MEMO:

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

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

Fuel Sales

	April 2012	**April 2011**	**FYTD 11-12**	**FYTD 10-11**	**FYTD 11-12 Budget**
100 LL - Gallons	5,764	5,435	38,078	38,930	
100 LL – Revenues	$32,331	$26,747	$205,430	$178,312	$189,088
100LL – Net Revenues	$3,685	$2,367	$22,074	$17,982	$17,621
JET A - Gallons	7,967	8,257	70,949	66,720	
JET A - Revenues	$49,790	$47,835	$424,891	$357,591	$339,606
JET A – Net Revenues	$20,024	$19,941	$177,075	$162,986	$142,568

Although staff analysis of operating results is an ongoing process, it was determined at the April 2012 Board meeting, that detailed reporting to the Board of operations and related revenues will take place on a quarterly basis. That being said, the basic information shown in the table above is valuable for the Directors and the public in apprising the level of activity at the airport and ensuring that the District's operating results are not varying drastically off budget. In addition, I will continue to offer limited analysis of the revenue and expense information that is available on a monthly basis.

The number of gallons sold of both types of fuel approximates the sales for the first seven months of the prior fiscal year. Despite selling fewer gallons year-to-date, the 100LL net revenue is greater than the prior year due to changes in the margin charged per gallon of fuel. The margin charged on full-service 100LL fuel has been increased by $.55/gallon, in lieu of a roll fee. Overall Airside Revenues, year-to-date through April 30, 2012 are $125,573 (20%) ahead of budget, while total Revenues are $121,413 (7%) ahead of budget. Over the next few months the District will face some issues that will affect operating revenues: the runway closure, vacancy of Hangar 1, and hangar rent credits to the J/K row tenants who will be impacted by the construction project.

The property and crime policies have a July 1 renewal date. The crime coverage has been offered at the same premium as last year. I have been advised by the broker that the insurance market has become more competitive. He stated that last year was the second worst year on record for the insurance industry with $105 billion in insured losses globally. He estimates that even policies with low loss exposure (such as the District's) could see 8-15% increases in premiums. As a result, I have asked him to approach other markets this year – as opposed to awaiting the Special Property Insurance Program (SPIP) renewal quote. The District has had its property coverage through the SPIP program since April 1, 2009. That first year, the premiums were $13,555 less than the renewal quote had been for our prior policy with Chubb ($38,323 versus $51,878). Details regarding the subsequent renewals appear in the table below – note that the crime coverage premium has been pulled out for comparison purposes.

	2009-2010	2010-2011	2011-2012	2012-2013
Value of Insured Property	$25,536,665	$25,732,793	$33,842,253	$33,361,287
Account Rate (per hundred in value insured)	.145759	.1490316	.1514645	Unknown
Premium	$37,222	$38,350	$51,259	TBD

The upcoming increase in the "rate per $100 of value insured" is likely to be more substantial than the 1.6% increase experienced last year. The decrease in the value of the property represents the fact that the both the old and new admin building were on the policy last year – the new building was covered under course of construction. This decrease in property value will offer a slight offset to the increased rate. The broker has approached nine additional carriers seeking quotes. If the District receives quotes which falls within the amount budgeted, staff will make the decision and bind coverage for the upcoming policy year. If there is not an alternative within the budgeted amounts, the issue will come to the Board in June.

Property tax revenues of $571,062 were received on May 11, 2012 from Nevada County. This brings the total amount received from Nevada County for the July 1, 2011 – June 30, 2012 tax year to $1,375,198 – or 94% of the $1,463,723 in their estimated allocation. This is slightly below the percentage that the District has received by the May payment in prior years. The District reserves 2% of the estimate, so it is unlikely that actual revenues for the period will come in below the amount the District has been accruing. Placer County will be submitting a payment of over $1 million on May 18, 2012. Arrangements have been made to invest $250,000 of the revenues in a 2-year CD earning .8% - which is more than twice the current LAIF rate.

The renewal for the employee medical insurance policy with Blue Shield came in with an increase of 4.03% for the twelve months beginning August 1, 2012. The budget anticipated an increase of 10%. At the Board meeting an Ad-hoc Subcommittee will be set up to discuss the employee benefit program.

M.C. Larson, the Accounting Clerk, has returned to a thirty-two hour work week. The position was originally setup as such, but due to employee turnover/vacancy issues and an increase in hangar activity she began working 40 hours per week in December of 2009. A new employee has been hired to fill the Ops/Maintenance vacancy – his first day is 5/18/12.

I will be out of the office the following dates in June: Friday the 8th, Monday and Tuesday the 18th and 19th and Monday, the 25th. Please let me know if you have any questions.