

PEACHTREE CITY AIRPORT AUTHORITY

FINANCIAL STATEMENTS

September 30, 1996 and 1995

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Peachtree City Airport Authority as of and for the years ended September 30, 1996 and 1995, as listed in the table of contents. These financial statements are the responsibility of Peachtree City Airport Authority 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, Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided 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, 1996 and 1995, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying 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 financial statements of Peachtree City Airport Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
June 16, 1997

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

ASSETS	<u>Proprietary Fund Type-Enterprise Fund</u> <u>September 30</u>	
	<u>1996</u>	<u>1995</u>
Current Assets		
Cash	\$ 117,041	\$ 43,369
Accounts receivable	21,110	34,328
Inventory	<u>12,059</u>	<u>13,789</u>
Total current assets	<u>150,210</u>	<u>91,486</u>
Property and equipment		
Land and improvements	12,138,417	11,650,475
Buildings and improvements	2,143,426	917,087
Equipment	<u>216,013</u>	<u>156,842</u>
	14,497,856	12,724,404
Less accumulated depreciation	<u>2,359,843</u>	<u>1,771,602</u>
Net property and equipment	<u>12,138,013</u>	<u>10,952,802</u>
	<u>\$12,288,223</u>	<u>\$11,044,288</u>
LIABILITIES AND FUND EQUITY		
Current liabilities		
Accounts payable	\$ 82,269	\$ 87,374
Payroll taxes payable	2,184	2,042
Customer hanger deposits	3,995	5,130
Current portion of long-term obligations	<u>92,613</u>	<u>48,305</u>
Total current liabilities	<u>181,061</u>	<u>142,851</u>
Long-term obligations	1,635,223	450,295
Fund equity		
Contributed capital - grant	10,281,008	9,809,090
Contributed capital - donated	<u>2,125,000</u>	<u>2,125,000</u>
Total contributed capital	<u>12,406,008</u>	<u>11,934,090</u>
Retained earnings	(1,934,069)	(1,482,948)
Total equity	<u>10,471,939</u>	<u>10,451,142</u>
	<u>\$12,288,223</u>	<u>\$11,044,288</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 Years Ended September 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues		
Fees	\$ 122,391	\$ 132,321
Fuel sales	299,019	376,589
Leases	<u>177,085</u>	<u>154,281</u>
Total operating revenues	<u>598,495</u>	<u>663,191</u>
Operating expenses		
Purchases - fuel	274,416	322,008
Professional fees	14,235	17,443
Depreciation	588,241	535,305
Salaries	93,018	82,030
Insurance	30,053	27,393
Office expense and postage	8,080	9,102
Payroll tax expense	7,663	6,954
Bank charges	-	17
Utilities	9,817	8,070
Rent	10,762	10,763
Auto expenses	3,656	2,818
Dues and subscriptions	1,238	699
Amortization	-	2,739
Meals and entertainment	525	217
Repairs and maintenance	29,229	16,860
Telephone	5,177	2,477
Advertising	<u>729</u>	<u>4,140</u>
Total operating expenses	<u>1,076,839</u>	<u>1,049,035</u>
Operating (loss)	(478,344)	(385,844)
Nonoperating revenues (expenses)		
Debt service - interest	(84,945)	(43,099)
Interest income	2,948	803
Hotel and motel tax	109,269	-
Miscellaneous income (expense)	<u>(49)</u>	<u>47</u>
Total nonoperating revenues (expenses)	27,223	(42,249)
Net (loss)	<u>(451,121)</u>	<u>(428,093)</u>
Retained earnings - beginning of year	(1,482,948)	(1,054,855)
Retained earnings - end of year	<u>\$(1,934,069)</u>	<u>\$(1,482,948)</u>

The accompanying notes are an integral part of these statements.

Peachtree City Airport Authority
 STATEMENTS OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 For the Years Ended September 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Operating (loss)	\$ (478,344)	\$ (385,844)
Adjustments to reconcile net (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	588,241	538,044
(Increase) decrease in:		
Accounts receivable	13,218	14,316
Inventory	1,730	-
Increase (decrease) in:		
Accounts payable	(5,105)	(33,110)
Payroll taxes payable	142	(62)
Hanger deposits	<u>(1,135)</u>	<u>5,130</u>
Net cash provided by operating activities	<u>118,747</u>	<u>138,474</u>
Cash flows from noncapital financing activities:		
Hotel and motel tax	109,269	-
Miscellaneous income (expense)	<u>(49)</u>	<u>47</u>
Net cash provided by noncapital financing activities	<u>109,220</u>	<u>47</u>
Cash flows from capital and related financing activities:		
Contributed capital	471,918	-
Proceeds from long-term debt	1,279,618	-
Repayment of debt	(50,382)	(64,886)
Interest paid on debt	(84,945)	(43,099)
Payments for capital acquisitions	<u>(1,773,452)</u>	<u>(4,657)</u>
Net cash (used in) capital and related investing activities	<u>(157,243)</u>	<u>(112,642)</u>
Cash flows from investing activities:		
Interest on investments	<u>2,948</u>	<u>803</u>
Net increase in cash and cash equivalents	73,672	26,682
Cash and cash equivalents at beginning of year	<u>43,369</u>	<u>16,687</u>
Cash and cash equivalents at end of year	<u>\$ 117,041</u>	<u>\$ 43,369</u>

The accompanying notes are an integral part of these statements.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 1996

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, 1996

2. PROPERTY AND EQUIPMENT

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

	9/30/95 <u>Balances</u>	<u>Additions</u>	<u>Deductions</u>	9/30/96 <u>Balances</u>
Land and improvements	\$11,650,475	\$ 487,942	-	\$12,138,417
Buildings and improvements	917,087	1,226,339	-	2,143,426
Equipment	<u>156,842</u>	<u>59,171</u>	<u>-</u>	<u>216,013</u>
	<u>\$12,724,404</u>	<u>\$1,773,452</u>	<u>-</u>	<u>\$14,497,856</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.

3. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - Continued

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

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

At September 30, 1993, the first stage in the development and improvement of the Airport was complete with actual expenses incurred of \$1,221,311. The State of Georgia did not participate in this portion of the project. The expenses in this first stage are included in Land and Improvements category on the balance sheet since the runway and taxiway are complete.

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

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

At September 30, 1993, the second stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,247,830. The expenses in this stage are included in the Land and Improvements category on the balance sheet since the runway and taxiway are complete.

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

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

At September 30, 1993, the third stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,230,666. The expenses in this stage are included in the Land and Improvements category on the balance sheet since the runway and taxiway are complete.

3. **CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - Continued**

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

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

At September 30, 1994, the fourth stage in the development and improvement of the Airport was complete with actual expenses incurred of \$2,202,320.

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

At September 30, 1994, this project was complete with actual expenses incurred of \$199,194.

The second of these projects (identified as State of Georgia Grant #C-3-2501-9200) is for the installation of electronic navigational aids to enhance the safe operation of the airport during inclement weather. The aids include: localizer/DME approach equipment located on the airport, a non-directional radio beacon located on the center line of the runway some six miles southeast of the airport, and an omni-directional approach lighting system.

At September 30, 1994, this project was complete with actual expenses incurred of \$453,619.

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

At September 30, 1994, this project was complete.

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

At September 30, 1994, this project was complete with actual expenses incurred of \$675,190.

During 1996, the Authority received FAA Grant No. 9. The Grant is for the expansion of the airport apron and as of September 30, 1996 the project was complete.

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 1996

3. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS - Continued

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

All costs incurred by the Authority through September 30, 1996 have been included in these financial statements.

4. LONG-TERM OBLIGATIONS

At September 30, 1996 and 1995, long-term liabilities consists of the following:

	<u>1996</u>	<u>1995</u>
Installment loan (dated November 1, 1995) with a floating interest rate of 85 percent of prime rate, payable in 59 monthly payments of \$3,086 with a balloon payment of \$255,119 due and payable on November 1, 2000. Secured as described below.	\$321,714	\$335,593
Installment loan (dated April 5, 1996) with a floating interest rate at 85 percent of prime interest rate. Payable in 83 monthly payments of \$1,064. Secured as described below.	66,465	-
Installment loan (dated July 18, 1996) with a floating interest rate at 85 percent of prime interest rate. Payable in 179 monthly payments of \$2,934. Secured as described below.	324,166	-
Installment loan (dated July 18, 1996) with a floating interest rate at 85 percent of prime interest rate. Payable in 179 monthly payments of \$7,369. Secured as described below.	814,152	-

Peachtree City Airport Authority
 NOTES TO FINANCIAL STATEMENTS
 September 30, 1996

4. **LONG-TERM OBLIGATIONS - Continued**

Installment loan (dated November 1, 1995)
 with a floating interest rate of 85 percent
 of prime rate payable in 59 monthly
 payments of \$2,005 with a balloon
 payment of \$44,116 due November 1, 2000.
 Secured as described below.

	<u>117,059</u>	<u>68,588</u>
	1,643,556	404,181
Less current portion	<u>81,551</u>	<u>48,305</u>
	<u>\$1,562,005</u>	<u>\$355,876</u>

The debt is secured by the assignment of "Through the Fence Access Fees", airplane hangar/office building, aviation center building, T-hangers, the real estate lease, hotel/motel taxes and various equipment.

The annual requirements to amortize the above debt is as follows:

Fiscal Year Ending September 30, 1997	\$	81,551
1998		90,872
1999		97,451
2000		104,507
2001		373,448
Later Years		<u>895,727</u>
		<u>\$1,643,556</u>

Capital Leases

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

The following is an analysis of equipment leased under capital leases as of September 30, 1996.

Equipment	<u>\$120,000</u>
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The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at September 30, 1996.

Peachtree City Airport Authority
NOTES TO FINANCIAL STATEMENTS
September 30, 1996

4. LONG-TERM OBLIGATIONS - Continued

Fiscal Year Ending September 30, 1997	\$ 18,000
1998	18,000
1999	18,000
2000	18,000
2001	18,000
Thereafter	<u>18,832</u>
Total minimum lease payment	108,832
Less: amount representing interest	<u>24,552</u>
Present value of future minimum lease payments	<u>\$ 84,280</u>

6. CLAIMS AND JUDGMENTS

The Authority is the recipient of Federal, State and Local grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of September 30, 1996, significant amounts of grant expenditures have not been audited but the Authority believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Authority.

7. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

a. Litigation

At September 30, 1996, the Authority was not involved in any lawsuits.

8. RELATED PARTY TRANSACTIONS

During 1995, the Authority entered into a lease agreement for office space in a building owned by the Chairman of the Airport Authority. The lease is for 36 months and the Authority is paying a fair market rental.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Peachtree City Airport Authority, as of and for the year ended September 30, 1996, and have issued our report thereon dated June 16, 1997.

We have 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.

In planning and performing our audit of the financial statements of Peachtree City Airport Authority, for the year ended September 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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, 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 internal control structure, errors or irregularities 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 in the following categories:

- * Cash
- * Investments
- * Service revenue and receivables - proprietary fund types
- * Expenditures for goods and services and accounts payable
- * Payroll and related liabilities
- * Inventories
- * Property, equipment, and capital expenditures
- * Debt and debt service expenditures
- * Grant 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 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 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 errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management, and the Authority Members. However, this report is a matter of public record and its distribution is not limited.

Gesslin, Cordle, Johnson & Metherington, LLP

Peachtree City, Georgia
June 16, 1997



Geeslin, Cordle, Johnson & Wetherington, LLP

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 1996, and have issued our report thereon dated June 16, 1997.

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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Peachtree City Airport Authority is the responsibility of Peachtree City Airport Authority's management. As part of our audit, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of the Authority's compliance with such provisions of laws, regulations, contracts, and grants.

However, in connection with our audit, nothing came to our attention that caused us to believe that Peachtree City Airport Authority had not complied, in all material respects, with the laws, regulations, contracts, and grants referred to in the preceding paragraph.

This report is intended for the information of management and the Authority Members. However, this report is a matter of public record and its distribution is not limited.

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
June 16, 1997



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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

We have audited the financial statements of Peachtree City Airport Authority, as of and for the year ended September 30, 1996, and have issued our report thereon dated June 16, 1997. These financial statements are the responsibility of Peachtree City Airport 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, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the 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 financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
June 16, 1997

Peachtree City Airport Authority
 SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
 For the Year Ended September 30, 1996

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 September 30, 1995	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at September 30, 1996
<u>Federal Aviation Administration</u>							
Airport Improvement Program	20.106	N/A	\$416,082	\$ <u> -</u>	\$ <u>390,320</u>	\$ <u>390,320</u>	\$ <u> -</u>



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL
ASSISTANCE PROGRAMS**

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

We have audited the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 1996, and have issued our report thereon dated June 16, 1997. We have also audited the compliance of Peachtree City Airport Authority with requirements applicable to major federal financial assistance programs and have issued our report thereon dated June 16, 1997.

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 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, 1996, we considered the internal control structure of Peachtree City Airport Authority in order to determine our auditing procedures for the purpose of expressing our opinion on Peachtree City Airport Authority's financial statements, and on the compliance of Peachtree City Airport Authority with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. 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 internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated June 16, 1997.

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 in 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 in administering federal financial assistance programs into the following categories:

- * Cash
- * Investments
- * Service revenue and receivables - proprietary fund types
- * Expenditures for goods and services and accounts payable
- * Payroll and related liabilities
- * Inventories
- * Property, equipment, and capital expenditures
- * Debt and debt service expenditures
- * Grant 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 whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1996, Peachtree City Airport Authority expended 100 percent of its total federal financial assistance under the major federal financial assistance program:

1. Federal Aviation Administration Airport Improvement Program

We performed tests of controls, as required by OMB A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have 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 the aforementioned major federal financial assistance program. 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.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute 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 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. 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 for the information of management, and the Authority Members. However, this report is a matter of public record and its distribution is not limited.

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
June 16, 1997



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have audited the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 1996, and have issued our report thereon dated June 16, 1997.

We have applied procedures to test Peachtree City Airport Authority's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1996: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property acquisition, federal financial reports, allowable costs/cost principles, Drug-free Workplace Act, or administrative requirements.

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's 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 the requirements listed in the second 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 management and the Authority Members. However, this report is a matter of public record and its distribution is not limited.

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
June 16, 1997



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have audited the financial statements of Peachtree City Airport Authority, as of and for the year ended September 30, 1996, and have issued our report thereon dated June 16, 1997.

We have also audited Peachtree City Airport Authority's 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 each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended September 30, 1996. The management of Peachtree City Airport Authority is responsible for the Peachtree City Airport Authority's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements 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 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 and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1996.

This report is intended for the information of management and the Authority Members. However, this report is a matter of public record and its distribution is not limited.

Geeslin, Cordle, Johnson & Wetherington, LLP

Peachtree City, Georgia
June 16, 1997

SUPPLEMENTARY INFORMATION

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 02 EXPENSES
Cumulative through September 30, 1996

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, 1996

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

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 04 EXPENSES
Cumulative through September 30, 1996

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

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 05 EXPENSES
Cumulative through September 30, 1996

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

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 06 EXPENSES
Cumulative through September 30, 1996

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

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 07 EXPENSES
Cumulative through September 30, 1996

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

Peachtree City Airport Authority
SCHEDULE OF FAA GRANT NO. 09 EXPENSES
Cumulative through September 30, 1996

Construction and related costs

\$ 390,320