

MEMO:

To: Board of Directors and Staff
From: Jane Dykstra
Subject: Financial Report
Date: April 17, 2013

The Financial Statements for the Second Quarter of Fiscal 2013 are included in this section. They cover the period from January – March 2013.

An analysis of Airside Operations is covered in a separate tab. Hangar Revenues and Warehouse Revenues are slightly (less than 1% or \$5,000) below the budgeted amounts. Other Business Income is 19% (\$12,038) ahead of budget – due to better than anticipated rental car concession revenues from Hertz.

Total Payroll, Benefits and Allocations are \$70,714 (6.8%) under budget. The District had one employee separation during the quarter, and there is one employee out on short-term disability. The largest line-item variance is in the Employee Benefit (Insurance) line, which is \$41,585 under budget. Staff did not have any experience with the new insurance program when the budget was formulated and estimated the District's self-insurance portion of the coverage conservatively. For the first six months of the fiscal year, the District has incurred \$139,754 in medical insurance expenses (including the employee portion of the premiums). The previous policy's premium was over \$33,000 per month, which would have resulted in premium costs of \$202,368 – not taking into account the amount the premiums would have increased had we renewed the policy in August. The savings to the District has been over \$60,000 for the first six months of the current fiscal year. This does not account for claims incurred, but not reported, as the District's history is minimal.

Operating, General and Administrative Expenses and Repair and Maintenance Expenses are under budget on a year-to-date basis. The following variance analysis provides explanations for individual line items that have a difference of more than \$5,000 to the budgeted amount.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
ACAT	(38.95%)	(\$14,119)	ACAT spending is under the amount budgeted; however, they have begun work on a few new projects, and anticipate a need to come before the Board before the end of the fiscal year and request additional funding.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Access Control Expense	1,111%	\$11,108	There was substantial work on the access gates related to the relocation to the new building that was not completed until the current quarter. This amount was not included in the budget, because it was assumed all work would have been completed in the prior fiscal year. If completed in the prior year, this amount would have been charged against the "Relocation Related Expense" line – which was \$52,000 under budget.
Airshow Expenses	232.15%	\$16,251	Airshow budget by month was estimated based on the prior year spending. In the current year more expenses have been incurred in advance due to planning.
Aviation Safety Initiatives	(97.99%)	(\$12,248)	The noise advisory and safety signs that were installed were an ACAT project, so they did not come out of this budget line. This category was charged for the aviation safety meeting in January and will include the expenses for the Aviation Safety Seminar on May 16 th .
Directors' Fees and Expenses	(19.62%)	(\$12,784)	The District has not been invoiced for broadcasting since December. The amount for Oct – Dec was over \$4,000 – that is the largest portion of the discrepancy. The Director medical expense is \$2,500 below budget. Nine meetings were anticipated in the first 6 months – only 5 have been held.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Election Expense	(22.65%)	(\$5,663)	Actual election costs came in below the budgeted amount.
Geographic Information System	23.64%	\$7,091	Projects are in process with AT Geo – timing may not be in accordance with the budget; however, the expenses are well within the annual budget.
Operations Monitoring Expense	(11.40%)	(\$13,558)	The budget included \$50,000 in funding for ATC testing.– talks are in process regarding various courses of action. The \$23,000 budgeted for the FAA/FTA process was spread evenly over the year – the amount has been almost completely incurred in the first 6 months.
Professional Services – Legal	(40.49%)	(\$16,195)	Legal fees are below budget, and none of the \$10,000 allotted for aviation legal expense has been tapped.
Professional Services – Computer Support	72.60%	\$7,877	Line item is over budget as the District prepaid for annual for service periods that will result in total expenses of less than the per month amount budgeted.
Professional Services – Other	(18.13%)	(\$32,998)	Amounts incurred to date and budgeted amounts (in brackets) for the anticipated projects are: Master Plan \$130,464 (\$250,000), Capital Facilities Plan \$9,278 (\$65,000), Community Survey \$3,690 (\$35,000), and Other \$5,570 (\$7,000).

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Public Relations – Internet, Print, Broadcast and Direct Mail	(68.66%)	(\$48,161)	This line item includes \$70,000 for the redesign of the website (proposals have been received and are being evaluated) and \$15,000 for an app. Of that \$85,000, \$30,000 has been reallocated to cover the Kid Zone museum display sponsorship – see the “Sponsorship” variance below.
Public Relations – Sponsorships	63.37%	\$10,297	This category is over the amount budgeted due to the contributions to the Kid Zone for the aviation/airport related display. To date \$14,300 has been donated.
Public Relations – Promotional Items	(99.89%)	(\$7,442)	The budget included NAP handouts, which have been discontinued, in favor of the Whisperplates handout. That situation is being re-evaluated.
Utilities	(7.34%)	(\$8,001)	The budgeted amount is spread evenly over the 12 months of the fiscal year. As prior year information for the new building was not available, some discrepancy is anticipated. The ramp lighting project caused 17 of the ramp lamps to be inoperable since last fall, which would decrease electricity usage.
Equipment Expense	(35.50%)	(\$13,082)	The light winter decreased the usage of diesel fuel for plowing.
Airfield Equipment, Lights & Signs	(30.42%)	(\$10,646)	The budget included \$23,000 for beacon-related projects that have been delayed due to weather.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Aviation Safety Equipment	(80.71%)	(\$5,892)	Safety projects budgeted included the lighted windcones, which have been installed and the installation of the density altitude signs, which will proceed now that the ground is thawed.
Pavement Maintenance	(86.08%)	(\$129,118)	The budget assumed that some of the pavement maintenance work would occur in October, which did not occur. The expenses to date in this category (\$24K) reflect engineering fees.
Hangar Maintenance	(98.97%)	(\$102,434)	The budget includes the cost of various repairs that have not been completed. Staff is coordinating with the Capital Facilities Plan project.
Other Business Buildings Maintenance	(56.59%)	(\$9,763)	The budget anticipated certain expenses for Hangar #1, staff is still evaluating the future use of the building, so projects have not been completed
Warehouse Facility Maintenance	224.13%	\$7,004	Warehouse space A required a replacement of the roll door at a cost of \$4900 – the expense was not budgeted.
Land Management	(77.95%)	(\$38,976)	The budget assumed the tree removal on airport property would take place in the fall of 2012. It has been delayed until August.
Depreciation Expense	(10.30%)	(\$95,440)	Depreciation has not been recorded for the Runway 11-29 project for the first six months of the year. Until all invoices are finalized for the project, it will not be shown as an active asset in the fixed asset records. Once completed, the depreciation will be adjusted.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Property Tax Revenues	1.72%	\$35,714	Property Tax Revenues were budgeted based on the valuations from the counties. In October, the District received the Estimated Allocations from the counties. Property Tax Revenues are accrued based on that report, which totals about \$71,500 in additional property taxes.
Capital Grants	(40.96%)	(\$84,830)	The budget anticipated the apron lighting/segmented circle project would have been completed last fall.

The District had 31 GPU events from the time the service went online in mid-February through March 31, 2013. The usage estimate made at the time of purchase was 12 events per month in the first year, growing to 24 per month in year three.

The demo period for the lease management software (ProDIGIQ) has begun. Certain customizations were requested by staff to optimize the platform for the District's use. A review of the software with the vendor is scheduled for April 29th

I have received training on the new HR Online system offered through Paychex. The system has the capability of keeping a great deal of personnel information in one place – easily accessible by management, but it will take some time to get everything loaded onto the platform. Once it is ready for use, I will provide training for the appropriate staff members.

The process of moving the District's 457 plan from Nationwide to Great-West is moving according to the established timeline. The first payroll deduction to be contributed to the new accounts will be for the pay period ended May 18th.

Once the Master Plan meetings have completed, I will begin investigating the possibility of the District obtaining the new "District Transparency Certificate of Excellence" offered by the Special District Leadership Foundation. One of the basic requirements if current ethics training for all board members; if any of the Directors have not completed the Ethics course in the last two years, please see me for a link to the training on the internet. There are many required items related to the District's website that will be evaluated as the website re-design process proceeds.