

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

FINANCIAL STATEMENTS

September 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

PEACHTREE CITY AIRPORT AUTHORITY

TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditor's report	1-3
Management discussion and analysis	4-7
Financial statements:	
Statements of net position	8
Statements of revenues, expenses, and changes in net position	9
Statements of cash flows	10-11
Notes to financial statements	12-20
Compliance:	
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	21-22
Schedule of Findings and Responses	23-25
Management's Corrective Action Plan	26

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, 2023 and 2022 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, 2023 and 2022 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 4-7 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 March 22, 2024, 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.

Julian S. Korak LLC

Morrow, Georgia
March 22, 2024

**PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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, 2023. Please read it in conjunction with the Authority's financial statements which begin on page 8.

Financial Highlights

- The Authority's total current assets increased by \$187,840.
- The Authority's capital assets, net of accumulated depreciation, decreased by \$385,148.
- The Authority's total liabilities decreased by \$643,172.
- The Authority's operating revenues increased by \$513,903.
- The Authority's operating expenses before depreciation increased by \$551,153.
- The Authority's net position as of September 30, 2023 is \$23,052,620.

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 position; 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 financial position for 2023 compared to 2022:

Table 1
Financial position as of September 30

Assets		
	<u>2023</u>	<u>2022</u>
Current assets	\$ 2,232,411	\$ 2,044,571
Restricted assets	112,429	473,730
Capital assets, net of accumulated depreciation	<u>21,033,155</u>	<u>21,418,303</u>
Total assets	<u>\$ 23,377,995</u>	<u>\$ 23,936,604</u>
Liabilities and Net Position		
Total liabilities	\$ 325,375	\$ 968,547
Net position		
Invested in capital assets, net of related debt	\$ 20,999,652	\$ 21,293,642
Restricted	112,429	473,730
Unrestricted	<u>1,940,539</u>	<u>1,200,685</u>
Total net position	<u>\$ 23,052,620</u>	<u>\$ 22,968,057</u>

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Table 2 provides a summary of the Authority's Changes in Net Position for 2023 compared to 2022:

Table 2
Changes in Net Position for Years Ended September 30

	<u>2023</u>	<u>2022</u>
Operating revenues		
Sales	\$ 4,158,962	\$ 3,668,049
Rental income	939,818	861,718
Rental car commissions	1,598	3,662
Miscellaneous revenue	<u>37,931</u>	<u>90,977</u>
Total operating revenues	5,138,309	4,624,406
Operating expenses		
Purchases	2,807,342	2,560,368
Salaries and benefits	928,664	773,773
Utilities and telephone	136,196	127,374
Insurance	64,550	64,751
Terminal and grounds upkeep	160,782	112,447
Bank fees and credit card processing fees	119,235	92,639
Professional fees	60,762	46,196
Other	<u>167,954</u>	<u>116,784</u>
Total operating expenses before depreciation	<u>4,445,485</u>	<u>3,894,332</u>
Operating income before depreciation	692,824	730,074
Depreciation expense	(941,301)	(848,428)
Summarized nonoperating revenues (expenses)	<u>37,750</u>	<u>42,161</u>
Operating loss before capital contributions	(210,727)	(76,193)
Capital contributions – federal and state	<u>295,290</u>	<u>521,192</u>
Net change in net position	84,563	444,999
Net position, beginning of year	<u>22,968,057</u>	<u>22,523,058</u>
Net position, end of year	<u>\$ 23,052,620</u>	<u>\$ 22,968,057</u>

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Authority experienced a continued widening of its operating loss in the amount of \$134,534 in 2023 compared to the previous year. The primary drivers were the increase in the sales of fuel and lease revenue. Lease revenue increased by \$78,100 while fuel sales increased by \$492,341.

PEACHTREE CITY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Table 3 provides a summary of the Authority's Capital Assets for 2023 compared to 2022:

Table 3
Capital Assets as of September 30

	<u>2023</u>	<u>2022</u>
Land	\$ 7,767,083	\$ 7,767,083
Construction in progress	1,316,232	1,068,221
Land improvements	23,795,077	23,783,213
Building and improvements	8,310,594	8,161,878
Furniture, equipment and vehicles	<u>1,099,305</u>	<u>1,067,705</u>
Total	42,288,291	41,848,100
Less accumulated depreciation	<u>(21,255,136)</u>	<u>(20,429,797)</u>
Capital assets, net of accumulated depreciation	<u>\$ 21,033,155</u>	<u>\$ 21,418,303</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, 2023

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, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,057,620	\$ 1,817,329
Accounts receivable	44,532	53,678
Inventories	72,286	125,103
Prepaid expenses	<u>57,973</u>	<u>48,461</u>
TOTAL CURRENT ASSETS	<u>2,232,411</u>	<u>2,044,571</u>
 RESTRICTED ASSETS		
Cash and cash equivalents	10,689	20,099
Receivables from governmental units	<u>101,740</u>	<u>453,631</u>
TOTAL RESTRICTED ASSETS	<u>112,429</u>	<u>473,730</u>
 CAPITAL ASSETS, NET	<u>21,033,155</u>	<u>21,418,303</u>
 TOTAL ASSETS	<u>\$ 23,377,995</u>	<u>\$ 23,936,604</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable - operations	\$ 142,683	\$ 211,411
Accounts payable - construction	-	580,098
Accrued liabilities	87,806	67,108
Accrued interest payable - note	112	245
Current portion of note payable	33,503	39,842
Unearned revenue	15,289	7,963
Miscellaneous current liabilities	<u>9,824</u>	<u>11,569</u>
TOTAL CURRENT LIABILITIES	<u>289,217</u>	<u>918,236</u>
 LONG-TERM LIABILITIES		
Note payable, net of current portion	-	33,711
Deposits	<u>36,158</u>	<u>16,600</u>
TOTAL LONG-TERM LIABILITIES	<u>36,158</u>	<u>50,311</u>
 TOTAL LIABILITIES	<u>325,375</u>	<u>968,547</u>
 NET POSITION		
Invested in capital assets, net of related debt	20,999,652	21,293,642
Restricted	112,429	473,730
Unrestricted	<u>1,940,539</u>	<u>1,200,685</u>
TOTAL NET POSITION	<u>23,052,620</u>	<u>22,968,057</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, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Sales - fuel	\$ 4,157,317	\$ 3,664,976
Sales - other	1,645	3,073
Rental income	939,818	861,718
Rental car commissions	1,598	3,662
Miscellaneous revenue	<u>37,931</u>	<u>90,977</u>
TOTAL OPERATING REVENUES	5,138,309	4,624,406
OPERATING EXPENSES		
Purchases	2,807,342	2,560,368
Salaries and benefits	928,664	773,773
Airport promotions	9,894	13,450
Bank fees and credit card processing fees	119,235	92,639
Fuel truck rental	39,600	39,600
Insurance	64,550	64,751
Miscellaneous	65,758	31,706
Office expenses	32,714	17,140
Professional fees	60,762	46,196
Terminal and grounds upkeep	160,782	112,447
Utilities and telephone	136,196	127,374
Vehicle expense	<u>19,988</u>	<u>14,888</u>
TOTAL OPERATING EXPENSES BEFORE DEPRECIATION	<u>4,445,485</u>	<u>3,894,332</u>
OPERATING INCOME BEFORE DEPRECIATION	692,824	730,074
Depreciation	<u>(941,301)</u>	<u>(848,428)</u>
OPERATING LOSS	(248,477)	(118,354)
NONOPERATING REVENUES (EXPENSES)		
Economic support for development	12,750	53,550
Interest income	13,391	-
Interest expense	(2,275)	(6,198)
Gain (Loss) on disposal of capital assets	<u>13,884</u>	<u>(5,191)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>37,750</u>	<u>42,161</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(210,727)	(76,193)
FEDERAL AND STATE CAPITAL CONTRIBUTIONS	<u>295,290</u>	<u>521,192</u>
NET CHANGE IN NET POSITION	84,563	444,999
NET POSITION– Beginning of year	<u>22,968,057</u>	<u>22,523,058</u>
NET POSITION – End of year	<u>\$ 23,052,620</u>	<u>\$ 22,968,057</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING REVENUES:		
Cash received from customers and tenants	\$ 6,083,584	\$ 5,355,331
Cash received from special events	37,931	90,977
Cash paid to suppliers	(4,486,262)	(3,922,202)
Cash paid to employees for services	<u>(906,994)</u>	<u>(746,966)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	728,259	777,140
 CASH FLOWS FROM NON CAPITAL AND RELATED FINANCING ACTIVITES:		
Cash received from interest earned	7,516	-
Cash received from economic support for development	<u>12,750</u>	<u>53,550</u>
NET CASH PROVIDED BY NON-CAPITAL AND RELATED INVESTING ACTIVITES	<u>20,266</u>	<u>53,550</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITES:		
Principal paid on capital and operating debt	(40,050)	(38,336)
Interest paid on capital and operating debt	(2,408)	(6,324)
Proceeds from sale of capital assets	13,884	-
Payments for capital assets	(1,108,976)	(917,760)
Capital contributions received	<u>647,181</u>	<u>124,212</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITES	<u>(517,644)</u>	<u>(838,208)</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	230,881	(7,518)
 CASH AND CASH EQUIVALENTS – Beginning of year	<u>1,837,428</u>	<u>1,844,946</u>
 CASH AND CASH EQUIVALENTS – End of year	\$ <u>2,068,309</u>	\$ <u>1,837,428</u>
 UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 2,057,620	\$ 1,817,329
RESTRICTED CASH AND CASH EQUIVALENTS	<u>10,689</u>	<u>20,099</u>
	\$ <u>2,068,309</u>	\$ <u>1,837,428</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, 2023 AND 2022

	2023	2022
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (248,477)	\$ (118,354)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	941,301	848,428
Loss on disposal of assets	-	25,326
Decrease (Increase) in net assets:		
Accounts receivable	15,021	(12,035)
Inventories	52,817	(47,323)
Prepaid expenses	(9,512)	(26,852)
(Decrease) Increase in net liabilities:		
Accounts payable and accrued liabilities	(49,775)	122,441
Unearned revenue	7,326	(20,391)
Deposits	19,558	5,900
Net cash provided by operating activities	\$ 728,259	\$ 777,140

SUPPLEMENTAL DISCLOSURES OF INVESTING AND FINANCING ACTIVITIES

During the years ended September 30, 2023 and 2022, capital assets in the amount of \$0 and \$580,098, 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, 2023 AND 2022

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 had entered into agreements whereby the City makes periodic payments to the Authority to operate and maintain its airport facilities. That agreement expired in December 2022.

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, 2023 and 2022.

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

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 \$9,894 and \$13,450 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022.

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, 2023, the carrying amount of the Authority's cash was \$2,068,309 and the bank balance was \$2,082,921. 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:

	2023	2022
Jet-A fuel	\$ 29,676	\$ 64,500
AvGas fuel	41,721	59,858
Aircraft oil	563	605
Pilot supplies and charts	326	140
	\$ 72,286	\$ 125,103

6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2023, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable assets:				
Land	\$ 7,767,083	\$ -	\$ -	\$ 7,767,083
Construction in progress	1,068,221	248,011	-	1,316,232
Total non-depreciable assets	8,835,304	248,011	-	9,083,315
Other capital assets:				
Land improvements	23,783,213	35,864	(24,000)	23,795,077
Buildings and improvements	8,161,878	203,698	(54,982)	8,310,594
Furniture, equipment, vehicles	1,067,705	68,580	(36,980)	1,099,305
Total other capital assets	33,012,796	308,142	(115,962)	33,204,976
Less accumulated depreciation for:				
Land improvements	(14,315,180)	(512,682)	24,000	(14,803,862)
Buildings and improvements	(5,629,986)	(340,942)	54,982	(5,915,946)
Furniture, equipment, vehicles	(484,632)	(87,677)	36,980	(535,329)
Total accumulated depreciation	(20,429,797)	(941,301)	115,962	(21,255,136)
Other capital assets, net	12,582,999	(633,159)	-	11,949,840
Capital assets, net	\$ 21,418,303	\$ (385,148)	\$ -	\$ 21,033,155

Depreciation expense charged to operations was \$941,301 for the year ended September 30, 2023. As of September 30, 2023, 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, 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	<u>696,468</u>	<u>601,115</u>	<u>(229,362)</u>	<u>1,068,221</u>
Total non-depreciable assets	<u>8,451,107</u>	<u>613,559</u>	<u>(229,362)</u>	<u>8,835,304</u>
Others 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	<u>819,572</u>	<u>285,906</u>	<u>(37,773)</u>	<u>1,067,705</u>
Total other capital assets	<u>32,047,997</u>	<u>1,007,353</u>	<u>(42,554)</u>	<u>33,012,796</u>
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	<u>(447,893)</u>	<u>(73,543)</u>	<u>36,805</u>	<u>(484,631)</u>
Total accumulated depreciation	<u>(19,618,733)</u>	<u>(848,427)</u>	<u>37,363</u>	<u>(20,429,797)</u>
Other capital assets, net	<u>12,429,264</u>	<u>158,926</u>	<u>(5,191)</u>	<u>12,582,999</u>
Capital assets, net	<u>\$ 20,880,371</u>	<u>\$ 772,485</u>	<u>\$ (234,553)</u>	<u>\$ 21,418,303</u>

Depreciation expense charged to operations was \$848,428 for the year ended September 30, 2022.

7. NOTE PAYABLE

Note payable consist of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</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.	\$ 33,503	\$ 73,553
Less current maturities	<u>(33,503)</u>	<u>(39,842)</u>
	<u>\$ -</u>	<u>\$ 33,711</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>
2024	\$ <u>33,503</u>	\$ <u>644</u>
Total	<u>\$ 33,503</u>	<u>\$ 644</u>

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

7. NOTE PAYABLE – Continued

	Beginning Balance	Additions	Reductions	Ending Balance
Notes payable	\$ <u>73,553</u>	\$ -	\$ <u>(40,050)</u>	\$ <u>33,503</u>
Total debt	\$ <u>73,553</u>	\$ -	\$ <u>(40,050)</u>	\$ <u>33,503</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>
2024	\$ 291,474
2025	278,687
2026	257,952
2027	256,067
2028	256,067
Thereafter	<u>1,782,317</u>
Total	<u>\$ 3,122,564</u>

9. PENSION CONTRIBUTIONS

In fiscal year 2023, the Authority switched to a Governmental Profits Shring Plan. Whereby the authority 50% up to 4% of the employee’s earnings The Authority contributed \$7,883 for the year ended September 30, 2023

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 for the year ended September 30, 2022.

10. GRANTS, COMMITMENTS AND CONTINGENCIES

Revenue by grant for the years ended September 30, 2023 and 2022, is as follows:

	2023 Federal Revenue	2023 State Revenue	2023 Totals	2022 Totals
State Grant No. 30	\$ -	\$ -	\$ -	\$ 37,172
State Grant No. 33	4,793	266	5,059	484,020
State Grant No. 34	<u>274,955</u>	<u>15,276</u>	<u>290,231</u>	-
Totals	<u>\$ 279,748</u>	<u>\$ 15,542</u>	<u>\$ 295,290</u>	<u>\$ 521,192</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.

State Grant No. 34:

In 2022, a grant was awarded to the Authority to repair cracks, seal and re mark the runway and taxiway and update the DBE plan at the Atlanta Regional Airport Falcon Field. The project contains \$295,768 of federal funds, \$14,917 of state funds with a local share of the costs being \$16,470.

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 costs 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, 2023. 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. 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, 2023, the Authority made purchases from a vendor in the amount of \$2,723,021 which comprised approximately 49% of the total purchases for the year then ended. As of September 30, 2023, the balances due to the vendors was \$104,504, and is included in accounts payable - operations on the accompanying statements of net assets.

For the year ended September 30, 2022, the Authority made purchases from a vendor 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 this vendor was \$128,944, 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 \$12,750 and \$53,550, respectively, for the years ended September 30, 2023 and 2022.

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 March 22, 2024, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to September 30, 2023, 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, 2023, 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 March 22, 2024.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-001, and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-003, 2023-004 and 2023-005 to be significant deficiencies.

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*.

Peachtree City Airport Authority's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Peachtree City Airport Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Peachtree City Airport Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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 "D. H. Florio, III".

Morrow, Georgia
March 22, 2024

**PEACHTREE CITY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Material Weaknesses:

2023-001: Rejected credit card transactions left unresolved

Criteria: When processing credit card transactions, if there is an error with the transaction, that transaction should be researched and resolved.

Condition: In reviewing a new statement of financial position account named “Credit Card Receivables” we noted 29 transactions dated from March 2023 through June of 2023 recorded in the details. As we clicked on the details in the accounting software to determine the origin of the transaction, we noted an error message on the details of the transactions stating there was an issue processing the credit card.

Effect: The transaction was removed from the Receivable sub ledger and placed in another account called “Credit Card Receivables”. That account was not reconciled all year. It appears the Authority is owed money from many of its tenants as a result of a credit card procession error. It also appears the Authority was unaware those tenants owed them money until it was brought to their attention during the audit.

Recommendation: We recommend reviewing all the accounts on the statement of net position on a monthly basis. If a new account is added, it needs to be researched and determine the origin. We further recommend, when a credit card transaction is not processed, contacting the tenant or the processor as soon as possible to get the error resolved.

View of Responsible Officials

and Corrective Actions: We agree with the finding, please see attached response.

2023-002 Improper reporting of grant revenue

Criteria: The Authority is responsible for properly reporting the amounts received from the State DOT as grant revenue.

Condition: The Authority had booked \$66,219 in revenue as an offset to fixed assets rather than grant income from the State. Additionally, the Authority failed to accrue revenue in the amount of \$101,740 related to an invoice submitted for reimbursement on September 19, 2023.

Effect: Without the adjustments made at year-end, grant revenue was significantly understated along with the receivables and fixed assets.

Recommendation: We recommend revenue only be charged to accounts associated with revenue and that all accounting activity be reviewed monthly for appropriateness..

View of Responsible Officials

and Corrective Actions: We agree with the finding, please see attached response.

**PEACHTREE CITY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES – (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Significant Deficiencies:

2022-003: Bank account reconciliation exceptions were left unresolved

Criteria: A timely and properly executed bank reconciliation identifies transactions in the cash receipts or disbursement cycles which may be improperly recorded.

Condition: In reviewing the reconciliation for September 30, 2023 operating account we noticed a significant number of outstanding deposits and expenditures which should have either cleared or been otherwise disposed.

Effect: Revenues or expenditures could be improperly stated.

Recommendation: We recommend investigating all outstanding deposits and expenditures in the normal course of reconciling the bank accounts, to reduce those reconciling items to a minimum.

View of Responsible Officials

and Corrective Actions: We agree with the finding, please see attached response.

2023-004: Cash Receipt Documentation

Criteria: If during the sale of goods, sales tax is collected on behalf of a taxing authority, it should be remitted in a timely manner to the proper taxing authorities.

Condition: In reviewing the liabilities for September 30, 2023 we noticed a significant balance in several accounts associated with sales tax withholdings and remittances. It was determined that there was a significant amount of money that had been collected for sales tax but not remitted.

Effect: Liabilities and cash balances were greater than they should have been at September 30, 2023, There may be potential penalties for late remittances for collected funds.

Recommendation: We recommend investigating all liabilities associated with the sales tax withholdings and remitting the proper amounts to the taxing authorities. We also recommend determining if the collection of sales tax is mandated for fuel sales.

View of Responsible Officials

and Corrective Actions: We agree with the finding, please see attached response.

**PEACHTREE CITY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES – (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Significant Deficiencies:

2022-005: Improper accounting for employee tax and retirement withholdings

Criteria: When withholding money from employee paychecks for any reason, that money should be remitted in a timely manner and properly accounted for on the statement of net position for the entity.

Condition: In reviewing the liabilities for September 30, 2023 we noticed a significant balance in several accounts associated with employee tax withholdings and remittances. While it was determined no additional withholdings were due, proper accounting calls for concise and properly balanced accounts especially related to employee tax withholdings. There were funds not remitted in a timely manner related to retirement withholdings.

Effect: Liabilities could be improperly stated. The Authority may be liable for violating its fiduciary duty and subjected to various financial penalties.

Recommendation: We recommend investigating and reconciling all the withholding accounts on a monthly basis so that they can be handled appropriately.

View of Responsible Officials and Corrective Actions: We agree with the finding, please see attached response.



PEACHTREE CITY AIRPORT AUTHORITY

Financial Statements September 30, 2023 and 2022

Management's Response

While each finding will be addressed with a description of the corrective action taken or to be taken, a summary explanation will provide the overarching framework that provides the foundation for the actions necessary to address each finding.

In direct response to address the reporting and recording weaknesses outlined by the recommendations, the Peachtree City Airport Authority has hired a full time CPA with extensive experience in large and small business reporting. In addition to having extensive QuickBooks experience, she has managed numerous accounting departments for organizations requiring annual audits. She is well versed in daily accounting operations with the intent of maintaining strong internal controls and ensuring proper recording of financial transactions in accordance with GAAP. Additionally, an Independent CPA has been engaged to review the results of all month end closings to ensure all accounting procedures are strictly followed and serve as an independent resource for assistance to ensure complex accounting entries are compliant with GAAP and GASB.

Findings and Corrective Action Plan

Material Weaknesses

2023-001: Rejected credit card transactions left unresolved

Criteria: When processing credit card transactions, if there is an error with the transaction should be researched and resolved.

Condition: In reviewing a new statement of financial position account named "Credit Card Receivables" we noted 29 transactions dated from March 2023 through June of 2023 recorded in the details. As we clicked on the details in the accounting software to determine the origin of the transaction, we noted an error message on the details of the transactions stating there was an issue processing the credit card.

Effect: The transaction was removed from the Receivable sub-ledger and placed in another account called "Credit Card Receivables". That account was not reconciled all year. It appears the Authority is owed money from many of its tenants as a result of a

credit card processing error. It also appears the Authority was unaware those tenants owed them money until it was brought to their attention during the audit.

Recommendation: We recommend reviewing all the accounts on the statement of net position on a monthly basis. If a new account is added, it needs to be researched and determine the origin. We further recommend, when a credit card transaction is not processed, contacting the tenant or the processor as soon as possible to get the error resolved.

View of Responsible Officials and Correction Actions:

Management agrees with finding.

Finding 2023-001, Rejected credit card transactions left unresolved.

Contact Person: Susan Blair, Controller

In April 2024, accounting policies and procedures will be written with board approved policies implemented as soon as possible. Priority will be given to balance sheet accounts requiring monthly reconciliation of all accounts, including "Credit Card Receivables". Daily, unresolved credit card translations will be identified and documented with actions taken for resolution. The objective will be to have all transactions resolved with the exception of the ones awaiting action by the customer or the credit card processor.

2023-002 Improper reporting of grant revenue

Criteria: The Authority is responsible for properly reporting the amounts received from the State DOT as grant revenue.

Condition: The Authority had booked \$66,219 in revenue as an offset to fixed assets rather than grant income from the State. Additionally, the Authority failed to accrue revenue in the amount \$101,740 related to an invoice submitted for reimbursement on September 19, 2023.

Effect: Without the adjustments made at year-end, grant revenue was significantly understated along with the receivables and fixed assets.

Recommendation: We recommend revenue only be charged to accounts associated with revenue and that all accounting activity be reviewed monthly for appropriateness.

View of Responsible Officials and Corrective Actions:

Management agrees with finding.

Finding 2023-002 Improper reporting of grant revenue

Contact Person: Susan Blair, Controller

During FY 2024, accounting policies and procedures will be written with board approved policies implemented as soon as possible. Revenue recognition will be a priority ensuring all revenue is identified and properly recorded, and reconciled to source documents. A policy specific to grants will be written and implemented upon board approval for proper, timely recognition of proceeds and related expenditures. All activity will be documented and a status report available for management and board review.

Significant Deficiencies:

2023-003: Bank account reconciliation exceptions were left unresolved

Criteria: A timely and properly executed bank reconciliation identifies transactions in the cash receipts or disbursement cycles which may be improperly recorded.

Condition: In reviewing the reconciliation of September 30, 2023, operating accounting we noticed a significant number of outstanding deposits and expenditures which should have either cleared or been otherwise disposed.

Effect: Revenue or expenditures could be improperly stated.

Recommendation: We recommend investigating all outstanding deposits and expenditures in the normal course of reconciling the bank accounts, to reduce those reconciling items to a minimum.

View of Responsible Officials and Corrective Actions:

Finding 2023-003 Improper reporting of grant revenue

Contact Person: Susan Blair, Controller

In April 2024, accounting policies and procedures will be written with board approved policies implemented as soon as possible. Priority will be given to balance sheet accounts requiring monthly reconciliation of all accounts, including all cash and cash related accounts. Reconciliation of all cash accounts will be the first and most important step of the month end close process. The policy will include the requirement for timely resolution for any uncleared deposits or disbursements. If possible, the transactions will be resolved prior to month end close. All unresolved, outstanding transactions will be documented and guidelines followed for timely stop-payment and re-issue processes. The goal will be to have only uncleared transactions related to timing of bank processing.

2023-04: Cash Receipt Documentation

Criteria: If during the sale of goods, sales tax is collected on behalf of a taxing authority, it should be remitted in a timely manner to the proper taxing authorities.

Condition: In reviewing the liabilities for September 30, 2023 we noticed a significant balance in several accounts associated with sales tax withholdings and remittances. It was determined that there was a significant amount of money that had been collected for sales tax but not remitted.

Effect: Liabilities and cash balances were greater than they should have been at September 30, 2023. There may be potential penalties for late remittances for collected funds.

Recommendation: We recommend investigating all liabilities associated with the sales tax withholdings and remitting the proper amounts to the taxing authorities. We also recommend determining if the collection of sales tax is mandated for fuel sales.

View of Responsible Officials and Corrective Actions:

Management agrees with the finding.

Finding 2023-003 Improper reporting of grant revenue

Contact Person: Susan Blair, Controller

In April 2024, accounting policies and procedures will be written with board approved policies implemented as soon as possible. Priority will be given to balance sheet accounts requiring monthly reconciliation of all liability accounts as a priority step during the month end close process. The timely filing of tax remittances will be strictly adhered to not only to avoid penalties but to participate in the vendor compensation provided by the State for timely filing and remittance of all taxes collected. The Georgia Sales and Use Tax laws will be reviewed and the taxability of fuel sales will be confirmed.

2023-005: Improper accounting for employee tax and retirement withholdings

Criteria: When withholding money from employee paychecks for any reason, that money should be remitted in a timely manner and properly accounted for on the statement of net position for the entity.

Condition: In reviewing the liabilities for September 30, 2023, we noticed a significant balance in several accounts associated with employee tax withholdings and remittances. While it was determined no additional withholdings were due, proper accounting calls for concise and properly balanced accounts especially related to employee tax withholdings. There were funds not remitted in a timely manner related to retirement withholdings.

Effect: Liabilities could be improperly stated. The Authority may be liable for violating a fiduciary duty and subjected to various financial penalties.

Recommendation: We recommend investigating and reconciling all the withholding accounts on a monthly basis so that they can be handled appropriately.

View of Responsible Officials and Corrective Actions:

Management agrees with the finding

2023-005: Improper accounting for employee tax and retirement withholdings

Contact Person: Susan Blair, Controller

Reconciliation of withholding accounts will be a priority of the month end close process that will be outlined by policies and procedures approved by management and the board. The automatic calculation and remittance of taxes within the accounting software has been implemented. Reconciliation of the payroll liabilities accounts and the retirement liability account will be completed each month to ensure the calculations are correct, and the payments processed and remitted to the correct taxing authority in a timely manner.

Respectfully,



Hope Macaluso, A.A.E.
Aviation Director