

MEMO:

To: Board of Directors and Staff
From: Jane Dykstra
Subject: Financial Report
Date: November 15, 2012

The September 2012 financial statements included with this tab are our internal departmental formats, which are not audited; the numbers, however, reconcile to the audited financial statements.

The audit fieldwork was completed in mid-November and the audit resulted in a clean opinion on the financial statements. James Marta and Company, the District's new audit firm, will present the Directors with bound copies of the audited financial statements for fiscal 2011-2012 when they are available.

Based on a review of sales reports, the District sold 792 fewer gallons of 100LL in the period from October 1 – November 13 of the current year than in the prior year (a 9% decrease). The number of gallons of Jet A sold in the same period was 306 less than the number sold in the prior year (a 3% decrease). Transient use events were down five from the number in the previous year.

The 2012-2013 budget is in the process of being finalized and printed. Copies will be distributed to Directors' mailboxes when completed. Copies of the budget will be available for purchase by the public for \$15. The next step will be to break the budget down by account and allocate the amounts by month (where applicable) for input into the general ledger software, CYMA.

The following table analyzes variances between the budgeted amount and actual amount for all annual variances that exceed 10% and \$10,000 on the Detailed Income Statement found on pages seven through ten of this tab.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Tie Downs	24.41%	\$14,402	The number of tie down events was down 5% from the amount budgeted, but the revenues were up due to the increase in the fees.
Transient Use Fees	21.06%	\$28,316	Similar to tie downs, TUF events were below the budgeted amount, but the rate increase pushed the revenue beyond the budget.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Other Business Leasing Income	(12.23%)	(\$12,370)	The loss of a tenant in Hangar #1 caused a shortfall of \$11,945 in revenues.
Vacation, Holiday and Sick Pay	(23.06%)	(\$44,530)	“Vacation, Holiday and Sick Pay” is estimated as a percentage of total payroll. Historically, the District has paid 15% of wages as paid time off. This year the percentage is 12% - perhaps due to how busy the staff was with the new building and other projects.
Employee Benefits Insurance	(13.55%)	(\$63,621)	The change in the employee medical insurance plan decreased the District’s expense.
Workers’ Compensation Insurance	(21.15%)	(\$12,323)	The amount budgeted for WC insurance was based on total payroll budgeted. Actual payroll was \$55,513 under budget, resulting in lower WC expense. Also, the “rate per hundred” for our most “expensive” workers decreased effective 6/1/12.
ACAT	(50.51%)	(\$38,391)	ACAT was under budget in all categories.
Accidents and Damage	2187.46%	\$32,812	This represents the cost of the “fuel testing” issue, including: testing, disposal cost, refueling – labor and product, and legal fees. Staff is working on recovering some or all of these costs from World Fuels
Airshow	188.99%	\$47,248	The Board approved an Air Fair budget which exceeded the \$25,000 originally anticipated.
Conventions and Conferences	(52.80%)	(\$13,201)	Attendance at conventions and conferences was below what was budgeted.
Directors’ Fees and Meeting Expenses	(24.15%)	(\$42,137)	The cost of broadcasting the meetings was estimated at \$75K – only \$49K had been incurred by 9/30/12. The budget anticipated more meetings – including more offsite meetings.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Insurance	(12.55%)	(\$11,921)	Insurance premium increases were less than anticipated.
Operations Monitoring Expense	51.15%	\$30,181	This line item contains expenses related to the WASP system and the flight tracking system. The budget did not anticipate Flight Tracking system maintenance expenses beginning in this fiscal year.
Legal Expenses	(28.76%)	(\$27,607)	The budget included \$36,000 for aviation law consulting – none of which was used. District Counsel fees exceeded the amount budgeted by \$8,400.
Other Professional Fees	(87.73%)	(\$59,655)	The budget included funding for a structural engineer to review buildings (\$8,000) and the creation of a capital facilities plan (\$50,000).
Public Relations – Internet, Print, Broadcast and Direct Mail	(52.35%)	(\$34,318)	This line item in the budget totaled \$65,550 and included funding for two newsletters (one was done), the creation of an application for the iPad.
Public Relations – Events and Programs	(71.51%)	(\$14,302)	Events included in the \$20,000 budget were: pilot meetings, aviation group meetings, aviation safety meetings and industry events. Due to staffing constraints, activity was lower than anticipated.
Relocation Related Expenses	(19.10%)	(\$52,343)	The District spent less on furniture, fixtures and equipment than anticipated. Deck and Patio furniture was not purchased.
Utilities	(18.55%)	(\$52,124)	Utility amounts were based on estimates for the new building.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Equipment Expense	(20.55%)	(\$17,058)	This line item includes the diesel fuel for the operation of equipment (primarily for snow removal), which was budgeted at \$30,000. Due to the low snow year, actual usage was only \$16,000.
Airfield Equipment, Lights & Signs	(52.82%)	(\$56,514)	There were \$55,000 budgeted to complete the solar taxiway light replacement project. Only \$11,000 was actually required to purchase the remaining lights. In addition, the following projects were budgeted, but not completed during the year: Alder Hill beacon fencing, tank cleaning and decommissioning and the purchase of a harness for fall protection.
Pavement Maintenance	38.23%	\$202,625	The budget included \$530,000 for pavement maintenance, cracksealing and striping. The Board approved additional pavement maintenance work at the May 2012 board meeting.
Hangars – Repair and Maintenance	(10.06%)	(\$11,269)	The budget included \$24,000 to paint two hangar rows – actual expense was \$21,000. The budget included \$10,000 for work on the M-Row roof problem – that was not expended when it was determined the problem was more significant.
Other Business Leasing Facilities – Repair and Maintenance	204.77%	\$10,238	Additional work was done on Hangar #2 and the Careflight modular before the tenants occupied the locations – the work was not anticipated in the budget.

Detailed Income Statement Line Item	Percentage Variance Over (Under) Budget	Dollar Variance Over (Under) Budget	Explanation
Land Management	(83.06%)	(\$124,589)	The budget anticipated \$100,000 for forestry work off-site and \$50,000 for the obstruction removal work on field. Actual amount expended related to the obstruction removal was \$10,500 in surveying fees from Atkins and \$15,000 in forestry work.
Other Nonoperating Revenues	Unbudgeted	\$25,000	Represents the outside donations received for the Community Park.
Operating Grants	Unbudgeted	\$34,703	The \$24,703 received from the Nevada County Transportation Commission was budgeted along with the FAA grants, as the budget assumed the Airport Master Plan would be FAA funded. A \$10,000 grant received from the CalTrans Dept of Aeronautics was not included in the budget.
Loss on Disposal of Assets	Unbudgeted	(\$234,912)	The write-off of \$64,000 in old terminal remodel (ADA compliance) costs and \$161,000 related to the reconstructed pavement at Hangar Rows E/F was not included in the budget
Interest Income	60.03%	\$21,009	The budget didn't anticipate the \$12,500 in interest accrued related to the Joerger receivable.
Federal & State Capital Contributions	14.35%	\$369,379	The budget assumed \$400,000 less in grant funding would be received for the 10-28 project.

If you have any questions, please contact me at 587-7692.