

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

FINANCIAL STATEMENTS

September 30, 2022 and 2021

(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

Opinion

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 years ended September 30, 2022 and 2021 and the related notes to the financial statements which collectively comprise the Authority’s basic financial statements listed in the table of contents.

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, 2022 and 2021 and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peachtree City Airport Authority, and to meet other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Peachtree City Airport Authority’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Peachtree City Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Peachtree City Airport Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 27, 2023, 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.

Fulton & Kozelski LLC

Morrow, Georgia
January 27, 2023

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022. 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 \$81,804
- The Authority's capital assets, net of accumulated depreciation, decreased by \$537,932
- The Authority's total liabilities increased by \$568,605.
- The Authority's operating revenues increased by \$1,642,537.
- The Authority's operating expenses before depreciation increased by \$1,288,081.
- The Authority's net position as of September 30, 2022 is \$22,968,057.

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 2022 compared to 2021:

Table 1
Financial position as of September 30

Assets		<u>2022</u>	<u>2021</u>
Current assets	\$	2,044,571	\$ 1,962,767
Restricted assets		473,730	79,862
Capital assets, net of accumulated depreciation		<u>21,418,303</u>	<u>20,880,371</u>
Total assets	\$	<u>23,936,604</u>	\$ <u>22,923,000</u>
Liabilities and Net Position			
Total liabilities	\$	968,547	\$ 399,942
Net position			
Invested in capital assets, net of related debt	\$	21,293,642	\$ 20,768,482
Restricted		473,730	79,862
Unrestricted		<u>1,200,685</u>	<u>1,674,714</u>
Total net position	\$	<u>22,968,057</u>	\$ <u>22,523,058</u>

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Table 2 provides a summary of the Authority's Changes in Net Position for 2022 compared to 2021:

Table 2
Changes in Net Position for Years Ended September 30

	<u>2022</u>	<u>2021</u>
Operating revenues		
Sales	\$ 3,668,049	\$ 2,139,392
Rental income	861,718	769,586
Rental car commissions	3,662	2,000
Miscellaneous revenue	<u>90,977</u>	<u>70,891</u>
Total operating revenues	4,624,406	2,981,869
Operating expenses		
Purchases	2,560,368	1,399,781
Salaries and benefits	773,773	597,365
Utilities and telephone	127,374	113,054
Insurance	64,751	61,397
Terminal and grounds upkeep	112,447	101,602
Bank fees and credit card processing fees	92,639	57,358
Professional fees	46,196	58,540
Other	<u>116,784</u>	<u>217,154</u>
Total operating expenses before depreciation	<u>3,894,332</u>	<u>2,606,251</u>
Operating income before depreciation	730,074	375,618
Depreciation expense	(848,428)	(809,900)
Summarized nonoperating revenues (expenses)	<u>42,161</u>	<u>15,379</u>
Operating loss before capital contributions	(76,193)	(418,903)
Capital contributions – federal and state	<u>521,192</u>	<u>111,150</u>
Net change in net position	444,999	(307,753)
Net position, beginning of year	<u>22,523,058</u>	<u>22,830,811</u>
Net position, end of year	\$ <u>22,968,057</u>	\$ <u>22,523,058</u>

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Authority experienced a reduction of its operating loss in the amount of \$315,928 in 2022 compared to the previous year. The primary drivers were increase in the sales of fuel and lease revenue. Lease revenue increased by \$92,132 while fuel sales increased by \$1,528,907.

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Table 3 provides a summary of the Authority's Capital Assets for 2022 compared to 2021:

Table 3
Capital Assets as of September 30

	<u>2022</u>	<u>2021</u>
Land	\$ 7,767,083	\$ 7,754,639
Construction in progress	1,068,221	696,468
Land improvements	23,783,213	23,394,810
Building and improvements	8,161,878	7,833,615
Furniture, equipment and vehicles	<u>1,067,705</u>	<u>819,572</u>
Total	41,848,100	40,499,104
Less accumulated depreciation	<u>(20,429,797)</u>	<u>(19,618,733)</u>
Capital assets, net of accumulated depreciation	<u>\$ 21,418,303</u>	<u>\$ 20,880,371</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, 2022

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

Construction Projects:

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, Crack Seal and Remark the Runway and Taxiway Foxtrot, Runway and Taxiway Safety Area Improvements, Acquiring Easements for Approaches, Rehabilitating and Expanding the Terminal Apron, Terminal Building and Auto Parking Expansion, and Construction an Air Traffic Control Tower.

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 2022. The ALP depicts Areas A, B, and C and other defined parcels that show new hangar development and other capital improvements.

Corporate and private hangar development, with expansion of commercial aeronautical services, will provide the Authority with additional and future revenue enhancement opportunities as well as additional ad valorem (property) taxes to Fayette County for hangars and 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, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,817,329	\$ 1,821,735
Accounts receivable	53,678	41,643
Inventories	125,103	77,780
Prepaid expenses	<u>48,461</u>	<u>21,609</u>
TOTAL CURRENT ASSETS	2,044,571	1,962,767
RESTRICTED ASSETS		
Cash and cash equivalents	20,099	23,211
Receivables from governmental units	<u>453,631</u>	<u>56,651</u>
TOTAL RESTRICTED ASSETS	473,730	79,862
CAPITAL ASSETS, NET	<u>21,418,303</u>	<u>20,880,371</u>
TOTAL ASSETS	\$ <u>23,936,604</u>	\$ <u>22,923,000</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable - operations	\$ 211,411	\$ 112,000
Accounts payable - construction	580,098	80,981
Accrued liabilities	67,108	41,273
Accrued interest payable - note	245	371
Current portion of note payable	39,842	38,259
Unearned revenue	7,963	28,354
Miscellaneous current liabilities	<u>11,569</u>	<u>14,374</u>
TOTAL CURRENT LIABILITIES	918,236	315,612
LONG-TERM LIABILITIES		
Note payable, net of current portion	33,711	73,630
Deposits	<u>16,600</u>	<u>10,700</u>
TOTAL LONG-TERM LIABILITIES	<u>50,311</u>	<u>84,330</u>
TOTAL LIABILITIES	<u>968,547</u>	<u>399,942</u>
NET POSITION		
Invested in capital assets, net of related debt	21,293,642	20,768,482
Restricted	473,730	79,862
Unrestricted	<u>1,200,685</u>	<u>1,674,714</u>
TOTAL NET POSITION	<u>22,968,057</u>	<u>22,523,058</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Sales - fuel	\$ 3,664,976	\$ 2,136,069
Sales - other	3,073	3,323
Rental income	861,718	769,586
Rental car commissions	3,662	2,000
Miscellaneous revenue	<u>90,977</u>	<u>70,891</u>
TOTAL OPERATING REVENUES	4,624,406	2,981,869
OPERATING EXPENSES		
Purchases	2,560,368	1,399,781
Salaries and benefits	773,773	597,365
Airport promotions	13,450	9,812
Bank fees and credit card processing fees	92,639	57,358
Fuel truck rental	39,600	33,400
Insurance	64,751	61,397
Miscellaneous	31,706	145,912
Office expenses	17,140	17,622
Professional fees	46,196	58,540
Terminal and grounds upkeep	112,447	101,602
Utilities and telephone	127,374	113,054
Vehicle expense	<u>14,888</u>	<u>10,408</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>3,894,332</u>	<u>2,606,251</u>
OPERATING INCOME BEFORE DEPRECIATION	730,074	375,618
Depreciation	<u>(848,428)</u>	<u>(809,900)</u>
OPERATING LOSS	(118,354)	(434,282)
NONOPERATING REVENUES (EXPENSES)		
Economic support for development	53,550	63,750
Interest expense	(6,198)	(5,694)
Loss on disposal of capital assets	<u>(5,191)</u>	<u>(42,677)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>42,161</u>	<u>15,379</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(76,193)	(418,903)
FEDERAL AND STATE CAPITAL CONTRIBUTIONS	<u>521,192</u>	<u>111,150</u>
NET CHANGE IN NET POSITION	444,999	(307,753)
NET POSITION– Beginning of year	<u>22,523,058</u>	<u>22,830,811</u>
NET POSITION – End of year	<u>\$ 22,968,057</u>	<u>\$ 22,523,058</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING REVENUES:		
Cash received from customers and tenants	\$ 5,355,331	\$ 3,683,137
Cash received from special events	90,977	70,891
Cash paid to suppliers	(3,922,202)	(2,766,379)
Cash paid to employees for services	<u>(746,966)</u>	<u>(612,953)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	777,140	374,696
 CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from economic support for development	53,550	63,750
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on capital and operating debt	(38,336)	(36,827)
Interest paid on capital and operating debt	(6,324)	(5,815)
Payments for capital assets	(917,760)	(382,559)
Capital contributions received	<u>124,212</u>	<u>103,350</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(838,208)</u>	<u>(321,851)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,518)	116,595
 CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,844,946</u>	<u>1,728,351</u>
 CASH AND CASH EQUIVALENTS – End of year	<u>\$ 1,837,428</u>	<u>\$ 1,844,946</u>
 UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 1,817,329	\$ 1,821,735
RESTRICTED CASH AND CASH EQUIVALENTS	<u>20,099</u>	<u>23,211</u>
	<u>\$ 1,837,428</u>	<u>\$ 1,844,946</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, 2022 AND 2021

	2022	2021
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (118,354)	\$ (434,282)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	848,428	809,900
Loss on disposal of assets	25,326	42,677
(Increase) Decrease in net assets:		
Accounts receivable	(12,035)	(27,523)
Inventories	(47,323)	(21,725)
Prepaid expenses	(26,852)	(1,591)
Increase (Decrease) in net liabilities:		
Accounts payable and accrued liabilities	122,441	17,458
Unearned revenue	(20,391)	(10,418)
Deposits	5,900	200
Net cash provided by operating activities	\$ 777,140	\$ 374,696

SUPPLEMENTAL DISCLOSURES OF INVESTING AND FINANCING ACTIVITIES

During the years ended September 30, 2022 and 2021, capital assets in the amount of \$580,098 and \$80,981, 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
SEPTEMBER 30, 2022 AND 2021

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, 2022 and 2021.

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, 2022 and 2021.

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 \$13,450 and \$9,812 for the years ended September 30, 2022 and 2021, 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, 2022 and 2021.

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.

Accounting Pronouncements Adopted

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The standard is effective for fiscal years that begin subsequent to June 15, 2021. The Authority implemented this standard in fiscal year 2022. The Authority evaluated the impact this standard, determining it had no material impact on its business.

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, 2022, the carrying amount of the Authority's cash was \$1,837,428 and the bank balance was \$1,863,439. 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

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

4. CASH AND CUSTODIAL CREDIT RISK- Continued

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.

5. INVENTORIES

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

	2022	2021
Jet-A fuel	\$ 64,500	\$ 30,935
AvGas fuel	59,858	45,602
Aircraft oil	605	906
Pilot supplies and charts	140	337
	\$ 125,103	\$ 77,780

6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2022, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets:				
Land	\$ 7,754,639	\$ 12,444	\$ -	\$ 7,767,083
Construction in progress	696,468	601,115	(229,362)	1,068,221
Total non-depreciable assets	8,451,107	613,559	(229,362)	8,835,304
Other capital assets:				
Land improvements	23,394,810	388,403	-	23,783,213
Buildings and improvements	7,833,615	333,044	(4,781)	8,161,878
Furniture, equipment, vehicles	819,572	285,906	(37,773)	1,067,705
Total other capital assets	32,047,997	1,007,353	(42,554)	33,012,796
Less accumulated depreciation for:				
Land improvements	(13,843,878)	(471,302)	-	(14,315,180)
Buildings and improvements	(5,326,962)	(303,582)	558	(5,629,986)
Furniture, equipment, vehicles	(447,893)	(73,543)	36,805	(484,631)
Total accumulated depreciation	(19,618,733)	(848,427)	37,363	(20,429,797)
Other capital assets, net	12,429,264	158,926	(5,191)	12,582,999
Capital assets, net	\$ 20,880,371	\$ 772,485	\$ (234,553)	\$ 21,418,303

Depreciation expense charged to operations was \$848,427 for the year ended September 30, 2022. As of September 30, 2022, there are no current outstanding contracts for construction.

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, 2021, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets:				
Land	\$ 7,754,639	\$ -	\$ -	\$ 7,754,639
Construction in progress	<u>588,103</u>	<u>214,993</u>	<u>(106,628)</u>	<u>696,468</u>
Total non-depreciable assets	<u>8,342,742</u>	<u>214,993</u>	<u>(106,628)</u>	<u>8,451,107</u>
Others capital assets:				
Land improvements	23,266,412	128,398	-	23,394,810
Buildings and improvements	7,812,915	21,617	(917)	7,833,615
Furniture, equipment, vehicles	<u>781,993</u>	<u>88,785</u>	<u>(51,206)</u>	<u>819,572</u>
Total other capital assets	<u>31,861,320</u>	<u>238,800</u>	<u>(52,123)</u>	<u>32,047,997</u>
Less accumulated depreciation for:				
Land improvements	(13,386,073)	(457,805)	-	(13,843,878)
Buildings and improvements	(5,043,063)	(284,174)	275	(5,326,962)
Furniture, equipment, vehicles	<u>(428,040)</u>	<u>(67,921)</u>	<u>48,068</u>	<u>(447,893)</u>
Total accumulated depreciation	<u>(18,857,176)</u>	<u>(809,900)</u>	<u>48,343</u>	<u>(19,618,733)</u>
Other capital assets, net	<u>13,004,144</u>	<u>(571,100)</u>	<u>(3,780)</u>	<u>12,429,264</u>
Capital assets, net	<u>\$ 21,346,886</u>	<u>\$ (356,107)</u>	<u>\$ (110,408)</u>	<u>\$ 20,880,371</u>

Depreciation expense charged to operations was \$809,900 for the year ended September 30, 2021.

7. NOTE PAYABLE

Note payable consist of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</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.	\$ 73,553	\$ 111,889
Less current maturities	<u>(39,842)</u>	<u>(38,259)</u>
	<u>\$ 33,711</u>	<u>\$ 73,630</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>
2023	\$ 39,842	\$ 2,278
2024	<u>33,711</u>	<u>644</u>
Total	<u>\$ 73,553</u>	<u>\$ 2,922</u>

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

7. NOTE PAYABLE – Continued

	Beginning Balance	Additions	Reductions	Ending Balance
Notes payable	\$ 111,889	\$ -	\$ (38,336)	\$ 73,553
Total debt	<u>\$ 111,889</u>	<u>\$ -</u>	<u>\$ (38,336)</u>	<u>\$ 73,553</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>
2023	\$ 259,679
2024	249,335
2025	247,607
2026	247,607
2027	247,607
Thereafter	<u>1,943,641</u>
Total	<u>\$ 3,195,476</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 \$9,338 and \$8,945 for the years ended September 30, 2022 and 2021, respectively.

10. GRANTS, COMMITMENTS AND CONTINGENCIES

Revenue by grant for the years ended September 31, 2022 and 2021, is as follows:

	2022 Federal Revenue	2022 State Revenue	2022 Totals	2021 Totals
State Grant No. 30	\$ -	\$ 37,172	\$ 37,172	\$ 111,150
State Grant No. 33	<u>464,469</u>	<u>19,551</u>	<u>484,020</u>	<u>-</u>
Totals	<u>\$ 464,469</u>	<u>\$ 56,723</u>	<u>\$ 521,192</u>	<u>\$ 111,150</u>

State Grant No. 30:

In 2021, a grant was awarded to the Authority for an engineering design services for obstruction clearing. The project contains \$190,103 of federal funds and \$10,561 of state funds with a local share of the costs being \$10,561.

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

10. GRANTS, COMMITMENTS AND CONTINGENCIES Continued

State Grant No. 33:

In 2022, a grant was awarded to the Authority to remove obstruction at the Atlanta Regional Airport – Falcon Field. The project contains \$469,835 of federal funds, \$19,777 of state funds with a local share of the costs being \$19,777.

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, 2022. The Authority received approximately 98% of its total revenue from fuel sales and hangar rentals to customers and during the year ended September 30, 2021. 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, 2022, the Authority made purchases from two vendors in the amount of \$2,650,108 which comprised approximately 55% of the total purchases for the year then ended. As of September 30, 2022, the balances due to the vendors was \$128,944, and is included in accounts payable - operations on the accompanying statements of net assets.

For the year ended September 30, 2021, the Authority made purchases from two vendors in the amount of \$1,458,361 which comprised approximately 46% of the total purchases for the year then ended. As of September 30, 2021, the balances due to this vendor was \$69,741, and is included in accounts payable - operations on the accompanying statements of net assets.

All purchases were related to fuel.

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 \$53,550 and \$63,750, respectively, for the years ended September 30, 2022 and 2021.

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 27, 2023 when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to September 30, 2022, 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, 2022, 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 27, 2023.

Report on 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.

Report on 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.

A handwritten signature in blue ink, appearing to read "Julia Kozakiewicz".

Morrow, Georgia
January 27, 2023