

INTER-OFFICE CORRESPONDENCE

TO ALDERMEN

DATE _____

SUBJECT MAYOR

The attached information is confidential regarding the Municipal Airport. The Airport Commission has agreed to pay the amount of \$50 thousand against a loan in the approximate amount of \$136,661.17. The Mayor asks the Council to go on record to pay the amount of \$87 thousand to clean the slate. This is a matter that has been existing since 1977 and the Mayor asks the Council to consider the matter.

BY _____

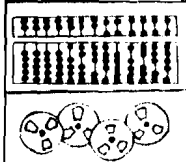
TOPS  FORM 1232

VERBAL ORDERS DON'T GO

LITHO IN U.S.A.

12-17

SCHAAF, ORR & CO., LTD.



CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE (501) 972-1170

CENTURY CENTER • P.O. BOX 1638

JONESBORO, ARKANSAS 72403

November 23, 1987

Dameron Spruill
504 Stroud
Jonesboro, AR 72401

Re: Jonesboro Airport Commission

Dear Dameron:

Per your request, the following information is supplied to detail commission operations since its inception. This report is divided into two sections. First, information relevant to the current loan at Citizens Bank, and secondly, financial information relating to operations and federal grant programs.

First, the current loan amount is approximately \$136,661.17. The original loan was \$198,000.00 secured by a certificate of indebtedness dated November 21, 1977, and authorized by Ordinance 1623 from the City of Jonesboro. Some background as to the debt origination may be helpful. The current airport commission was established on or about April 15, 1977 by Ordinance 1573 with authority under Acts of Arkansas 1949, number 53. Prior to the current commission the airport was under the authority of City Water & Light. The FBO at that time was Bill Cate who had already undertaken a building project. One of the first acts of the new commission was to award a new FBO contract on a bid basis. The new FBO Eagle Aviation Inc., was awarded the contract in August 1977.

Bill Cate, the FBO prior to August 1977, received a verbal committment from a local brokerage firm to underwrite a bond issue for this building project. Citizens Bank also received this verbal commitment and advanced monies on a short-term basis until the bond issue was approved. The loan was for a period of 5 years at 6.75% interest. After the loan was made the brokerage firm withdrew their support of the bond issue.

The loan has been renewed annually since that date with interest only except for the following principal payments:

1980	\$44,150.00
1981	10,888.83
1987	6,300.00

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

MEMBER ARKANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Payments were not made from 1982 thru 1986 due to grant requirements as further explained in the next section. The interest rate has remained at 6.75% during the entire period, even when the prime rate was at 21%. So in real terms the current commission acquired debt for projects built or under construction prior to April 15, 1977.

During the period of the new commission, all income has been generated from airport sources. The commission has not received any outside funding other than federal grant funds. The grant history is as follows:

<u>GRANT</u>	<u>AMOUNT</u>	<u>AIRPORT MATCH</u>
Master Plan	\$ 80,000.00	\$ 8,000.00
Taxi-Way Lights 11/1/82 - 3/20/85	144,122.74	7,206.14
Ramp and Runway 5/23 8/30/84 - 7/24/86	243,297.41	12,164.87
Ramp 8/5/86 - 9/17/86	295,719.60	14,785.98
Current Request	720,000.00	36,000.00

The FAA required that these programs are reimbursements. That is, the commission must have funds available to make progress payments to the contractor and then are reimbursed from the FAA. Additionally, the commission has received funds from the U. S. Air Force for damage caused by their aircraft to the airport runway.

In addition to obtaining, or having approval for, \$1,483,139.75 in improvements (at a cost of \$78,156.99 to the commission), other improvements have been made from commission funds. The total improvements to date are:

<u>YEAR</u>	<u>TOTAL FIXED ASSETS</u>	
1976	\$ 1,882,034	
1977	2,074,220	
1978	2,074,220	
1979	2,083,002	
1980	2,091,548	
1981	2,125,246	
1982	2,138,666	
1983	2,165,202	
1984	2,273,581	
1985	2,503,279	
1986	3,056,839	
1987 (10 months)	3,168,148	under contract 104,000
Proposed 1988	720,000	

If you include the \$720,000 project total, fixed assets have increased \$2,006,114 from 1976 to 1988. An increase of \$256,632 from 1976 to 1982 I cannot trace the source. My estimate is that the airport commission has expensed \$162,343 from operating revenue for fixed assets from April 1977 to present. Of importance is to realize the asset value is at cost and does not include the fair market value of these expenditures.

For additional reference the following information is supplied.

<u>YEAR</u>	<u>GROSS RECEIPTS</u>	<u>NET CASH PROFIT (LOSS)</u>
1976	\$ 33,967	\$ 13,121
1977	43,361	5,613
1978	65,415	14,582
1979	108,214	52,658
1980	84,549	10,850
1981	102,207	14,183
1982	67,414	(5,809)
1983	77,623	22,437
1984	70,889	12,119
1985	49,624	(3,487)
1986	73,880	23,560
1987 10 months	63,350	22,013

I hope you will find this information useful and if I can be of further assistance, please let me know.

Very truly yours,


Stephen J. Orr

SJO:hd

Enclosure

JONESBORO MUNICIPAL AIRPORT
Jonesboro, Arkansas

SCHEDULE OF PLANT INVESTMENT AND ACCUMULATED DEPRECIATION
December 31, 1976

A S S E T S

	Balance 12/31/75	Additions	Deductions	Balance 12/31/76
Land	\$ 287,317.76	\$ -	\$ -	\$ 287,317.76
<i>HANGAR Bidg</i>	<i>187,989.47</i>			
<u>Hangar and Hangar Equipment</u>				
All steel building	\$ 60,637.56	\$ -	\$ -	\$ 60,637.56
New roof	3,296.00	-	-	3,296.00
Heating system	8,494.23	-	-	8,494.23
Plumbing and septic tank	1,660.29	-	-	1,660.29
Wiring and lighting fixtures	2,262.45	-	-	2,262.45
Hangar building	12,554.00	-	-	12,554.00
	\$ 88,904.53	\$ -	\$ -	\$ 88,904.53
<i>Gas LINE</i>	<i>3,233.00</i>			
<u>Terminal Building</u>	\$ 73,886.00	\$ -	\$ -	\$ 73,886.00
<u>Flight Service Station</u>	\$ 82,927.05	\$ -	\$ -	\$ 82,927.05
<u>Runways and Aprons - Old</u>	\$ 185,000.00	\$ -	\$ -	\$ 185,000.00
<u>Runways and Aprons - New</u>	\$1,062,115.21	\$ -	\$ -	\$ 1,062,115.21
<u>Drainage System</u>				
Tile	\$ 59,959.61	\$ -	\$ -	\$ 59,959.61
Catch basins and outlets	5,927.27	-	-	5,927.27
Open ditch	5,746.92	-	-	5,746.92
Tile - new development area	556.20	-	-	556.20
	\$ 72,190.00	\$ -	\$ -	\$ 72,190.00
<u>Fences and Gates</u>	\$ 9,363.85	\$ -	\$ -	\$ 9,363.85
<u>Field Lighting and Wind Tees</u>	\$ 14,750.58	\$ -	\$ -	\$ 14,750.58
<u>Machinery and Equipment</u>				
Stump saw	\$ 100.00	\$ -	\$ 100.00	100.00
Mowing machine	520.15	-	-	520.15
Water cooler	211.34	-	211.34	211.34
Tractor	4,747.54	-	-	4,747.54
	\$ 5,579.03	\$ -	\$ -	\$ 5,579.03
<i>Bush Hog</i>	<i>1,275.00</i>			
TOTALS	\$1,882,034.01	\$ -	\$ -	\$ 1,882,034.01

2,074,220.14

*THIS SHOWS WHERE WE
STARTED FROM -*

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