provides a summary of the Authority's Capital Assets for 2016 compared to 2015:

Table 3 Capital Assets		2016	2015
Land		\$ 7,754,639	\$ 7,754,639
Construction in progress		105,753	175,831
Land improvements		22,463,630	22,463,630
Buildings and improvements		7,404,538	7,134,036
Furniture, equipment and vehicles		419,167	410,484
 Total		 38,147,727	 37,938,620
Less accumulated depreciation		(15,974,765)	(15,265,589)
 Net property and equipment		 \$ 22,172,962	 \$ 22,673,031

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 5,768 foot runway can accommodate aircrafts up to 60,000 pounds and is capable of handling large corporate aircraft. The Authority also serves as the fixed base operator (FBO) providing numerous customer service amenities and is considered one of the premier airports in the Southeast. Atlanta Regional Airport - Falcon Field is located at 7 Falcon Drive in Peachtree City's Industrial Park.

In order to mitigate wildlife hazards, additional fencing was added to the airport.

Mission Statement:

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

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, business and sustained economic development.

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2016

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 recognize those who have contributed to preserving our freedom. The FFVM was developed by local businesses and citizens who volunteered their services, financial assistance and other in-kind benefits as part of a multi-jurisdictional effort in making this worthy project a reality. The FFVM has become a significant tourist attraction for the City of Peachtree City and Fayette County with many groups coming to Peachtree City to visit the Memorial throughout the year.

The airport is "film friendly" and continues to be a location for a number of productions. Fayette County, frequently recognized for its many niceties, has recently risen to the top of the charts for its association with major motion pictures and television shows. Labeled as the "Hollywood of the South," Fayette County has a growing roster of film-friendly locations.

Atlanta Regional Airport-Falcon Field offer reasonable daily rates and can accommodate a variety of staging needs is also located just 15 minutes from Pinewood Studios-Atlanta, one of the world's largest sound stages and production studios.

Construction Projects:

The Airport has developed and is implementing a 5 year capital improvement program, which is approved by the FAA and Georgia Department of Transportation. Future improvements include, but are not limited to, completing the on-airport clearing project, easement acquisitions and right of way for off-airport clearing; Designing and constructing the Runway 31 Extension and approach lighting replacement; and expanding Area "C". In order to prioritize the clearing of obstructions, the Taxiway Alpha extension and Terminal Ramp expansion projects have been pushed further out.

The Authority worked with aviation consultants and engineers to complete the fencing project to further enclose the airfield. This is to reduce the amount of wildlife that enters the airfield. They have begun the clearing of trees that lie within airport property and that do not lie within a wetlands area. They also completed crack repair for taxiways and taxilanes, and a pavement strength evaluation.

The Authority continues to secure funding through the Federal Aviation Administration (FAA) and the Georgia Department of Transportation (GDOT) for aviation-related capital improvement projects. These capital improvements are depicted on the Airport Layout Plan (ALP), which was updated and approved by the FAA in 2009. The ALP depicts Areas B, C, E and other defined parcels that show new hangar development and other capital improvements.

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

Contacting the Peachtree City Airport Authority

This report is to provide a general overview of the Authority's finances and to show the Authority's accountability for the funding it receives for those with interest in this information. Questions concerning any of the information found in this report or requests for additional information should be directed to the Chairman of the Peachtree City Airport Authority, 7 Falcon Drive, Peachtree City, GA 30269 or by calling (770) 487-2225 during normal office hours Monday through Friday.

PEACHTREE CITY AIRPORT AUTHORITY
STATEMENTS OF NET ASSETS
SEPTEMBER 30,

<u>ASSETS</u>		<u>2016</u>	<u>2015</u>
<u>Current assets</u>			
Cash and cash equivalents	\$	1,365,579	\$ 1,025,439
Accounts receivable		14,700	26,091
Inventories		45,815	48,378
Prepaid expenses		<u>29,075</u>	<u>6,491</u>
Total current assets		<u>1,455,169</u>	<u>1,106,399</u>
<u>Restricted assets</u>			
Cash and cash equivalents		36,364	38,506
Receivables from governmental units		<u>56,473</u>	<u>175,654</u>
Total restricted assets		<u>92,837</u>	<u>214,160</u>
<u>Capital assets</u> , net of accumulated depreciation		<u>22,172,962</u>	<u>22,673,031</u>
Total assets	\$	<u><u>23,720,968</u></u>	\$ <u><u>23,993,590</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current liabilities</u>			
Accounts payable - operations	\$	71,365	\$ 89,495
Accounts payable - construction		53,902	175,654
Accrued liabilities		79,155	55,919
Accrued interest payable - notes		941	1,040
Current portion of notes payable		31,246	30,006
Unearned revenue		20,962	37,508
Miscellaneous current liabilities		<u>34,976</u>	<u>36,389</u>
Total current liabilities		<u>292,547</u>	<u>426,011</u>
<u>Long-term liabilities</u>			
Note payable, net of current portion		251,105	282,363
Deposits		<u>4,500</u>	<u>4,500</u>
Total long-term liabilities		<u>255,605</u>	<u>286,863</u>
Total liabilities		<u>548,152</u>	<u>712,874</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt		21,890,611	22,360,662
Restricted		1,388	2,360
Unrestricted		<u>1,280,817</u>	<u>917,694</u>
Total net assets		<u>23,172,816</u>	<u>23,280,716</u>
Total liabilities and net assets	\$	<u><u>23,720,968</u></u>	\$ <u><u>23,993,590</u></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>2016</u>	<u>2015</u>
<u>Operating revenues</u>		
Sales - fuel	\$ 1,386,789	\$ 1,181,806
Sales - other	4,826	6,534
Rental income	588,570	563,101
Rental car commissions	3,051	3,300
Miscellaneous revenue	<u>36,152</u>	<u>33,737</u>
 Total operating revenues	 <u>2,019,388</u>	 <u>1,788,478</u>
<u>Operating expenses</u>		
Purchases - fuel	857,472	875,109
Purchases - other	4,058	5,153
Salaries	457,889	431,803
Fringe benefits	39,023	36,025
Airport promotions	5,719	4,965
Bank and credit card fees	36,239	32,058
Dues and subscriptions	2,678	2,596
Insurance	62,861	55,959
Miscellaneous	7,221	2,538
Office expenses	14,021	14,200
Professional expenses	31,952	28,737
Supplies	259	274
Telephone	7,446	8,093
Terminal and grounds upkeep	60,586	51,890
Travel and training	977	649
Uniforms	2,029	1,607
Utilities	105,048	99,198
Vehicle expense	<u>5,376</u>	<u>7,619</u>
 Total operating expenses before depreciation	 <u>1,700,854</u>	 <u>1,658,473</u>
Operating income before depreciation	318,534	130,005
Depreciation	<u>709,176</u>	<u>655,199</u>
Operating loss - carried forward	\$ <u>(390,642)</u>	\$ <u>(525,194)</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,

	2016	2015
Operating loss - brought forward	\$ (390,642)	\$ (525,194)
<u>Nonoperating revenues (expenses)</u>		
Economic support for development	94,350	102,000
Interest expense	(12,032)	(13,033)
Loss on disposal of capital assets	0	(889)
	82,318	88,078
Loss before capital contributions	(308,324)	(437,116)
Federal and state capital contributions	200,424	182,161
Decrease in net assets	(107,900)	(254,955)
Net assets, beginning of year	23,280,716	23,535,671
Net assets, end of year	\$ 23,172,816	\$ 23,280,716

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>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from customers and tenants	\$ 1,978,081	\$ 1,773,711
Cash received from special events	36,152	33,737
Cash paid to suppliers	(1,220,271)	(1,188,879)
Cash paid to employees for services	<u>(496,912)</u>	<u>(467,828)</u>
Net cash provided by operating activities	<u>297,050</u>	<u>150,741</u>
Cash flows from non-capital and related financing activities		
Cash received from economic support for development	<u>94,350</u>	<u>102,000</u>
Cash flows from capital and related financing activities		
Principal paid on capital and operating debt	(30,018)	(28,854)
Interest paid on capital and operating debt	(12,131)	(13,294)
Payments for capital assets	(330,858)	(437,246)
Capital contributions received	<u>319,605</u>	<u>281,401</u>
Net cash used in capital and related financing activities	<u>(53,402)</u>	<u>(197,993)</u>
Net increase in cash and cash equivalents	337,998	54,748
Cash and cash equivalents, beginning of year	<u>1,063,945</u>	<u>1,009,197</u>
Cash and cash equivalents, end of year	<u>\$ 1,401,943</u>	<u>\$ 1,063,945</u>
Unrestricted cash and cash equivalents	\$ 1,365,579	\$ 1,025,439
Restricted cash and cash equivalents	<u>36,364</u>	<u>38,506</u>
	<u>\$ 1,401,943</u>	<u>\$ 1,063,945</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

	2016	2015
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (390,642)	\$ (525,194)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	709,176	655,199
(Increase) decrease in assets:		
Accounts receivable	11,391	1,505
Inventories	2,563	28,641
Prepaid expenses	(22,584)	972
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	3,692	(27,847)
Unearned revenue	(16,546)	18,265
Deposits	0	(800)
Net cash provided by operating activities	\$ 297,050	\$ 150,741

SUPPLEMENTAL DISCLOSURES OF INVESTING AND FINANCING ACTIVITIES

During the years ended September 30, 2016 and 2015, capital assets in the amount of \$53,902 and \$175,654, respectively, were acquired through accounts payable - construction.

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

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, 2016 AND 2015

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. 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 that do not meet this definition are reported as non-operating revenues and expenses. Therefore, transactions that are capital, financing or investing are reported as non-operating revenues; 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 90 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. The Authority uses the allowance method to determine uncollectible accounts receivable. The allowance is based on management's analysis of specific accounts. No allowance was considered necessary as of September 30, 2016 or 2015.

e. Inventories:

Inventories are valued at the weighted average cost 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, 2016 AND 2015

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	3 - 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, 2016 and 2015.

h. Net Assets:

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

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

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

Unrestricted - the remaining balance of net assets.

i. Advertising:

The Authority expenses advertising as incurred. Advertising expense was \$5,719 and \$4,965 for the years ended September 30, 2016 and 2015, respectively.

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016 AND 2015

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, 2016 and 2015.

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.

l. Reclassifications:

Some account balances in the prior year have been reclassified in order to conform with the current year presentation.

Note D
Cash and Custodial Credit Risk

Cash consists of cash on hand and on deposit in a checking account with a local commercial bank. At September 30, 2016, the carrying amount of the Authority's cash was \$1,149,679. All of the bank balance was covered by federal depository insurance or by collateral held by the Authority's custodial bank in the Authority's name. The Authority does not have a deposit policy for custodial credit risk, which is the risk that in the event of bank failure, the government's cash deposits may not be returned to it.

Note E
Inventories

The components of inventories are as follows:

September 30,	<u>2016</u>	<u>2015</u>
Jet-A fuel	\$ 13,385	\$ 23,364
AVGas fuel	29,674	22,332
Aircraft oil	1,709	1,675
Pilot supplies and charts	<u>1,047</u>	<u>1,007</u>
	<u>\$ 45,815</u>	<u>\$ 48,378</u>

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

Note F
Capital Assets

A summary of changes in capital assets for the year ended September 30, 2015, is as follows:

	Beginning Balance 9/30/14	Transfers and Additions	Transfers and Disposals	Ending Balance 9/30/15
Capital assets not being depreciated:				
Land	\$ 7,687,974	\$ 66,665	\$ 0	\$ 7,754,639
Construction in progress	<u>2,543,064</u>	<u>182,338</u>	<u>(2,549,571)</u>	<u>175,831</u>
Total capital assets not being depreciated	<u>10,231,038</u>	<u>249,003</u>	<u>(2,549,571)</u>	<u>7,930,470</u>
Other capital assets				
Land improvements	19,914,059	2,549,571	0	22,463,630
Building improvements	7,149,131	4,115	(19,210)	7,134,036
Furniture, equipment and vehicles	<u>380,923</u>	<u>38,518</u>	<u>(8,957)</u>	<u>410,484</u>
Total other capital assets	<u>27,444,113</u>	<u>2,592,204</u>	<u>(28,167)</u>	<u>30,008,150</u>
Less accumulated depreciation for:				
Land improvements	(10,902,643)	(352,333)	0	(11,254,976)
Building improvements	(3,450,314)	(282,758)	18,992	(3,714,080)
Furniture, equipment and vehicles	<u>(284,711)</u>	<u>(20,108)</u>	<u>8,286</u>	<u>(296,533)</u>
Total accumulated depreciation	<u>(14,637,668)</u>	<u>(655,199)</u>	<u>27,278</u>	<u>(15,265,589)</u>
Other capital assets, net	<u>12,806,445</u>	<u>1,937,005</u>	<u>(889)</u>	<u>14,742,561</u>
Capital assets, net	<u>\$ 23,037,483</u>	<u>\$ 2,186,008</u>	<u>\$ (2,550,460)</u>	<u>\$ 22,673,031</u>

PEACHTREE CITY AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015

Note F
Capital Assets (Continued)

A summary of changes in capital assets for the year ended September 30, 2016, is as follows:

	<u>Beginning Balance 9/30/15</u>	<u>Transfers and Additions</u>	<u>Transfers and Disposals</u>	<u>Ending Balance 9/30/16</u>
Capital assets not being depreciated:				
Land	\$ 7,754,639	\$ 0	\$ 0	\$ 7,754,639
Construction in progress	<u>175,831</u>	<u>200,424</u>	<u>(270,502)</u>	<u>105,753</u>
Total capital assets not being depreciated	<u>7,930,470</u>	<u>200,424</u>	<u>(270,502)</u>	<u>7,860,392</u>
Other capital assets:				
Land improvements	22,463,630	0	0	22,463,630
Buildings and improvements	7,134,036	270,502	0	7,404,538
Furniture, equipment and vehicles	<u>410,484</u>	<u>8,683</u>	<u>0</u>	<u>419,167</u>
Total other capital assets	<u>30,008,150</u>	<u>279,185</u>	<u>0</u>	<u>30,287,335</u>
Less accumulated depreciation for:				
Land improvements	(11,254,976)	(425,160)	0	(11,680,136)
Buildings and improvements	(3,714,080)	(261,396)	0	(3,975,476)
Furniture, equipment and vehicles	<u>(296,533)</u>	<u>(22,620)</u>	<u>0</u>	<u>(319,153)</u>
Total accumulated depreciation	<u>(15,265,589)</u>	<u>(709,176)</u>	<u>0</u>	<u>(15,974,765)</u>
Other capital assets, net	<u>14,742,561</u>	<u>(429,991)</u>	<u>0</u>	<u>14,312,570</u>
Capital assets, net	<u>\$ 22,673,031</u>	<u>\$ (229,567)</u>	<u>\$ (270,502)</u>	<u>\$ 22,172,962</u>

Depreciation expense charged to operations was \$709,176 and \$655,199 for the years ended September 30, 2016 and 2015, respectively.

Note G
Note Payable

Note payable consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
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.	\$ 282,351	\$ 312,369
Less current maturities	<u>31,246</u>	<u>30,006</u>
	<u>\$ 251,105</u>	<u>\$ 282,363</u>

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016 AND 2015

Note G
Note Payable (Continued)

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

<u>September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 31,246	\$ 10,678
2018	32,755	9,393
2019	34,092	8,057
2020	35,465	6,684
2021	36,931	5,218
Years 2022 through 2024	<u>111,862</u>	<u>6,396</u>
	<u>\$ 282,351</u>	<u>\$ 46,426</u>

Note H
Rentals Under Operating Leases

The Authority has long-term operating lease agreements with lessees to occupy private hangar space. Some of the hangers 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 1 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 1 year are as follows:

<u>September 30,</u>	<u>Principal</u>
2017	\$ 170,088
2018	166,260
2019	136,723
2020	113,760
2021	95,174
Thereafter	<u>912,065</u>
	<u>\$ 1,594,070</u>

Note I
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 \$5,538 and \$4,961 for the years ended September 30, 2016 and 2015, respectively.

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016 AND 2015

Note J
Grants, Commitments and Contingencies

Revenue by grant for the years ended September 30, 2016 and 2015, is as follows:

	<u>2016 Federal Revenue</u>	<u>2016 State Revenue</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
State Grant No. 25	\$ 105,753	\$ 0	\$ 105,753	\$ 6,507
State Grant No. 26	<u>90,013</u>	<u>4,658</u>	<u>94,671</u>	<u>175,654</u>
Totals	<u>\$ 195,766</u>	<u>\$ 4,658</u>	<u>\$ 200,424</u>	<u>\$ 182,161</u>

State Grant No. 25:

In 2013, a grant was awarded to the Authority for the overlay runway and apron project. The project contains \$2,682,593 of federal funds and \$140,380 of state funds with a local share of the costs being \$157,687.

State Grant No. 26:

In 2015, a grant was awarded to the Authority to install perimeter fencing at the airport. The project contains \$266,791 of federal funds and \$13,806 of state funds with a local share of the costs being \$15,838. This grant was closed in the year ended September 30, 2016.

Note K
Concentration of Credit Risk

The Authority received approximately 85% of its total revenue from fuel sales and hangar rentals to local customers and pilots and 13% of its total revenue from Federal and State grants and intergovernmental contributions for airport expansion during the year ended September 30, 2016. The Authority received approximately 85% of its total revenue from fuel sales and hangar rentals to local customers and pilots and 14% of its total revenue from Federal and State grants and intergovernmental contributions for airport expansion during the year ended September 30, 2015. A downturn in the economy could adversely affect fuel sales and hangar rentals used for its basic operations. A decline in Federal and State grants and intergovernmental contributions would not appear to be detrimental to the current year operations of the Authority.

Note L
Significant Vendors

A significant vendor is defined as one from whom at least 10% of purchases is derived. For the years ended September 30, 2016 and 2015, the Authority made purchases from one vendor for \$863,047 and \$863,845, respectively. These comprised approximately 45% and 44%, respectively, of the total purchases for the years ended September 30, 2016 and 2015. The accounts payable balances included \$40,826 and \$49,651 due to this vendor at September 30, 2016 and 2015, respectively.

PEACHTREE CITY AIRPORT AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2016 AND 2015

Note M
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.

Note N
Intergovernmental and Related Party Transactions

On December 13, 2012, the Authority entered into an agreement with The City of Peachtree City. In accordance with the agreement, The City of Peachtree City will provide economic support to the Authority in connection with its operation of the airport, thereby assisting the Authority in its efforts to provide economic development and in the operation of the airport. The agreement provides for the Authority to receive a flat monthly rate as described in the table below:

Year	Monthly Allocation
1	\$ 8,500
2	8,500
3	8,500
4	7,650
5	7,650
6	6,800
7	6,800
8	5,950
9	5,100
10	4,250

The agreement shall remain in effect for a period of 10 years.

The Authority recorded revenue from this agreement of \$94,350 and \$102,000, respectively, for the years ended September 30, 2016 and 2015.

Note O
Subsequent Events

In August 2016, the Authority accepted a tentative allocation of funds to improve airport lighting and signage and acquire land. The tentative allocation would consist of \$636,634 of federal funds and \$31,868 of state funds. The Authority would be required to provide matching funds in the amount of \$38,869. Management anticipates this contract to be signed in March 2017.

Management evaluated subsequent events through January 16, 2017, when these financial statements were available to be issued. Except for the item noted above, management is not aware of any significant events that occurred subsequent to September 30, 2016, but prior to the filing of this report that would have a material impact on the audited financial statements.



Certified Public Accountants and Business Advisors

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, 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, the financial statements of Peachtree City Airport Authority, which comprise the statements of net assets as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Peachtree City Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Peachtree City Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 (CONTINUED)

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlanta, Georgia

January 16, 2017