

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

**FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009 AND 2008**

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

We have audited the accompanying statements of net assets of Peachtree City Airport Authority, a component unit of the City of Peachtree City, Georgia, (Authority) as of September 30, 2009, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the 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. The financial statements of Peachtree City Airport Authority as of September 30, 2008 were audited by other auditors, whose report dated February 2, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2010, on our consideration of Peachtree City Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

A handwritten signature in cursive script that reads "Halij, Aronoff &amp; Partners, LLP".

Atlanta, Georgia

January 20, 2010

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2009

**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, 2009. 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 decreased by \$105,966.
- The Authority's total liabilities decreased by \$180,843.
- The Authority's operating revenues decreased by \$893,296.
- The Authority's operating expenses decreased by \$657,903.

**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 2009 compared to 2008.

Table 1  
Net Assets as of September 30,

Assets	2009	2008
Current assets	\$ 784,866	\$ 890,832
Restricted assets	733,443	1,233,512
Capital assets, net of accumulated depreciation	17,920,866	15,469,850
Other assets	2,125	2,625
Total assets	\$ 19,441,300	\$ 17,596,819
Liabilities and Net Assets		
Total liabilities	\$ 1,463,508	\$ 1,644,351
Net assets		
Invested in capital assets	17,279,856	14,432,788
Restricted	733,443	1,233,512
Unrestricted	(35,507)	286,168
Total net assets	17,977,792	15,952,468
Total liabilities and net assets	\$ 19,441,300	\$ 17,596,819

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2009

Table 2 provides a summary of the Authority's Changes in Net Assets for 2009 compared to 2008.

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

	<u>2009</u>	<u>2008</u>
Operating revenues		
Sales	\$ 1,051,641	\$ 1,864,746
Rental income	442,435	492,066
Rental car commissions	5,051	11,487
Miscellaneous revenue	<u>34,119</u>	<u>58,243</u>
Total operating revenues	<u>1,533,246</u>	<u>2,426,542</u>
Operating expenses		
Purchases	825,759	1,523,649
Salaries	410,960	423,039
Fringe benefits	28,778	37,066
Utilities and telephone	108,142	88,935
Insurance	84,044	62,947
Terminal and grounds upkeep	50,130	54,498
Bank fees and credit card processing fees	42,663	49,058
Fuel farm maintenance and truck rental	19,200	19,200
Professional fees	66,331	29,488
Other	<u>55,685</u>	<u>61,715</u>
Total operating expenses before amortization and depreciation	<u>1,691,692</u>	<u>2,349,595</u>
Operating income (loss) before amortization and depreciation	(158,446)	76,947
Amortization and depreciation expense	(761,555)	(641,794)
Nonoperating revenues	83,315	153,415
Capital contributions - federal and state	<u>2,862,010</u>	<u>3,606,836</u>
Increase in net assets	2,025,324	3,195,404
Net assets, beginning of year	<u>15,952,468</u>	<u>12,757,064</u>
Net assets, end of year	<u>\$ 17,977,792</u>	<u>\$ 15,952,468</u>

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2009

**Analysis of Overall Financial Position and Results of Operations**

The Authority experienced a deficit from operations in the current year due to various factors including, but not limited to, higher fuel prices and lower sales. However, the overall financial position increased due to the federal and state capital contributions (grants). Also, please note that the Authority has received additional grants in fiscal year 2009 in the amount of \$2,064,198 to be used for the construction of the Phase II - Area "C" Corporate Apron project.

Table 3 provides a summary of the Authority's Capital Assets for 2009 compared to 2008.

Table 3 Capital Assets		2009	2008
Land		\$ 7,687,974	\$ 7,656,014
Construction in progress		2,700,744	3,375,454
Land improvements		11,284,332	11,284,332
Buildings and improvements		6,888,342	3,035,345
Furniture and equipment		288,383	286,559
 Total		 28,849,775	 25,637,704
Less accumulated depreciation		(10,928,909)	(10,167,854)
 Net property and equipment		 \$ 17,920,866	 \$ 15,469,850

**Current Issues**

Peachtree City-Falcon Field is an active and growing state classified Level III general aviation airport serving business and charter jet traffic in the south Atlanta metro area. The Airport serves business communities in Peachtree City and the surrounding region as well as many recreational aviation enthusiasts. The 5,220' runway can accommodate aircraft up to 60,000 pounds and is capable of handling large corporate and military jet aircraft. 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. Peachtree City-Falcon Field is located at 7 Falcon Drive in Peachtree City's Industrial Park.

The airport hosts The Great Georgia Airshow annually ([www.thegreatgeorgiaairshow.com](http://www.thegreatgeorgiaairshow.com)).

Authority action this period provided a new mission statement and management objectives that read as follows:

Mission Statement:

"To be the premier regional airport serving the metro-Atlanta area providing superior services and facilities with competitive pricing"

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2009

Management Objectives:

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

The Authority is working with aviation consultants and engineers in the design and development of Areas B & C, which encompasses approximately 85 acres of developable airport land purchased by the Authority during the fiscal year ending September 31, 2004. The Authority continues to secure funding through the Federal Aviation Administration (FAA) and the Georgia Department of Transportation (GDOT) for aviation-related capital improvement projects. Additional funding was provided by GDOT under the 2009 American Recovery and Reinvestment Act (ARRA). These capital improvements are depicted on the Airport Layout Plan (ALP), which was updated and approved by the FAA in 2009. The ALP depicts Areas B, C, E and other defined parcels that show new hangar development and other capital improvements.

Area C, which encompasses approximately 60 acres of land on the southwestern boundary of the airport, has completed all environmental assessments allowing the FAA to issue a final report indicating Findings of No Significant Impact (FONSI), thereby allowing funding for the first phase of construction for taxiway "F" and navigational aids (NAVAIDS) installation. This project also includes complete pavement rejuvenation for the main runway, parallel taxiway and transient ramp areas. In August 2007, contractors began clearing and grading portions of Area C for site preparation of taxiway "F" and finished the project in 2009. The airport's newest taxiway will provide the access to all future hangar and apron areas as part of the continued development Area C. These projects are 95% funded through federal and state grant programs. Additional Area C hangar development provided NAVAIDS, including a new glideslope antenna and localizer equipment which is used as part of a full Instrument Landing System (ILS) providing precision instrument approach capabilities for Runway 31. In late 2007, the FAA established Localizer Performance and Vertical (LPV) instrument approaches for Runways 13 and 31. The Wide Area Augmentation System (WAAS) is a very precise navigational system that provides the additional accuracy, availability, continuity, and integrity necessary to enable pilots to rely on the Global Positioning System (GPS) for all phases of flight. The aircraft use the WAAS signal, in addition to the GPS service to fly area navigation and LPV instrument approaches, equivalent to the legacy ILS system. The Airport's Automated Surface Observation System (ASOS), an automated weather station maintained by the National Weather Service (NWS), was moved in 2009 from its current location and co-located with the glideslope antenna.

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

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 Falcon Field Airport and will be highlighted by a mounted Air Force F-16 "Fighting Falcon" jet fighter. The FFVM is nicely landscaped with night lighting. It features a Military Walk of Honor and a paver recognition area dedicated to permanently recognizing those that have contributed to preserving our freedom. The FFVM was developed by local businesses and citizens who volunteered their services, financial assistance and other in-kind benefits as part of a multi-jurisdictional effort in making this worthy project a reality.

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
SEPTEMBER 30, 2009

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

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

In 2008, the Airport reported approximately 75,000 operations. An operation is defined as a takeoff or a landing. Volatile fuel prices and an industry-wide reduction in aeronautical activities and airport operations decreased airport revenue and has affected the financial stability of the airport.

As part of a new marketing and advertising program, the Authority took action to enhance the airport name in 2009 going from Peachtree City – Falcon Field to Atlanta Regional Airport Falcon Field. Additional terminal building improvements and upgraded furniture, fixtures and equipment were purchased as part of an overall renovation of the FBO. Other promotional efforts such as price reductions in current hangar lease agreements, reduced service fees and competitive fuel pricing were initiated to attract additional aircraft operators visiting the south metro Atlanta area.

The Authority adopted a new health insurance policy for staff, which provided substantial savings over the previous plan and has reduced other operational costs within the current budget. The Authority also revised and revamped the financial reports for the airport and have streamlined and improved the financial reporting spreadsheets, which has resulted in an abbreviated preparation time for the newly selected audit firm of Habif, Arogeti & Wynne, LLP.

The City of Peachtree City continues to provide economic development and financial support through hotel/motel tax generated by tourism and business related activities in Peachtree City. Airport revenues are primarily derived from fuel sales and lease income from land and hangars.

### **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>2009</u>	<u>2008</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 642,811	\$ 694,076
Accounts receivable	40,322	34,046
Inventories	38,055	103,230
Prepaid expenses	<u>63,678</u>	<u>59,480</u>
Total current assets	<u>784,866</u>	<u>890,832</u>
<u>Restricted assets</u>		
Cash and cash equivalents	111,730	761,167
Receivables from governmental units	<u>621,713</u>	<u>472,345</u>
Total restricted assets	<u>733,443</u>	<u>1,233,512</u>
Capital assets, net of accumulated depreciation	<u>17,920,866</u>	<u>15,469,850</u>
<u>Other assets</u>		
Debt issue costs, net of accumulated amortization	<u>2,125</u>	<u>2,625</u>
Total assets	<u>\$19,441,300</u>	<u>\$17,596,819</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities</u>		
Accounts payable	\$ 743,636	\$ 542,517
Accrued liabilities	20,903	30,525
Current portion of notes payable	61,011	792,522
Line of credit	0	72,855
Unearned revenue	41,488	34,247
Miscellaneous current liabilities	<u>16,471</u>	<u>0</u>
Total current liabilities	<u>883,509</u>	<u>1,472,666</u>
<u>Long-term liabilities</u>		
Notes payable, net of current portion	<u>579,999</u>	<u>171,685</u>
Total liabilities	<u>1,463,508</u>	<u>1,644,351</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	17,279,856	14,432,788
Restricted	733,443	1,233,512
Unrestricted	<u>(35,507)</u>	<u>286,168</u>
Total net assets	<u>17,977,792</u>	<u>15,952,468</u>
Total liabilities and net assets	<u>\$19,441,300</u>	<u>\$17,596,819</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>2009</u>	<u>2008</u>
<u>Operating revenues</u>		
Sales - fuel	\$ 1,041,372	\$ 1,851,715
Sales - other	10,269	13,031
Rental income	442,435	492,066
Rental car commissions	5,051	11,487
Miscellaneous revenue	<u>34,119</u>	<u>58,243</u>
Total operating revenues	<u>1,533,246</u>	<u>2,426,542</u>
<u>Operating expenses</u>		
Purchases - fuel	818,750	1,516,758
Purchases - other	7,009	6,891
Salaries	410,960	423,039
Fringe benefits	28,778	37,066
Airport promotions	2,152	2,870
Bank and credit card fees	42,663	49,058
Dues and subscriptions	780	875
Fuel farm maintenance and truck rental	19,200	19,200
Insurance	84,044	62,947
Meals and entertainment	189	77
Miscellaneous	18,831	9,559
Office expenses	11,549	13,860
Professional expenses	66,331	29,488
Supplies	4,659	6,281
Telephone	7,664	6,826
Terminal and grounds upkeep	50,130	54,498
Travel and training	7,092	13,874
Uniforms	1,580	0
Utilities	100,478	82,109
Vehicle expense	<u>8,853</u>	<u>14,319</u>
Total operating expenses before depreciation	<u>1,691,692</u>	<u>2,349,595</u>
Operating income (loss) before amortization and depreciation - carried forward	\$ <u>(158,446)</u>	\$ <u>76,947</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,

	2009	2008
Operating income (loss) before amortization and depreciation - brought forward	\$ <u>(158,446)</u>	\$ <u>76,947</u>
Amortization	500	500
Depreciation	<u>761,055</u>	<u>641,294</u>
	<u>761,555</u>	<u>641,794</u>
Operating loss	(920,001)	(564,847)
Nonoperating revenues (expenses)		
Hotel/motel tax	101,328	142,195
Interest income	4,109	25,329
Interest expense	<u>(22,122)</u>	<u>(14,109)</u>
	<u>83,315</u>	<u>153,415</u>
Loss before capital contributions	(836,686)	(411,432)
Federal and state capital contributions	<u>2,862,010</u>	<u>3,606,836</u>
Change in net assets	2,025,324	3,195,404
Net assets, beginning of year	<u>15,952,468</u>	<u>12,757,064</u>
Net assets, end of year	<u>\$17,977,792</u>	<u>\$15,952,468</u>

See auditors' report and accompanying notes

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

Increase (Decrease) in Cash and Cash Equivalents

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Cash received from customers and tenants	\$ 1,495,894	\$ 2,297,844
Cash received from special events	34,119	58,243
Cash paid to suppliers	(980,693)	(1,646,169)
Cash paid to employees for services	<u>(439,738)</u>	<u>(460,028)</u>
Net cash provided by operating activities	<u>109,582</u>	<u>249,890</u>
Cash flows from non-capital and related financing activities		
Cash received from hotel/motel tax	<u>119,793</u>	<u>121,635</u>
Cash flows from capital and related financing activities		
Principal paid on capital and operating debt - net	(35,585)	(34,155)
New borrowings of long-term debt and line of credit	(360,467)	829,642
Interest paid on capital and operating debt	(20,240)	(14,109)
Payments for capital acquisitions	(3,212,071)	(3,773,543)
Capital contributions received	<u>2,694,177</u>	<u>3,242,072</u>
Net cash provided by (used in) capital and related financing activities	<u>(934,186)</u>	<u>249,907</u>
Cash flows from investing activities		
Interest on investments	<u>4,109</u>	<u>25,329</u>
Net increase (decrease) in cash and cash equivalents	(700,702)	646,761
Cash and cash equivalents, beginning of year	<u>1,455,243</u>	<u>808,482</u>
Cash and cash equivalents, end of year	<u>\$ 754,541</u>	<u>\$ 1,455,243</u>
Unrestricted cash and cash equivalents	\$ 642,811	\$ 694,076
Restricted cash and cash equivalents	<u>111,730</u>	<u>761,167</u>
	<u>\$ 754,541</u>	<u>\$ 1,455,243</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

	2009	2008
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating loss	\$ (920,001)	\$ (564,847)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Amortization and depreciation	761,555	641,794
(Increase) decrease in assets:		
Accounts receivable	(6,276)	(4,256)
Inventories	65,175	(50,686)
Prepaid expenses	(4,198)	(57,065)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	206,086	294,084
Unearned revenues	7,241	(9,134)
Net cash provided by operating activities	\$ 109,582	\$ 249,890

See auditors' report and accompanying notes

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**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 politic. The purpose of the Authority is to acquire, construct, equip, maintain, operate, own, lease, protect and improve the existing Falcon Field Airport in Peachtree City, Georgia and to promote trade, commerce, industry and employment opportunities. On September 20, 1988, the Authority became the owner of Falcon Field Airport in Peachtree City, Georgia. The Authority is necessary and essential to insure the welfare, safety and convenience of citizens of the State of Georgia and City of Peachtree City and to insure the proper economic development of said State and 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 the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. In addition, the Authority applies all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

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

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

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note C**  
**Summary of Significant Accounting Policies**

a. Basis of Accounting:

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

b. Basis of Presentation:

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

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

c. Cash and Cash Equivalents:

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

d. Accounts Receivable:

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

e. Inventories:

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

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**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
Building Improvements	15 - 30 years
Furniture, Equipment, and Vehicles	5 - 20 years

Interest is capitalized on constructed fixed assets during the period of construction, if it is material. No interest was capitalized during the years ended September 30, 2009 and 2008.

h. Net Assets:

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

Invested in Capital Assets, Net of Related Debt - comprised of the Authority's capital assets less any related outstanding debt used to acquire those assets.

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

Unrestricted - the remaining balance of net assets.

i. Advertising:

The Authority expenses advertising as incurred.



PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**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, 2009 and 2008.

k. Estimates:

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

**Note D**  
Cash and Custodial Credit Risk

Cash consists of cash on hand and on deposit in a checking account with a local commercial bank. At year-end, the carrying amount of the Authority's cash was \$754,541 and the bank balance was \$757,391. 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**  
Accounts Receivable

Accounts receivable at September 30, 2009 and 2008 consists of payments due from customers and tenants for space rental and fuel charges and credit card charges due from banks. All amounts at year end are considered to be fully collectible.

**Note F**  
Inventories

The components of inventory are as follows:

September 30,:	2009	2008
Jet-A Fuel	\$ 21,850	\$ 55,856
AVGas Fuel	12,833	44,011
Aircraft Oil	2,093	1,683
Pilot Supplies and Charts	1,279	1,680
	\$ 38,055	\$ 103,230

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note G**  
Receivables from Governmental Units

	<u>2009</u>	<u>2008</u>
Hotel/Motel Tax Revenues due from Peachtree City Tourism Association	\$ 12,902	\$ 31,366
Federal Grants Receivable from FAA	608,293	369,673
State Grants Receivable from Georgia DOT	<u>518</u>	<u>71,306</u>
	<u>\$ 621,713</u>	<u>\$ 472,345</u>

**Note H**  
Capital Assets

A summary of changes in capital assets for the year ended September 30, 2009 is as follows:

	<u>Beginning Balance 9/30/08</u>	<u>Transfers and Additions</u>	<u>Transfers and Disposals</u>	<u>Ending Balance 9/30/09</u>
Capital Assets Not Being Depreciated:				
Land	\$ 7,656,014	\$ 31,960	\$ 0	\$ 7,687,974
Construction in Progress	<u>3,375,454</u>	<u>3,172,836</u>	<u>(3,847,546)</u>	<u>2,700,744</u>
Total Assets Not Being Depreciated	<u>11,031,468</u>	<u>3,204,796</u>	<u>(3,847,546)</u>	<u>10,388,718</u>
Other Capital Assets				
Land Improvements	11,284,332	0	0	11,284,332
Building Improvements	3,035,345	8,582	3,844,415	6,888,342
Furniture, equipment and vehicles	<u>286,559</u>	<u>1,824</u>	<u>0</u>	<u>288,383</u>
Total Other Capital Assets	<u>14,606,236</u>	<u>10,406</u>	<u>3,844,415</u>	<u>18,461,057</u>
Less Accumulated Depreciation for:				
Land Improvements	(8,154,981)	(512,531)	0	(8,667,512)
Building Improvements	(1,812,555)	(226,142)	0	(2,038,697)
Furniture, equipment and vehicles	<u>(200,318)</u>	<u>(22,382)</u>	<u>0</u>	<u>(222,700)</u>
Total Accumulated Depreciation	<u>(10,167,854)</u>	<u>(761,055)</u>	<u>0</u>	<u>(10,928,909)</u>
Other Capital Assets, Net	<u>4,438,382</u>	<u>(750,649)</u>	<u>3,844,415</u>	<u>7,532,148</u>
Net Capital Assets	<u>\$ 15,469,850</u>	<u>\$ 2,454,147</u>	<u>\$ (3,131)</u>	<u>\$ 17,920,866</u>

Depreciation expense charged to operations was \$761,055 and \$641,294 for the years ended September 30, 2009 and 2008, respectively.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note I**  
**Line of Credit**

On June 17, 2008, the Authority obtained an unsecured line of credit in the amount of \$500,000 for working capital needed to finance the Authority's 25% match for various state grants. On July 10, 2009, the Authority converted this loan to a note payable (see Note J).

On June 10, 2009, the Authority obtained an unsecured line of credit in the amount of \$500,000 for working capital needed to finance the Authority's 25% match for various state grants. At September 30, 2009 the outstanding balance was \$0 and the interest rate was the bank's prime plus .75%. The effective interest rate at September 30, 2009 was 3.75%. The line of credit expires June 15, 2010.

**Note J**  
**Notes Payable**

Notes payable at September 30, 2009 and 2008 consist of the following:

	2009	2008
Bank of North Georgia:		
\$472,688 note dated July 10, 2009, with interest at 4.00%. Payments are \$3,512 per month, maturity date is July 15, 2024. This note is unsecured.	\$ 469,175	\$ 0
Bank of North Georgia:		
\$355,000 note dated December 12, 2003, with interest at 4.00%. Payments are \$3,613 per month, maturity date is December 12, 2013. This note is unsecured.	171,835	207,420
Bank of North Georgia:		
\$756,787 note date June 30, 2008, with interest at 3.75%. Payments are interest only with a maturity date of June 30, 2009. The note is secured by real estate consisting of land and a building.	0	756,787
	641,010	964,207
Less Current Maturities	61,011	792,522
	\$ 579,999	\$ 171,685

PEACHTREE CITY AIRPORT AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009 AND 2008

**Note J**  
**Notes Payable (Continued)**

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

<u>September 30</u>	<u>Total</u>
2010	\$ 61,011
2011	63,496
2012	66,083
2013	68,775
2014	41,675
Thereafter	<u>339,970</u>
	<u>\$ 641,010</u>

**Note K**  
**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 one year or less rental agreements. The projections of the non-cancelable future minimum rentals under leases that have remaining terms in excess of one year are as follows:

September 30,	
2010	\$ 93,393
2011	95,506
2012	97,676
2013	99,908
2014	102,200
Thereafter	<u>1,131,053</u>
	<u>\$ 1,619,736</u>

**Note L**  
**Advertising Expense**

Advertising expense was \$2,152 and \$2,870 for the years ended September 30, 2009 and 2008, respectively.

**Note M**  
**Reclassifications**

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

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note N**  
**Pension Contributions**

The Authority adopted a Savings Incentive Match Plan for Employees (SIMPLE) on April 1, 2007, whereby up to 3% of a participating employee's salary contributed to the SIMPLE Plan is matched by the Authority, with a maximum match of \$10,500. The Authority contributed \$9,342 and \$8,640, respectively, for the years ended September 30, 2009 and 2008.

**Note O**  
**Grants, Commitments and Contingencies**

Revenue by grant for the years ended September 30, 2009 and 2008 is as follows:

	Federal Revenue	State Revenue	2009 Totals	2008 Totals
FAA Grant No. 20	\$ 27,396	\$ 0	\$ 27,396	\$ 1,472,813
FAA Grant No. 21	1,410,734	0	1,410,734	825,109
FAA Grant No. 22	2,500	0	2,500	766,588
ARRA Grant	610,928	0	610,928	0
State Grant No. 16	0	0	0	16,769
State Grant No. 18	0	5,548	5,548	146,434
State Grant No. 19	0	0	0	359,813
State Grant No. 20	0	27,183	27,183	19,310
State Grant No. 21	0	777,721	777,721	0
Totals	<u>\$ 2,051,558</u>	<u>\$ 810,452</u>	<u>\$ 2,862,010</u>	<u>\$ 3,606,836</u>

FAA Grant No. 18 and State Matching Grant:

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

FAA Grant No. 20:

In September 2007, a grant of \$1,496,477 was approved by FAA to update the Airport Master Plan: construct Taxiway (Area B design and ASOS Relocation-Reimbursable Agreement); construct Taxiway "F" (Site Prep). In September 2008, Amendment No. 1 for additional work required under AIP-20 brought the revised grant amount to \$1,634,90.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note O**

**Grants, Commitments and Contingencies (Continued)**

FAA Grant No. 21:

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

FAA Grant No. 22:

In September 2008, a grant of \$1,453,500 was awarded by FAA to acquire two pieces of property for development (Area B land acquisition: Toybox, Bearden & Vanechek Acquisition) as described in the Project Applications dated August 28, 2008. During the year ended September 30, 2008, one property was purchased and other properties were appraised for the purpose of future purchases. No additional properties were purchased during the year ended September 30, 2009. This project is still in progress at the end of the current fiscal year.

FAA Reimbursable Agreement:

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

ARRA Grant No. 22:

On May 28, 2009, a grant in the amount of \$2,064,198 was awarded to the Authority under the American Recovery and Reinvestment Act. The grant was for the construction of Phase II - Area "C" Corporate Apron at the Peachtree City-Falcon Field Airport. This project is still in progress at the end of the current fiscal year.

State Grant No. 16:

During 2004, the Authority received a grant offer from the State of Georgia for \$38,053 for additional land acquisition costs. The Authority had received \$36,713 and incurred expenditures of \$19,944, including \$5,500 of allowable administrative costs, through September 30, 2007. In 2008, the remaining \$16,769 was allowed by the state and FAA to assist with additional administration costs. This grant was closed in the year ended September 30, 2008.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note O**  
**Grants, Commitments and Contingencies (Continued)**

State Grant No. 18:

In June 2007, the Authority was awarded \$183,921 in state funds to Crack Seal, Rejuvenate and Mark Airfield at the Peachtree City Airport - Falcon Field, with a maximum Exhibit "A" amount of \$151,982 with a 25% Authority match. The Authority's match in year ended September 30, 2008 was \$37,414. On April 23, 2009, an amendment to the grant was approved in the amount of \$38,531 for a change to the marking plan due to FAA delay in publishing instrument approach procedures, which required added line items for temporary and permanent taxiway paint and installation costs for electrical service for the glide slope.

State Grant No. 19:

This grant was awarded in July 2007 for Phase I construction of Taxiway F and installation of the Glide Slope. The contract agreement was for an estimated cost of \$1,384,745, with a maximum state match of \$381,399. Through September 31, 2008, the total expenditures for the project were \$1,504,843, which were paid by FAA, two different state grants and a match by the Authority as follows: \$1,027,146 from FAA, \$360,271 by state and \$117,426 by the Authority. The grant was closed in the year ended September 30, 2008.

State Grant No. 20:

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

State Grant No. 21:

In October 2008, the State awarded a maximum of \$864,110 in state funds for installation of the localizer and to perform Phase II Area "C" construction at the Peachtree City Airport - Falcon Field. Expenditures for this project equaled the grant revenues in the year ended September 30, 2009.

**Note P**  
**Concentration of Credit Risk**

The Authority receives 40 - 45% of its operating revenue from fuel sales and hangar rentals to local customers and pilots. A downturn in the economy could adversely affect fuel sales and hangar rentals used for its basic operations. The Authority carefully monitors credit lines extended to customers to minimize credit risks. The Authority also receives 45 - 50% of its total revenue from Federal and State grants and intergovernmental contributions for airport expansion, a decline in these revenues would not appear to be detrimental to the current year operations of the Authority.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note Q**  
**Claims and Judgments**

The Authority is the recipient of Federal, State and Local grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with the grant program regulations, the Authority may be required to reimburse the grantor government.

Significant amounts of grant expenditures in fiscal years ended September 30, 2009 and 2008 were audited as part of the Single Audit Act. There were no expenditures that were considered disallowed expenditures.

**Note R**  
**Hotel/Motel Tax**

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

The Authority received \$101,328 and \$142,195, respectively, for the years ended September 30, 2009 and 2008 from the Tourism Association for the Authority's portion of the hotel/motel tax.

**Note S**  
**Intergovernmental and Related Party Transactions**

As noted above, the Authority receives money from the Tourism Association for hotel/motel taxes. The balances due from the Tourism Association for the years ended September 30, 2009 and 2008 were \$12,902 and \$31,366, respectively. Additionally, there is an intergovernmental contract with the City of Peachtree City, which provides the collateral on the Authority's debt.

The Authority allows the Great Georgia Airshow (a 501(c)(3) non-profit organization) to utilize their facilities in October of each year for a two-day air show performance, which is open to the public. Tickets can be obtained at Falcon Field and are sold by Authority employees as well as other locations within Peachtree City. The Authority provides the fuel for the show and some employee services are provided, but the Authority is reimbursed for the fuel at cost and the related administrative expenses. Most of these reimbursed expenses are netted with the Authority's fuel and personnel expenses on the financial statements. Some of the reimbursements that are not netted were shown as other revenue of \$4,635 and \$5,562 for the years ended September 30, 2009 and 2008, respectively. The reimbursed expenses usually run from \$25,000 to \$30,000.



PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009 AND 2008

**Note T**  
**Contingency**

On August 1, 2004, the Authority increased hangar lease rates more than the contract stated. The lease agreement allows an increase in rates every three years that equals the increase in the consumer price index (CPI). However, the rate increase was computed as the difference between the prior CPI versus the current CPI. Then, the next increase on August 1, 2007 was done correctly; however, due to the incorrect increase in 2004, the rate was still higher than it would have been if the 2004 increase had been done correctly. The Authority has corrected this issue for the leases still in place by decreasing the current lease rates over a twelve month period. For the leases that were terminated prior to the error being found and corrected, no corrections are proposed.

**Note U**  
**Subsequent Events**

The Authority evaluated subsequent events through January 20, 2010, when these financial statements were available to be issued. We are not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on our Financial Statements.



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 the financial statements of Peachtree City Airport Authority as of and for the year ended September 30, 2009, and have issued our report thereon dated January 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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

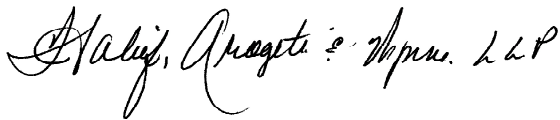
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Peachtree City Airport Authority in a separate letter dated January 20, 2010.

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

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

Atlanta, Georgia

January 20, 2010



Certified Public Accountants and Business Advisors

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

To the Board of Directors of  
Peachtree City Airport Authority

**Compliance**

We have audited the compliance of Peachtree City Airport Authority (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. Peachtree City Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Peachtree City Airport Authority's management. Our responsibility is to express an opinion on Peachtree City Airport Authority's compliance based on our audit.

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

In our opinion, Peachtree City Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

## Internal Control Over Compliance

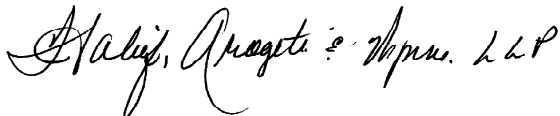
The management of Peachtree City Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Peachtree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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

A handwritten signature in cursive script, appearing to read "Stanley, August 2010".

Atlanta, Georgia

January 20, 2010

PEACHTREE CITY AIRPORT AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 SEPTEMBER 30, 2009

<u>Federal Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation Direct:			
Federal Aviation Administration Airport Improvement Programs:			
	20.106	AIP-03-13-0146-020-2007	\$ 27,396
	20.106	AIP-03-13-0146-021-2007	1,410,734
	20.106	AIP-03-13-0146-022-2008	2,500
 Federal Aviation Administration American Recovery and Reinvestment Act	 20.106	 AP090-09-ER-22(113)	 <u>610,928</u>
			 <u>\$ 2,051,558</u>

**NOTES TO SCHEDULE**

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - SUBRECIPIENTS**

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

**NOTE C - MATCHING FUNDS**

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

PEACHTREE CITY AIRPORT AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Peachtree City Airport Authority.
2. No significant deficiencies in internal control were found during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Peachtree City Airport Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for Peachtree City Airport Authority expresses an unqualified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 501(a) of OMB Circular A-133 were disclosed during the audit.
7. The program tested as a major program was the airport improvement program, specifically, the following grants:
  - a. Federal Aviation Administration
    1. AIP-03-13-0146-021-2007
  - b. American Recovery and Reinvestment Act
    1. AP090-09-ER-22(113)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Peachtree City Airport Authority does qualify as a low-risk auditee.

PEACHTREE CITY AIRPORT AUTHORITY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2009

NONE



PEACHTREE CITY AIRPORT AUTHORITY  
 SCHEDULE OF EXPEDITURES OF STATE AWARDS  
 SEPTEMBER 30, 2009

<u>Grantor</u>	<u>State Grant Number</u>	<u>State Expenditures</u>
Georgia Department of Transportation Direct:		
	APO70-9100-18(113) Fayette	\$ 5,548
	APO80-9000-20(113) Fayette	27,183
	APO90-9200-21(113) Fayette	<u>777,721</u>
Total Expenditures of State Grant Awards		<u>\$ 810,452</u>

**NOTES TO SCHEDULE**

**NOTE D - BASIS OF PRESENTATION**

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

**NOTE E - SUBRECIPIENTS**

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

**NOTE F - MATCHING FUNDS**

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