

# MEMO:

To: Board of Directors and Staff  
From: Jane Dykstra  
Subject: Financial Report  
Date: August 16, 2012

The following is a summary of fuel sales for the month of July 2012:

## Fuel Sales

	July 2012	July 2011	FYTD 11-12	FYTD 10-11	FYTD 11-12 Budget
100 LL - Gallons	14,032	14,022	67,028	66,402	
100 LL – Revenues	\$71,936	\$76,377	\$364,400	\$330,105	\$357,906
100LL – Net Revenues	\$8,250	\$7,421	\$39,783	\$31,769	\$33,352
JET A - Gallons	23,215	42,579	121,657	135,144	
JET A - Revenues	\$136,358	\$250,140	\$734,185	\$761,393	\$684,150
JET A – Net Revenues	\$62,314	\$100,374	\$313,065	\$322,643	\$287,209

The District has sold 626 more of gallons of 100LL than were sold in the first ten months of the prior fiscal year. The net revenue for 100LL exceeds the amount for the prior fiscal year due to the adjustment of the margin for full-serve fuel. In the first ten months of the fiscal year ten percent fewer gallons (13,487) of JetA were sold than were sold in the prior year. The decrease is likely due to the closure of runway 10/28 during construction. The budget took the runway closure into account by estimating the District would sell half as many gallons as it sold in the prior year during the period from July 1 through August 15<sup>th</sup>. Note that the net revenues for both types of fuel exceed the budgeted amounts. The 2012-2013 budget will use the number of gallons sold of each type of fuel for the period from July of 2011 through June of 2012 – which avoids the impact of the runway closure on fuel sales.

Overall Airside Revenues, year-to-date through July 31, 2012 are \$104,874 (9%) ahead of budget, while Total Revenues are \$93,171 (3.5%) ahead of budget. As the fiscal year draws to a close the District faces some issues that will affect operating revenues: the runway closure, vacancy of Hangar 1, and hangar rent credits to the D/E/F row tenants who are impacted by the construction project.

The J/K Row project (AIP #26) is virtually complete; the District is holding a 5% retainage from SNC for their work, and there are outstanding invoices from Atkins based on work to

wrap up the project. The District has drawn down \$549,411 of the \$695,400 grant. A summary of the project to date appears below:

AIP Eligible Expenses Incurred	\$707,021
Ineligible Expenditures	<u>\$106,113</u>
Total Costs to Date (8/15/12)	\$813,134
Amount reimbursable by the FAA	<u>(\$671,670)</u>
District cost to date	<u>\$141,464</u>

This compares to a \$672,600 (FAA portion) and a \$138,400 (District portion) included in the budget. The cost of the District's single audit was included in the grant, and since that won't be occurring until November, the grant cannot be closed out until then. You may note the difference between the amount actually drawn down (\$549,411) and the amount reimbursable to-date (\$671,670) – this is due to a change in the Department of Transportation's grant reimbursement system. The old system was shut down in early August, and the new system will not be available until at least August 20<sup>th</sup>. When the new system is up the draw downs will be processed for both this grant and for AIP #27 – the 10/28 Reconstruction Project. To date the only draw down taken on that grant was \$12,223 for the bidding costs.

We received the final property tax payment from Placer County for the 2011-2012 property tax year on August 8<sup>th</sup> in the amount of \$137,004. The original amount estimated by Placer County was \$2,812,472 and the District accrued revenues throughout the year based on the County's estimate less an allowance of 2% (total amount accrued was \$2,756,223). In the July 2012 general ledger there was an adjustment to bring the Placer County property taxes recorded up to the actual amount received – an additional \$61,657 in revenues (including RDA pass-throughs discussed below). The total property taxes from the two counties for the tax year July 2011 – June 2012 amounted to \$4,218,692, net of RDA funds (versus the \$4,315,043 for the prior tax year, a decrease of 2.2%). Nevada County made up 34% and Placer County 66% of the total (representing a 2% movement towards Placer County).

		2011-2012 Tax Year				Estimate for 2012-2013
	Estimated Revenues by the County	Actual Tax Receipts	Percentage Received	Percentage of Total		
Nevada County	\$ 1,463,723	\$ 1,440,171	98.39%	34%	\$ 1,430,000	
Placer County *	<u>\$ 2,812,472</u>	<u>\$ 2,778,521</u>	98.79%	<u>66%</u>	<u>\$ 2,725,000</u>	
Total	\$ 4,276,195	\$ 4,218,692	98.66%	100%	\$ 4,155,000	

\*Note that the Placer County amount received is net of the RDA pass-throughs that had previously been received directly from the RDA and so were not included in the estimate from the County. The RDA pass-through amount received for the 2012-2013 tax year was \$39,359.

Beginning with July 2012, property taxes are being accrued based on an estimate of \$1,430,000 (Nevada) and \$2,725,000 (Placer) for the 2012-13 tax year. That equates to a 1.5% decrease from the actual amount received (in total) and includes an allowance of 1.5% for both counties. The estimates were based on the Assessed Valuations from both counties, and the detail is summarized below.

	Placer County	Nevada County	Total
2012/2013 Valuation	\$9,938,395,315	\$5,326,453,257	\$15,264,848,572
2011/2013 Valuation	\$9,852,729,320	\$5,309,842,305	\$15,162,571,625
Increase (Decrease) from Prior Year	\$85,665,995	\$16,610,952	\$102,276,947
As a Percentage	0.87%	.31%	.67%

Detail history of the valuations is provided in the attached chart.

The Public Officials and Employment Practices Liability coverage has been renewed for the period from August 15, 2012 – August 15, 2013 at a savings of \$1,408 (9%) in premiums.

Hangar tenants in the D/E/F rows who are affected by the pavement reconstruction work received a rent credit. If they opted not to transfer to another hangar during the construction project, they received a 50% credit on their rent for the construction period. Executive staff determined a 50% credit was reasonable, considering the tenants are able to keep their belongings in their hangars and have pedestrian access to the hangars. Tenants were advised to remove vehicles or aircraft; and they are not being charged nightly fees parking fees.

In accordance with the hangar contract, a 1.5% CPI adjustment will be made to base rent amounts effective September 1 – also affecting rates was the one-half of one cent, per square foot, per month adjustment the Board of Directors voted to increase rates in conjunction with the annual consumer price index adjustment in each of the subsequent four years. When applied to the current rates of \$.336 and \$.398, these two changes will result in an increase of \$.010 for T-hangars and \$.011 for executive hangars. Hangar tenants were notified of their new rate at the time of the August billing.

Costs related to the August 2<sup>nd</sup> accident are being accumulated to submit a claim to the pilot's insurance company. Both the District's liability and property carriers have been made aware of the situation and are aiding us as necessary in preparing the claim. The costs related to the fuel testing and fuel exchange program are being collected as well.

The Budget Workshop will be held on Thursday, September 6<sup>th</sup> at 9:00 AM. My goal is to have the draft of the budget prepared by Friday, August 31, 2012 – the Friday before the Labor Day holiday.

If you have any questions, you can contact me on my direct line 530-587-7692.