

PEACHTREE CITY AIRPORT AUTHORITY

FINANCIAL STATEMENTS

September 30, 1990 and 1989

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
BALANCE SHEETS	2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS	3
STATEMENTS OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5-9
AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	10
SCHEDULES OF FEDERAL FINANCIAL ASSISTANCE	11-12
AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS	13
AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS	14
AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS	15
AUDITOR'S REPORT ON INTERNAL CONTROL BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS	16-17
AUDITOR'S REPORT ON INTERNAL CONTROL APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS	18-20
SUPPLEMENTARY INFORMATION:	
FAA GRANT NO. 2 EXPENSES	22
FAA GRANT NO. 3 EXPENSES	23
FAA GRANT NO. 4 EXPENSES	24

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May 28, 1992

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the accompanying general purpose financial statements of Peachtree City Airport Authority as of September 30, 1990, and September 30, 1989, and for the year and the nine month fiscal year, 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 audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Peachtree City Airport Authority as of September 30, 1990, and September 30, 1989, and the results of its operations and cash flows in its proprietary fund type for the year and the nine month fiscal year then ended in conformity with generally accepted accounting principles.

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

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Certified Public Accountants

Peachtree City Airport Authority
BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS

	Proprietary Fund Type- Enterprise Fund	
ASSETS	September 30	
	1990	1989
Current Assets		
Cash	\$ 93,074	\$ 288,860
Accounts receivable	208,795	269,960
Prepaid insurance	<u>7,320</u>	<u>7,500</u>
Total current assets	<u>309,189</u>	<u>566,320</u>
Property and equipment		
Land and improvements	2,835,650	2,716,500
Buildings and improvements	285,910	285,910
Equipment	1,127	182
Under construction	<u>3,269,358</u>	<u>1,148,847</u>
	6,392,045	4,151,439
Less accumulated depreciation	<u>71,111</u>	<u>36,017</u>
Net property and equipment	<u>6,320,934</u>	<u>4,115,422</u>
	<u>\$6,630,123</u>	<u>\$4,681,742</u>
LIABILITIES AND FUND EQUITY		
Current liabilities		
Accounts payable	\$ 232,503	\$ 422,276
Accrued interest	4,021	19,665
Note payable	<u>15,750</u>	<u>190,910</u>
Total current liabilities	<u>252,274</u>	<u>632,851</u>
Long-term liabilities		
Note payable	178,500	-
Fund equity		
Contributed capital - grant	4,042,193	1,922,913
Contributed capital - donated	<u>2,125,000</u>	<u>2,125,000</u>
Total contributed capital	<u>6,167,193</u>	<u>4,047,913</u>
Retained earnings	<u>32,156</u>	<u>978</u>
Total equity	<u>6,199,349</u>	<u>4,048,891</u>
	<u>\$6,630,123</u>	<u>\$4,681,742</u>

The accompanying notes are an integral part of these statements.

Peachtree City Airport Authority
 STATEMENTS OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 For the Year Ended September 30, 1990 and
 the Nine Months Ended September 30, 1989

	Enterprise Fund	
	1990	1989
Operating revenues		
Fees	\$114,327	\$18,867
Leases	<u>22,200</u>	<u>16,650</u>
Total operating revenues	<u>136,527</u>	<u>35,517</u>
Operating expenses		
Professional fees	84,291	4,770
Depreciation	35,094	26,247
Insurance	7,500	2,453
Office expense, printing & postage	4,631	553
Advertising	1,673	1,280
Dues, meetings & seminars	985	111
Miscellaneous	<u>406</u>	<u>-</u>
Total operating expenses	<u>134,580</u>	<u>35,414</u>
Operating income	1,947	103
Nonoperating revenues (expenses)		
Debt service - interest	(19,776)	(14,330)
Interest income	8,845	5,217
Grants	<u>40,162</u>	<u>2,453</u>
Total nonoperating (expenses)	<u>29,231</u>	<u>(6,660)</u>
Net income (loss)	31,178	(6,557)
Retained earnings - beginning of year	<u>978</u>	<u>7,535</u>
Retained earnings - end of year	<u>\$ 32,156</u>	<u>\$ 978</u>

The accompanying notes are an integral part of these statements.

Peachtree City Airport Authority
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 1990 and
the Nine Months Ended September 30, 1989

	<u>1990</u>	<u>1989</u>
Cash flows from operating activities:		
Operating income (loss)	\$ 1,947	\$ 103
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation	35,094	26,247
(Increase) decrease in:		
Accounts receivable	61,165	(142,766)
Prepaid insurance	180	(7,500)
Increase (decrease) in:		
Accounts payable	<u>(189,773)</u>	<u>283,764</u>
Net cash provided by operating activities	(91,387)	159,848
Cash flows from noncapital financing activities:		
Proceeds of grant	<u>40,162</u>	<u>2,453</u>
Cash flows from capital and related financing activities:		
Contributed capital	2,119,280	1,040,365
Proceeds from note payable	210,000	-
Repayment of note payable	(206,660)	-
Interest paid on note payable	(35,420)	-
Payments for capital acquisitions	<u>(2,240,606)</u>	<u>(956,630)</u>
Net cash provided from capital and related investing activities	<u>(153,406)</u>	<u>83,735</u>
Cash flows from investing activities:		
Interest on investments	<u>8,845</u>	<u>5,217</u>
Net increase (decrease) in cash and cash equivalents	(195,786)	251,253
Cash and cash equivalents at beginning of year	<u>288,860</u>	<u>37,607</u>
Cash and cash equivalents at end of year	\$ <u>93,074</u>	\$ <u>288,860</u>

The accompanying notes are an integral part of these statements.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 1990

The accounting methods and procedures adopted by the Peachtree City Airport Authority (Authority), Peachtree City, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes are an integral part of the Authority's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting entity

The Peachtree City Airport Authority was created on March 26, 1984 by an act of the General Assembly of the State of Georgia. The Authority was created to acquire, construct, equip, maintain, operate, own and improve airports and landing fields for the use of aircraft. On September 20, 1988, the Authority became the owner of Falcon Field Airport in Peachtree City, Georgia.

b. Basis of presentation - fund accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Authority has created an enterprise fund to account for all of its assets, liabilities, fund equity, revenues and expenses. No other funds are considered necessary since the function of the Authority is to operate and maintain the airport.

Proprietary Fund Types. These funds account for operations that are to be self-supporting through user charges. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises.

c. Basis of accounting

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Grants, even though measurable, are not recorded as revenue until the earning process is complete. Due to the nature of these revenue sources, the earning process is not complete until the regulations associated with the project are complied with. If the resources are provided to finance only capital expenditures, the grant is recorded as contributed capital and not a revenue.

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 1990

2. **PROPERTY AND EQUIPMENT**

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

	<u>9/30/89</u> <u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>9/30/90</u> <u>Balances</u>
Land and improvements	\$2,716,500	\$ 119,150	\$ -	\$2,835,650
Buildings and Improvements	285,910	-	-	285,910
Equipment	182	945	-	1,127
Under construction	<u>1,148,847</u>	<u>2,120,511</u>	<u>-</u>	<u>3,269,358</u>
	<u>\$4,151,439</u>	<u>\$2,240,606</u>	<u>\$ -</u>	<u>\$6,392,045</u>

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

Depreciation of exhaustible fixed assets is charged as an expense against operations, and accumulated depreciation is reported on the balance sheet. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method of depreciation.

3. **CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

On September 20, 1988, the Authority entered into a grant agreement with the Federal Aviation Administration (FAA) (Project No. 3-13-0146-02) enabling the Authority to obtain title to Falcon Field Airport (Airport) and fund improvements to the Airport. The tentative allocation of \$7,680,000 was made under the Fiscal Year 1988 Airport Improvement Program. Grant offers for the approved project must meet the requirements of the Airport and Airway Improvement Act of 1982 (as amended by the Airport and Airway Safety and Capacity Expansion Act of 1987) and is subject to the limits of obligational authority for the current fiscal year. In a Letter of Intent dated May 19, 1988, the FAA outlined its intention to obligate additional amounts in Fiscal Years 1989-1991 for payment of its share of the cost for the remaining development. The FAA allocation represents ninety (90%) percent of the cost of the project. The remaining ten (10%) percent is to be funded by the State of Georgia and the Authority. The Authority portion will be provided by the land donated to it.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 1990

3. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - Continued

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

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

At September 30, 1990, the first stage in the development and improvement of the Airport was complete with actual expenses incurred of \$1,221,311. The State of Georgia did not participate in this portion of the project. The expenses in this first stage (other than land acquisition costs) are included in the Under Construction category on the balance sheet since the runway and taxiway are not complete.

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

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

At September 30, 1990, the second stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,259,053. The expenses in this stage are included in the Under Construction category on the balance sheet since the runway and taxiway are not complete.

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

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

At September 30, 1990, the third stage in the development and improvement of the Airport was approximately twenty-seven (27%) percent complete.

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

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 1990

3. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - Continued

All costs incurred by the Authority through September 30, 1990 have been included in these financial statements. A receivable of \$208,795 from the FAA and the State of Georgia has been recorded at September 30, 1990, since revenues relating to grant expenditures are recorded as expenses are incurred.

4. NOTE PAYABLE

On October 20, 1989, the Authority obtained a loan from a bank for \$210,000. The terms of the note require the Authority to make quarterly principal payments of \$5,250 plus accrued interest at the prime rate plus 1/2% with payments beginning January 20, 1990.

The annual requirements to amortize the above note payable is as follows:

Fiscal Year Ending <u>September 30,</u>	
1991	\$ 15,750
1992	21,000
1993	21,000
1994	21,000
1995 and thereafter	<u>115,500</u>
	<u>\$194,250</u>

The loan was used to pay off a loan issued on September 20, 1988 to purchase an office building and maintenance hanger. The office building and maintenance hanger remain as security for the new loan.

5. CLAIMS AND JUDGMENTS

The Authority is the recipient of Federal, State and Local grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of September 30, 1990, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

6. SUBSEQUENT EVENTS

Subsequent to September 30, 1990, the Fixed-Based Operator (FBO) disclosed to the Authority that it overpaid its "thru-the-fence" fees by approximately \$107,000 for the year ending December 31, 1990. The Authority agreed to an arrangement that allowed the overpayment to be credited against 1991 "thru-the-fence" fees.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 1990

7. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

a. Litigation

The Authority is involved in one lawsuit at this time.

The case involves a contract dispute with a contractor who performed services at the airport. The attorney for the Authority indicates the case is in the discovery stage. The Authority plans to defend the case vigorously.

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May 28, 1992

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL
FINANCIAL ASSISTANCE

Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the general purpose financial statements of Peachtree City Airport Authority for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, and have issued our report thereon dated May 28, 1992. These general purpose financial statements are the responsibility of Peachtree City Airport Authority management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Peachtree City Airport Authority, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Hardwick & Hardwick
Hardwick and Hardwick

Peachtree City Airport Authority
 SCHEDULE OF FEDERAL ASSISTANCE
 For the Year Ended September 30, 1990

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/ Accrued or (Deferred) Revenue at October 1, 1989	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at September 30, 1990
<u>Federal Aviation Administration</u>							
Airport Improvement Program	20.106	N/A	\$ 7,680,000	\$ 119,150	\$ 2,013,705	\$ 2,132,855	\$ -0-

Peachtree City Airport Authority
SCHEDULE OF FEDERAL ASSISTANCE
 For the Nine Months Ended September 30, 1989

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/ Accrued or (Deferred) Revenue at January 1, 1989	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at September 30, 1989
<u>Federal Aviation Administration</u>							
Airport Improvement Program	20.106	N/A	\$ 7,680,000	\$ -0-	\$ 1,012,666	\$ 893,516	\$ 119,150

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May 28, 1992

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Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the general purpose financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, and have issued our report thereon dated May 28, 1992.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Peachtree City Airport Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Peachtree City Airport Authority complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Peachtree City Airport Authority had not complied, in all material respects, with those provisions.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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May 28, 1992

Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have applied procedures to test Peachtree City Airport Authority compliance with the following requirements applicable to its major federal financial assistance program, which is identified in the schedule of federal financial assistance, for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989: political activity, Davis-Bacon Act, cash management, and federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Peachtree City Airport Authority compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Peachtree City Airport Authority had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Directors and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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May 28, 1992

Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited Peachtree City Airport Authority compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to the major federal financial assistance program identified in the accompanying schedules of federal financial assistance for the year ended September 30, 1990, and the nine months fiscal year ended September 30, 1989. The management of Peachtree City Airport Authority is responsible for compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above have occurred. An audit includes examining, on a test basis, evidence about Peachtree City Airport Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Peachtree City Airport Authority complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances or reimbursements; and amounts claimed or used for matching that are applicable to its major federal financial assistance program for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989.

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May 28, 1992

Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the general purpose financial statements of Peachtree City Airport Authority for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, and have issued our report thereon dated May 28, 1992.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Peachtree City Airport Authority for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of Peachtree City Airport Authority is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors and irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Board of Directors
Peachtree City Airport Authority
May 28, 1992
Page 2

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash; revenue, receivables, and receipts-proprietary funds; expenditures for goods and services and accounts payable; property, equipment, and capital expenditures; and grants and similar programs.

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing these assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance, is a matter of public record.

Hardwick & Hardwick
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May 28, 1992

Board of Directors
Peachtree City Airport Authority
Peachtree City, Georgia

We have audited the general purpose financial statements of Peachtree City Airport Authority for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, and have issued our report thereon dated May 28, 1992. We have also audited Peachtree City Airport Authority's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 28, 1992.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether Peachtree City Airport Authority complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, we considered the Authority's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Authority's general purpose financial statements and on its compliance with requirements applicable to major programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated May 28, 1992.

Board of Directors
May 28, 1992
Page 2

The management of Peachtree City Airport Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations on any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories: cash; service revenues and receivables - proprietary fund types; expenditures for goods and services and account payable; property, equipment, and capital expenditures, and grants and similar programs. For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

For the year ended September 30, 1990, and the nine month fiscal year ended September 30, 1989, Peachtree City Airport Authority, expended 100 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Authority's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Board of Directors
May 28, 1992
Page 3

Under standards established by the American Institute of Certified Public Accountants, reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Authority's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our considerations of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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SUPPLEMENTARY INFORMATION

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 02 EXPENSES
Cumulative through September 30, 1990

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

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 03 EXPENSES
Cumulative through September 30, 1990

Administrative	\$ 1,647
Utility relocation	14,328
Architectural & engineering basic fees	71,675
Other architectural & engineering fees	104,258
Project inspection fees	115,471
Construction and project improvement cost	<u>1,953,321</u>
	<u>\$2,260,700</u>

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 04 EXPENSES
Cumulative through September 30, 1990

Administrative	\$ 4,168
Architectural & engineering basic fees	32,612
Other architectural & engineering fees	24,519
Project inspection fees	38,030
Construction and project improvement cost	<u>499,571</u>
	<u>\$ 598,900</u>