

# DeKalb



# County

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Department of Finance

Internal Audit and Licensing

DATE: August 26, 2010

TO: Dr. Michael J. Bell, Director of Finance

FROM: Acting Deputy Director of Finance, Internal Audit & Licensing

SUBJECT: Proceeds from Sale of Airport Property

### **General Information**

DeKalb-Peachtree Airport (PDK) acquired one-hundred forty five (145) properties over a period of time with Federal Grants (Federal Aviation Administration) and Airport Funds. The acquisition of the properties was 90% funded by the Federal Aviation Administration (FAA) through the Airport Improvement Program (AIP). The remaining 10% was used with County funds.

“When this land, also known as noise land, is acquired with Airport Improvement Program (AIP) grant funds, it is subject to Grant Assurance 31, Written Assurances on Acquiring Land. The purpose of the assurance, which is based on 49 USC §47107(c)(2)(A), is to assure that optimal use is made of the federal share of the proceeds from the disposal of noise land (disposal proceeds).” Seventy-one (71) of the one-hundred forty-five properties were sold at fair market value as unneeded noise land. One parcel was sold on November 4, 2003 and the other seventy parcels were sold on January 31, 2005, totaling \$3,461,100. After eligible expenses, attorney fees, surveys, environmental reports, etc., were deducted from the FAA’s 90%, the County received \$3,370,407; a check (dated 2/7/2005) for \$497,400 and a wire (sent on 2/8/2005) for \$2,873,007.40.

Disposal Date	Total Number of Parcels	Sale Price	FAA Share (90%)	The County Share (10%)
1-31-2005	70	\$3,411,000	\$3,069,900	\$341,100
11-04-2003	1	\$50,100	\$45,090	\$5,010
<b>Grand Total:</b>		\$3,461,100	\$3,114,990	\$346,110

The Grant Assurance 31 requires “that when noise land is no longer needed for noise compatibility, the land will be disposed of and that the federal share of the disposal proceeds will be either paid to the Airport and Airway Trust Fund or will be used for another noise compatibility project.” Preferably, the FAA rather the proceeds be used for other noise compatibility project work, instead of returning the funds to the Trust Fund. The proceeds “may also be held in a separate dedicated escrow account that secures the funds for disbursement for FAA approved expenditures on eligible projects. This method must be used for any funds that are in excess of the original grant amount.”

**Purpose & Scope**

Review documents regarding the disposal proceeds of the seventy-one (71) noise land properties and the County's compliance as it relates to the proceeds of the sale. We reviewed the Grant Assurance 31 policies from the FAA's website, and County documents with regard to sale of unneeded noise land.

**Conclusion**

The County did not comply in separating the disposal proceeds into a dedicated escrow account.

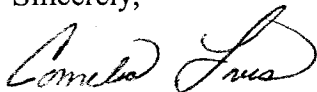
**Observation**

The noise disposal proceeds were deposited into the County's concentration account with SunTrust Bank. Disposal proceeds should not be co-mingled with County funds.

**Recommendation**

We recommend that the County establish a separate interest bearing account for the disposal proceeds.

Sincerely,



Cornelia Louis

cc: Joel Gottlieb, Assistant Director of Finance  
Mike Van Wie, Interim Airport Director  
Rhonda Naadueba, Deputy Director of Finance- Accounting Services  
Deborah Sherman, Finance-Budget and Grants/CIP Manager