

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

FINANCIAL STATEMENTS

September 30, 2019 and 2018

(With Independent Auditor's Report Thereon)

PEACHTREE CITY AIRPORT AUTHORITY

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Peachtree City Airport Authority  
Peachtree City, GA

We have audited the accompanying financial statements of the Peachtree City Airport Authority ("Authority"), a component unit of the City of Peachtree City, Georgia, as of and for the year ended September 30, 2019 and the related notes to the financial statements which collectively comprise the Authority's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Peachtree City Airport Authority, as of September 30, 2019 and the changes in its net position and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The financial statements of Peachtree City Airport Authority as of September 30, 2018, were audited by other auditors whose report dated January 7, 2019, expressed an unmodified opinion on those financial statements.

### **Other-Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2020, on our consideration of the 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 solely 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 effectiveness of the Peachtree City Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Peachtree City Airport Authority's internal control over financial reporting and compliance.



Morrow, Georgia  
January 22, 2020

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Our discussion and analysis of the Peachtree City Airport Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the year ended September 30, 2019. Please read it in conjunction with the Authority's financial statements which begin on page 7.

#### Financial Highlights

- The Authority's total current assets increased by \$43,067.
- The Authority's capital assets, net of accumulated depreciation, decreased by \$163,704.
- The Authority's total liabilities decreased by \$2,074.
- The Authority's operating revenues increased by \$335,516.
- The Authority's operating expenses before depreciation increased by \$173,278.

#### USING THIS ANNUAL REPORT

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated (except land and construction in progress) over their estimated useful lives.

This annual report consists of management's discussion and analysis and the financial statements. The financial statements include the statements of net position; 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 11.

#### FINANCIAL ANALYSIS

Table 1 provides a summary of the Authority's financial position for 2019 compared to 2018:

Table 1  
Financial position as of September 30

Assets		
	<u>2019</u>	<u>2018</u>
Current assets	\$ 1,856,129	\$ 1,845,016
Restricted assets	96,954	46,388
Capital assets, net of accumulated depreciation	<u>21,631,208</u>	<u>21,794,912</u>
Total assets	<u>\$ 23,584,291</u>	<u>\$ 23,686,316</u>
Liabilities and Net Position		
Total liabilities	\$ <u>441,995</u>	\$ <u>444,069</u>
Net position		
Invested in capital assets, net of related debt	21,447,147	21,576,891
Restricted	96,954	46,388
Unrestricted	<u>1,598,195</u>	<u>1,618,968</u>
Total net position	<u>23,142,296</u>	<u>23,242,247</u>

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Table 2 provides a summary of the Authority's Changes in Net Position for 2019 compared to 2018:

Table 2  
Changes in Net Position for Years Ended September 30

	<u>2019</u>	<u>2018</u>
Operating revenues		
Sales	\$ 2,142,057	\$ 1,909,594
Rental income	844,436	721,278
Rental car commissions	3,703	18,113
Miscellaneous revenue	<u>28,374</u>	<u>36,069</u>
Total operating revenues	<u>3,018,570</u>	<u>2,685,054</u>
Operating expenses		
Purchases	1,468,289	1,423,854
Salaries and benefits	588,994	559,537
Utilities and telephone	109,134	107,254
Insurance	48,326	43,130
Terminal and grounds upkeep	69,108	56,565
Bank fees and credit card processing fees	50,519	37,236
Professional fees	47,980	31,445
Other	<u>116,833</u>	<u>66,884</u>
Total operating expenses before depreciation	<u>2,499,183</u>	<u>2,325,905</u>
Operating income before depreciation	519,387	359,149
Nonoperating revenues (expenses)	<u>74,770</u>	<u>70,489</u>
Income before depreciation and capital contributions	594,157	429,638
Depreciation expense	(748,598)	(707,780)
Capital contributions – federal and state	<u>54,490</u>	<u>380,530</u>
Net change in net position	(99,951)	102,388
Net position, beginning of year	<u>23,242,247</u>	<u>23,139,859</u>
Net position, end of year	<u>\$ 23,142,296</u>	<u>\$ 23,242,247</u>

**ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

The Authority experienced a profit improvement from operations in the amount of \$160,238 in 2019 over the previous year. This was due to an increase in the sales of fuel and higher lease rates and service fees. Lease revenue increased by \$123,158 while fuel sales increased by \$234,244.

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Table 3 provides a summary of the Authority's Capital Assets for 2019 compared to 2018:

Table 3  
Capital Assets as of September 30

	<u>2019</u>	<u>2018</u>
Land	\$ 7,754,639	\$ 7,754,639
Construction in progress	309,174	25,232
Land improvements	23,228,737	23,228,737
Building and improvements	7,772,024	7,660,527
Furniture, equipment and vehicles	<u>643,389</u>	<u>458,602</u>
Total	39,707,963	39,127,737
Less accumulated depreciation	<u>(18,076,755)</u>	<u>(17,332,825)</u>
Capital assets, net of accumulated depreciation	\$ <u><u>21,631,208</u></u>	\$ <u><u>21,794,912</u></u>

## CURRENT STATUS

Peachtree City Airport Authority operates an active and growing state classified Level III general aviation airport serving business and charter jet traffic in the south Atlanta metro area. The Airport serves business communities in Peachtree City and the surrounding region, as well as many recreational aviation enthusiasts. The 5,768 foot runway can accommodate aircrafts up to 60,000 pounds and is capable of handling large corporate aircraft. The Authority also serves as the fixed base operator (FBO) providing numerous customer service amenities and is considered one of the premier airports in the Southeast. Atlanta Regional Airport - Falcon Field is located at 7 Falcon Drive in Peachtree City's Industrial Park.

### Mission Statement:

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

### Management Objectives:

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

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

PEACHTREE CITY AIRPORT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Construction Projects:

One new hangar has been constructed under a ground lease with private funding in Area "C" with three more planned for this year. The Airport has made infrastructure improvements to the area and are planning to relocate the security fence there as well.

The Airport has developed and is implementing a five (5) year capital improvement program, which is approved by the FAA and Georgia Department of Transportation. Future improvements include, but are not limited to, completing the on and off-airport clearing projects, easement acquisitions and right of way for off-airport clearing, Runway 31 Extension design and construction, approach lighting upgrade design and construction, Area "C" expansion and Terminal Apron expansion.

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

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.

**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 POSITION  
AS OF SEPTEMBER 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,685,833	\$ 1,660,910
Accounts receivable	76,678	62,696
Inventories	78,733	89,456
Prepaid expenses	<u>14,885</u>	<u>31,954</u>
TOTAL CURRENT ASSETS	<u>1,856,129</u>	<u>1,845,016</u>
RESTRICTED ASSETS		
Cash and cash equivalents	29,289	32,337
Receivables from governmental units	<u>67,665</u>	<u>14,051</u>
TOTAL RESTRICTED ASSETS	<u>96,954</u>	<u>46,388</u>
CAPITAL ASSETS, NET	<u>21,631,208</u>	<u>21,794,912</u>
TOTAL ASSETS	<u>\$ 23,584,291</u>	<u>\$ 23,686,316</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable - operations	\$ 71,666	\$ 93,034
Accounts payable - construction	77,565	10,669
Accrued liabilities	77,895	85,222
Accrued interest payable - note	611	725
Current portion of note payable	35,281	33,881
Unearned revenue	7,291	7,204
Miscellaneous current liabilities	<u>20,011</u>	<u>22,829</u>
TOTAL CURRENT LIABILITIES	<u>290,320</u>	<u>253,564</u>
LONG-TERM LIABILITIES		
Note payable, net of current portion	148,780	184,140
Deposits	<u>2,895</u>	<u>6,365</u>
TOTAL LONG-TERM LIABILITIES	<u>151,675</u>	<u>190,505</u>
TOTAL LIABILITIES	<u>441,995</u>	<u>444,069</u>
NET POSITION		
Invested in capital assets, net of related debt	21,447,147	21,576,891
Restricted	96,954	46,388
Unrestricted	<u>1,598,195</u>	<u>1,618,968</u>
TOTAL NET POSITION	<u>23,142,296</u>	<u>23,242,247</u>

*The accompanying notes are an integral part of these financial statements.*

PEACHTREE CITY AIRPORT AUTHORITY  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Sales - fuel	\$ 2,137,777	\$ 1,903,533
Sales - other	4,280	6,061
Rental income	844,436	721,278
Rental car commissions	3,703	18,113
Miscellaneous revenue	<u>28,374</u>	<u>36,069</u>
TOTAL OPERATING REVENUES	<u>3,018,570</u>	<u>2,685,054</u>
OPERATING EXPENSES		
Purchases	1,468,289	1,423,854
Salaries and benefits	588,994	559,537
Airport promotions	10,909	6,164
Bank fees and credit card processing fees	50,519	37,236
Fuel truck rental	32,500	19,700
Insurance	48,326	43,130
Miscellaneous	45,021	16,319
Office expenses	19,600	16,252
Professional fees	47,980	31,445
Terminal and grounds upkeep	69,108	56,565
Utilities and telephone	109,134	107,254
Vehicle expense	<u>8,803</u>	<u>8,449</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>2,499,183</u>	<u>2,325,905</u>
OPERATING INCOME BEFORE DEPRECIATION	519,387	359,149
Depreciation	<u>(748,598)</u>	<u>(707,780)</u>
OPERATING LOSS	(229,211)	(348,631)
NONOPERATING REVENUES (EXPENSES)		
Economic support for development	84,100	84,150
Interest expense	(8,074)	(9,434)
Loss on disposal of capital assets	<u>(1,256)</u>	<u>(4,227)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>74,770</u>	<u>70,489</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(154,441)	(278,142)
FEDERAL AND STATE CAPITAL CONTRIBUTIONS	<u>54,490</u>	<u>380,530</u>
NET CHANGE IN NET POSITION	(99,951)	102,388
NET POSITION– Beginning of year	<u>23,242,247</u>	<u>23,139,859</u>
NET POSITION – End of year	<u>\$ 23,142,296</u>	<u>\$ 23,242,247</u>

*The accompanying notes are an integral part of these financial statements.*

PEACHTREE CITY AIRPORT AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING REVENUES:		
Cash received from customers and tenants	\$ 3,721,429	\$ 2,619,658
Cash received from special events	28,374	36,069
Cash paid to suppliers	(2,656,153)	(1,786,659)
Cash paid to employees for services	<u>(595,349)</u>	<u>(559,537)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>498,301</u>	<u>309,531</u>
CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from economic support for development	<u>84,100</u>	<u>85,540</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on capital and operating debt	(33,960)	(32,607)
Interest paid on capital and operating debt	(8,188)	(9,542)
Payments for capital assets	(519,254)	(744,549)
Capital contributions received	<u>876</u>	<u>522,048</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(560,526)</u>	<u>(264,650)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,875	130,421
CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,693,247</u>	<u>1,562,826</u>
CASH AND CASH EQUIVALENTS – End of year	\$ <u>1,715,122</u>	\$ <u>1,693,247</u>
UNRESTRICTED CASH AND CASH EQUIVALENTS	1,685,833	1,660,910
RESTRICTED CASH AND CASH EQUIVALENTS	<u>29,289</u>	<u>32,337</u>
	\$ <u>1,715,122</u>	\$ <u>1,693,247</u>

*The accompanying notes are an integral part of these financial statements.*

PEACHTREE CITY AIRPORT AUTHORITY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (229,211)	\$ (348,631)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	748,598	707,780
(Increase) decrease in net assets:		
Accounts receivable	(13,982)	(30,671)
Inventories	10,723	(43,376)
Prepaid expenses	17,069	(5,218)
(Increase) decrease in net assets:		
Accounts payable and accrued liabilities	(31,513)	28,303
Unearned revenue	87	(521)
Deposits	<u>(3,470)</u>	<u>1,865</u>
Net cash provided by operating activities	\$ <u>498,301</u>	\$ <u>309,531</u>

SUPPLEMENTAL DISCLOSURES OF INVESTING AND FINANCING ACTIVITIES

During the years ended September 30, 2019 and 2018, capital assets in the amount of \$77,565 and \$10,669, respectively, were acquired through accounts payable - construction.

*The accompanying notes are an integral part of these financial statements.*

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
F

**1. ORGANIZATION AND PURPOSE**

The Peachtree City Airport Authority (the "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 Atlanta Regional Airport, Falcon Field in Peachtree City, Georgia, and to promote trade, commerce, industry and employment opportunities. On September 20, 1988, the Authority became the owner of Falcon Field Airport in Peachtree City, Georgia. The Authority is necessary and essential to ensure the welfare, safety and convenience of citizens of the State of Georgia and City of Peachtree City, and to ensure the proper economic development of said State and City.

**2. 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. The more significant of the Authority's accounting policies are described below:

The City appoints all board members of the Authority and is able to impose its will upon the Authority. Therefore, the Authority is considered a component unit of the City of Peachtree City. The Authority and the City of Peachtree City have entered into agreements whereby the City makes periodic payments to the Authority to operate and maintain its airport facilities.

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

Basis of presentation

The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements. Under these standards, the Authority follows the reporting requirements for special purpose governments involved in business-type activities, which provide an entity-wide perspective in the financial statement presentation. These standards require presentation of management's discussion and analysis as required supplementary information and presentation of statements of net position; revenues, expenses, and changes in net position using a specified format, which distinguishes between operating and non-operating revenues and expenses; and cash flows using the direct method.

Operating revenues generally result from the sale of fuel, car rentals, and leasing hangar space. Operating expenses include costs of maintaining and promoting the airport facilities, including administrative expenses and depreciation. All revenues and expenses that do not meet this definition are reported as non-operating revenues and expenses or capital contributions.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Cash and cash equivalents

The Authority defines cash and cash equivalents as all cash in checking and savings accounts, money on-hand, and all highly liquid short-term debt instruments purchased with a maturity of 90 days or less.

Accounts receivable

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Amounts due from customers are considered past due after 30 days. Interest is accrued monthly and recognized as income on balances past due. The Authority uses the allowance method to determine uncollectible accounts receivable. The allowance is based on management's analysis of specific accounts. No allowance was considered necessary as of September 30, 2019 and 2018.

Inventories

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

Fair value of financial instruments:

The carrying value of cash and cash equivalents, accounts 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.

Capital Assets

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

The estimated lives by general classification are as follows:

Land improvements	15 - 40 years
Buildings and improvements	15 - 30 years
Furniture, equipment, and vehicles	3 - 20 years

Interest is capitalized on constructed fixed assets during the period of construction if it is material. No interest was capitalized during the years ended September 30, 2019 and 2018.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Net Position

The Authority recognizes the difference between its assets and liabilities as net position. Net position 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 position.

Advertising

The Authority expenses advertising as incurred. Advertising expense was \$10,909 and \$6,164 for the years ended September 30, 2019 and 2018, respectively.

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, 2019 and 2018.

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.

**4. CASH AND CUSTODIAL CREDIT RISK**

Cash consists of cash on hand and on deposit in a checking account with a local commercial bank. At September 30, 2019, the carrying amount of the Authority's cash was \$1,708,887. 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. Restricted cash consists of grant funds and funds restricted for the Veterans Memorial. The Authority does not have a deposit policy for custodial credit risk, which is the risk that in the event of bank failure, the government's cash deposits may not be returned to it.



PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**5. INVENTORIES**

The components of inventories are as follows as of September 30:

	<u>2019</u>	<u>2018</u>
Jet-A fuel	\$ 35,190	\$ 33,548
AvGas fuel	41,414	53,775
Aircraft oil	883	1,294
Pilot supplies and charts	<u>1,246</u>	<u>839</u>
	<u>\$ 78,733</u>	<u>\$ 89,456</u>

**6. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended September 30, 2019, is as follow:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets:				
Land	\$ 7,754,639	\$ -	\$ -	\$ 7,754,639
Construction in progress	<u>25,232</u>	<u>283,942</u>	<u>-</u>	<u>309,174</u>
Total non-depreciable assets	<u>7,779,871</u>	<u>283,942</u>	<u>-</u>	<u>8,063,813</u>
Others capital assets:				
Land improvements	23,228,737	-	-	23,228,737
Buildings and improvements	7,660,527	111,497	-	7,772,024
Furniture, equipment, vehicles	<u>458,602</u>	<u>190,710</u>	<u>(5,923)</u>	<u>643,389</u>
Total other capital assets	<u>31,347,866</u>	<u>302,207</u>	<u>(5,923)</u>	<u>31,644,150</u>
Less accumulated depreciation for:				
Land improvements	(12,503,399)	(438,841)	-	(12,942,240)
Buildings and improvements	(4,487,728)	(273,672)	-	(4,761,400)
Furniture, equipment, vehicles	<u>(341,698)</u>	<u>(36,085)</u>	<u>4,667</u>	<u>(373,116)</u>
Total accumulated depreciation	<u>(17,332,825)</u>	<u>(748,598)</u>	<u>4,667</u>	<u>(18,076,755)</u>
Other capital assets, net	<u>14,015,041</u>	<u>(144,184)</u>	<u>(1,256)</u>	<u>13,567,395</u>
Capital assets, net	<u>\$ 21,794,912</u>	<u>\$ (162,449)</u>	<u>\$ (1,256)</u>	<u>\$ 21,631,208</u>

Depreciation expense charged to operations was \$748,598 for the year ended September 30, 2019.



PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**6. CAPITAL ASSETS – Continued**

A summary of changes in capital assets for the year ended September 30, 2018, is as follow:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets:				
Land	\$ 7,754,639	\$ -	\$ -	\$ 7,754,639
Construction in progress	149,760	399,634	(524,162)	25,232
Total non-depreciable assets	<u>7,904,399</u>	<u>399,634</u>	<u>(524,162)</u>	<u>7,779,871</u>
Others capital assets:				
Land improvements	22,704,575	524,162	-	23,228,737
Buildings and improvements	7,512,047	148,480	-	7,660,527
Furniture, equipment, vehicles	423,000	58,417	(22,815)	458,602
Total other capital assets	<u>30,639,622</u>	<u>731,059</u>	<u>(22,815)</u>	<u>31,347,866</u>
Less accumulated depreciation for:				
Land improvements	(12,083,584)	(419,815)	-	(12,503,399)
Buildings and improvements	(4,228,448)	(259,280)	-	(4,487,728)
Furniture, equipment, vehicles	(331,601)	(28,685)	18,588	(341,698)
Total accumulated depreciation	<u>(16,643,633)</u>	<u>(707,780)</u>	<u>18,588</u>	<u>(17,332,825)</u>
Other capital assets, net	<u>13,995,989</u>	<u>23,279</u>	<u>(4,227)</u>	<u>14,015,041</u>
Capital assets, net	<u>\$ 21,900,388</u>	<u>\$ 422,913</u>	<u>\$ (528,389)</u>	<u>\$ 21,794,912</u>

Depreciation expense charged to operations was \$707,780 for the year ended September 30, 2018.

**7. NOTE PAYABLE**

Note payable consist of the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Bank of North Georgia:		
\$472,688 note dated July 10, 2009, with interest at 4%. Payments are \$3,512 per month, and the maturity date is 07/15/2024.		
This note is unsecured.	\$ 184,061	\$ 218,021
Less current maturities	<u>(35,281)</u>	<u>(33,881)</u>
	<u>\$ 148,780</u>	<u>\$ 184,140</u>

Debt service requirements for the next 5 years and in the aggregate are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 35,281	\$ 6,834
2021	36,739	5,376
2022	38,257	3,858
2023	39,837	2,278
2024	<u>33,947</u>	<u>644</u>
Total	<u>\$ 184,061</u>	<u>\$ 18,990</u>

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**7. NOTE PAYABLE – Continued**

	Beginning Balance	Additions	Reductions	Ending Balance
Notes payable	<u>218,021</u>	<u>-</u>	<u>(33,960)</u>	<u>184,061</u>
Total debt	<u>218,021</u>	<u>-</u>	<u>(33,960)</u>	<u>184,061</u>

**8. RENTS UNDER OPERATING LEASES**

The Authority has long-term operating lease agreements with lessees to occupy private hangar space. Some of the hangers are built and owned by tenants, who are only leasing the land. There are also several "Through the Fence" agreements, which lease access to the airport areas. All T-Hangar (except area C), Port-a-Port, Tie Downs, Shade Ports and FBO hangar rentals are on 1 year or less rental agreements, and are not included below. The projections of the non-cancelable future minimum rentals under leases that have remaining terms in excess of 1 year are as follows:

<u>September 30</u>	<u>Amount</u>
2020	\$ 224,894
2021	205,309
2022	194,834
2023	190,436
2024	180,458
Thereafter	<u>2,004,421</u>
Total	<u>\$ 3,000,352</u>

**9. PENSION CONTRIBUTIONS**

The Authority adopted a Savings Incentive Match Plan for Employees (SIMPLE) on April 1, 2007, whereby up to 3% of a participating employee's salary contributed to the SIMPLE Plan is matched by the Authority, with a maximum match of \$11,500. The Authority contributed \$7,534 and \$6,968 for the years ended September 30, 2019 and 2018, respectively.

**10. GRANTS, COMMITMENTS AND CONTINGENCIES**

Revenue by grant for the years ended September 30, 2019 and 2018, is as follows:

	2019 Federal Revenue	2019 State Revenue	2019 Totals	2018 Totals
State Grant No. 27	\$ -	\$ -	\$ -	\$ 366,479
State Grant No. 28	<u>54,490</u>	<u>-</u>	<u>54,490</u>	<u>14,051</u>
Totals	<u>54,490</u>	<u>-</u>	<u>54,490</u>	<u>380,530</u>

State Grant No. 27:

In 2017, a grant was awarded to the Authority to rehabilitate airfield taxiway lighting and land acquisition. The project contains \$557,882 of federal funds and \$27,552 of state funds with a local share of the costs being \$34,435. This grant was closed in the year ended September 30, 2018.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**10. GRANTS, COMMITMENTS AND CONTINGENCIES - Continued**

State Grant No. 28:

In 2018, a grant was awarded to the Authority for an environmental assessment for obstruction clearing. The project contains \$73,383 of federal funds and \$3,657 of state funds with a local share of the costs being \$4,497

**11. RISK MANAGEMENT**

The PTCAA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The PTCAA has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency (GIRMA) for property and liability insurance and the Workers' Compensation Self-Insurance Fund (WCSIF), public entity risk pools currently operating as common risk management and insurance programs for member local governments. The Georgia Municipal Association (GMA) administers both risk pools.

As part of these risk pools, the PTCAA is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The PTCAA is also to allow the pools' agent and attorneys to represent the PTCAA in investigation, settlement discussions and all levels of litigation arising out of any claim made against the PTCAA within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost taxes against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims in the past three years have not exceeded the coverages.

**12. CONCENTRATION OF CREDIT RISK**

The Authority received approximately 98% of its total revenue from fuel sales and hangar rentals to customers and pilots during the year ended September 30, 2019. The Authority received approximately 84% of its total revenue from fuel sales and hangar rentals to customers and pilots and 12% of its total revenue from Federal and State grants and intergovernmental contributions for airport expansion during the year ended September 30, 2018. A downturn in the economy could adversely affect fuel sales and hangar rentals used for its basic operations. The Authority is not economically dependent upon federal or state grants.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**13. SIGNIFICANT VENDORS**

A significant vendor is defined as one from whom at least 10% of purchases is derived. For the year ended September 30, 2019, the Authority made purchases from a vendor in the amount of \$1,519,538, which comprised approximately 47% of the total purchases for the year then ended. As of September 30, 2019, the balances due to this vendor was \$44,853, and is included in accounts payable - operations on the accompanying statements of net assets.

For the year ended September 30, 2018, the Authority made purchases from two vendors in the amount of \$1,494,099 and \$452,771, which comprised approximately 51% and 15%, respectively, of the total purchases for the year then ended. As of September 30, 2018, the balances due to these vendors was \$68,291 and \$0, respectively, and is included in accounts payable - operations on the accompanying statements of net assets.

**14. INTERGOVERNMENTAL AND RELATED PARTY TRANSACTIONS**

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

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

The agreement shall remain in effect for a period of 10 years. The Authority recorded revenue from this agreement of \$84,100 and \$84,150, respectively, for the years ended September 30, 2019 and 2018.

**15. 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.

PEACHTREE CITY AIRPORT AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS – (CONTINUED)

**16. SUBSEQUENT EVENTS**

Management evaluated subsequent events through January 22, 2020 when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to September 30, 2019, but prior to the filing of this report, that would have a material impact on the audited financial statements.

INDEPENDENT AUDITOR'S 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  
Peachtree City Airport Authority  
Peachtree City, GA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Peachtree City Airport Authority, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Peachtree City Airport Authority's basic financial statements, and have issued our report thereon dated January 22, 2020.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Morrow, Georgia  
January 22, 2020