



**MONTEREY PENINSULA  
AIRPORT DISTRICT**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
JUNE 30, 2007 AND 2006

AND INDEPENDENT AUDITORS' REPORT

# MONTEREY PENINSULA AIRPORT DISTRICT

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## MONTEREY PENINSULA AIRPORT DISTRICT

### Board of Directors

June 30, 2007

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Leonard McIntosh	Chairman	December 2008
Robert DeVoe	Vice Chairman	December 2010
Carl Miller	Director	December 2010
Dana Petrak	Director	December 2008
Richard Searle	Director	December 2008

## INDEPENDENT AUDITORS' REPORT

**Board of Directors  
Monterey Peninsula Airport District  
Monterey, California**

We have audited the accompanying financial statements of the *Monterey Peninsula Airport District (the District)* as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Monterey Peninsula Airport District for the year ended June 30, 2006, were audited by other auditors whose report, dated September 25, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the *Monterey Peninsula Airport District* as of June 30, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 29, 2008 on our consideration of the *District's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Management's Discussion and Analysis on page 4 through 14 is not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents, the Schedule of Expenditures of Federal Awards and Schedule of Passenger Facility Charges Collected and Expended for the year ended June 30, 2007, which are required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the Federal Aviation Administration, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

January 29, 2008

*Hayashi & Weyland*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis (MD&A) is provided by the Monterey Peninsula Airport District (District) in compliance with requirements established by the Government Accounting Standards Board, Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, (GASB 34). It is intended to serve as an introduction to the financial statements for the fiscal year ended June 30, 2007 (FY07). The information presented here is to be read in conjunction with the financial statements, footnotes and supplementary information found in this report.

### **Mission Statement**

“The mission of the Monterey Peninsula Airport is to provide Monterey County and the Central Coast access to the air transportation system by developing and managing airport facilities and services that contribute to the economy of the region.”

### **Overview of the Monterey Peninsula Airport District**

The District was created on March 22, 1941, by the passage of State Senate Bill No. 1300, that authorized an independent public airport district which would qualify for federal funds. Upon recommendation by the District and unanimous approval by the state legislature, the District's enabling act was revised effective January 1<sup>st</sup>, 2007. These changes revised the archaic language of the original enabling act adopted in 1941 and allow the District to function more efficiently. The District governed by five directors elected by voters residing in Monterey, Pacific Grove, Del Monte Forest, Pebble Beach, Carmel-by-the-Sea, greater Carmel, the west end of Carmel Valley, Del Rey Oaks, Sand City, and Seaside.

The Monterey Peninsula Airport (Airport) encompasses 598 acres and has two parallel, east-west runways. The primary runway is 7,600 feet long and 150 feet wide. It is equipped for instrument landings with a Category I instrument landing system on runway 10R. The secondary runway is 3,500 feet long and 65 feet wide.

Five commercial airlines serve the airport. American Eagle, Delta Connection, United Express and US Airways Express provide non-stop service to six gateway hubs: Los Angeles, Phoenix, Las Vegas, Denver, Salt Lake City, and San Francisco. ExpressJet initiated non-stop service to LA-Ontario and San Diego in May 2007. There is a strong business and general aviation presence on the airfield. Two full service fixed-based operators and other aviation tenants provide aircraft line services, fuel, aircraft storage, maintenance, flight instruction, and aircraft rentals.

The District is structured as an enterprise fund. District financial statements are prepared using the accrual basis of accounting; therefore, revenues are recognized when earned, and expenses are recognized when incurred. Costs are recovered through airport rents from tenants, landing and fuel fees and other charges. Capital improvements are funded from three sources: (1) Federal grants from the Federal

## **Overview of the Monterey Peninsula Airport District (Continued)**

Aviation Administration's (FAA) Airport Improvement Program (AIP) derived from a 10% tax on the airline tickets, (2) Passenger Facility Charges (PFC) collected for each enplaned passenger at the point of origin and one intermediate stop, and (3) District contributed funds. Capital assets are capitalized and depreciated, except land, over their useful lives. The District does not receive tax revenue from residents of the District. Please refer to the notes to the financial statements for a summary of the District's significant accounting policies.

## **Overview of the Financial Statements**

Following the MD&A are the financial statements and supplemental schedules of the District. This information, taken collectively, is designed to provide readers with an understanding of the District's finances.

The *Statement of Net Assets* presents information on the District's assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of the District's financial position.

The *Statement of Revenues, Expenses and Changes in Net Assets* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that may result in cash flows in future fiscal periods.

The *Statement of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the District's cash accounts are recorded in this statement. The reconciliation at the bottom of this statement indicates the difference between cash flows from operating activities and operating income.

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

## **Financial Highlights**

- ➔ The assets of the District exceed liabilities by \$42,073,392 for FY07. Of this amount, \$4,010,424 is unrestricted and may be used for any lawful purpose of the District.
- ➔ The District's overall financial position improved as evidenced by the increase in net assets of \$4,396,337 for FY07.
- ➔ The District has no long-term debt and no outstanding bonds.

## Financial Highlights (Continued)

- ➔ In the airport industry, one standard measure of a commercial airport's size is the number of annual enplanements, i.e., passengers flying from the airport on commercial airlines. Enplaned passengers during the six-year period, FY02 through FY07, are presented in Table I. Airports nationwide suffered a severe decline in annual enplanements following the terrorist attacks of September 11, 2001.
- ➔ Annual enplanements stabilized from FY02 through FY05 at approximately 187,000. In FY06 enplanements increased 11.4% to 209,585, a direct result of the introduction of new air service to Denver, Las Vegas and Salt Lake City. Enplanements in FY07 decreased 2.0%; however, with the new service introduced by ExpressJet in May 2007, enplanements are expected to increase by 12% to approximately 230,000 in FY08.

**Table I**

TOTAL ENPLANEMENTS: FISCAL YEARS 2002 - 2007											
FY2002		FY2003		FY2004		FY2005		FY2006		FY2007	
7/01	20,029	7/02	15,920	7/03	16,909	7/04	16,425	7/05	16,750	7/06	17,891
8/01	19,603	8/02	16,960	8/03	16,587	8/04	16,815	8/05	18,176	8/06	18,257
9/01	11,784	9/02	16,258	9/03	16,336	9/04	16,489	9/05	18,798	9/06	17,443
10/01	16,218	10/02	17,030	10/03	16,428	10/04	17,162	10/05	20,308	10/06	18,604
11/01	14,713	11/02	15,515	11/03	15,559	11/04	15,650	11/05	18,033	11/06	17,040
12/01	13,293	12/02	14,210	12/03	14,436	12/04	13,577	12/05	16,402	12/06	15,901
1/02	12,714	1/03	13,098	1/04	11,843	1/05	13,203	1/06	14,248	1/07	14,244
2/02	13,770	2/03	14,567	2/04	14,389	2/05	14,405	2/06	15,972	2/07	15,072
3/02	15,705	3/03	14,957	3/04	15,581	3/05	15,495	3/06	17,696	3/07	16,849
4/02	15,353	4/03	14,386	4/04	15,898	4/05	16,121	4/06	16,863	4/07	16,268
5/02	16,890	5/03	16,467	5/04	17,123	5/05	16,474	5/06	18,206	5/07	18,394
6/02	17,331	6/03	16,828	6/04	16,609	6/05	16,371	6/06	18,133	6/07	19,613
187,403		186,196		187,698		188,187		209,585		205,576	

Chart A (page 7) presents the monthly enplanements for FY07, in total and for the five scheduled commercial airlines and the non-scheduled (charter) airline that serve the Airport.

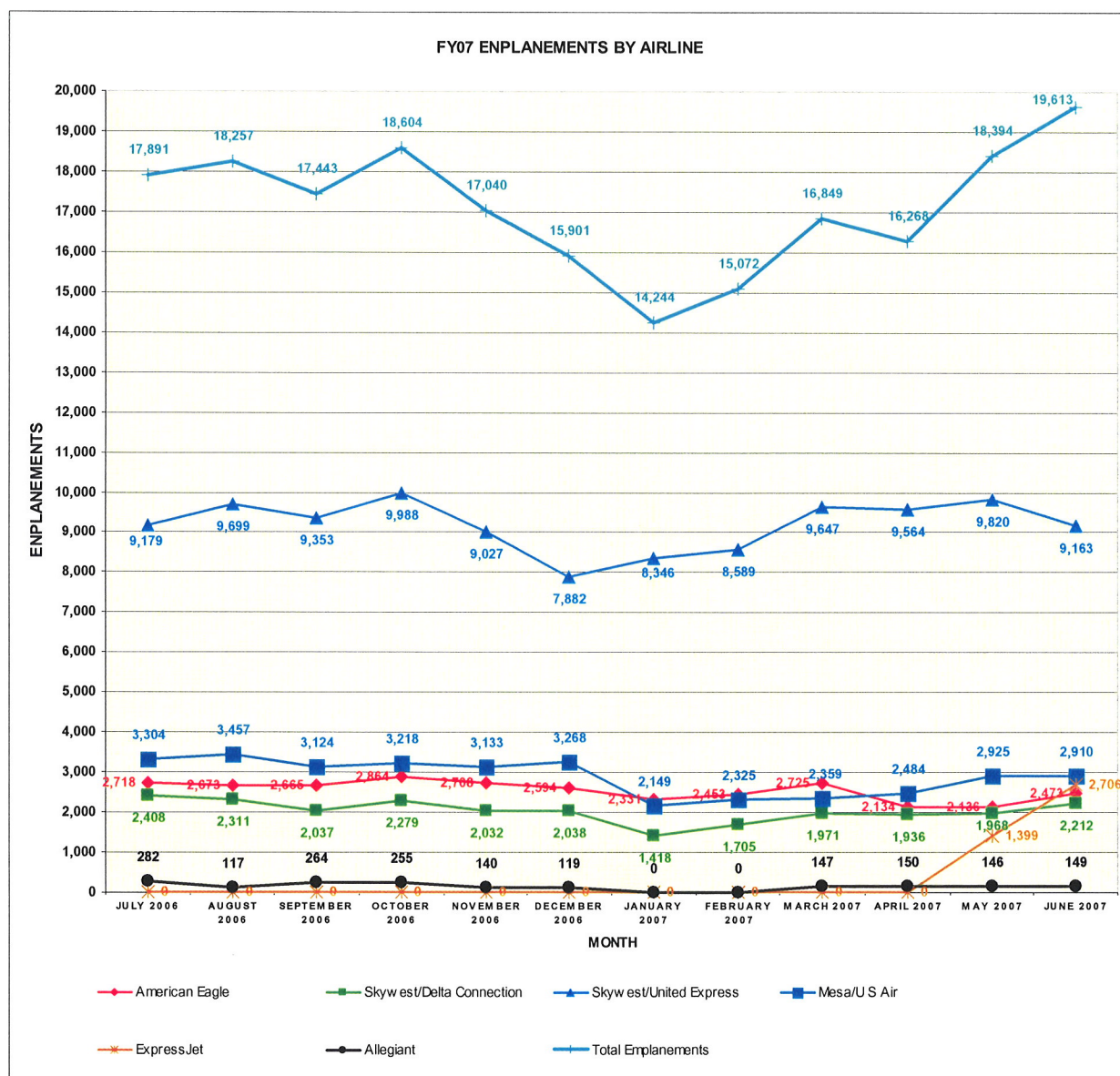
- ✓ American Eagle, a wholly-owned subsidiary of American Airlines, flies 30-seat Saab turbo-prop aircraft to Los Angeles.
- ✓ United Express, operated by SkyWest Airlines, offers non-stop flights on 27-seat Brasilia turbo-prop aircraft to Los Angeles and San Francisco. It offers first class and coach service on the 66-seat Canadair regional jet aircraft (CRJ-700) to Denver.
- ✓ Delta Connection, operated by SkyWest Airlines, offers non-stop flights on 50-seat Canadair regional jet aircraft (CRJ-200) to Salt Lake City.



## Financial Highlights (Continued)

- ✓ US Airways Express, flown by Mesa Airlines, provides non-stop service on the 50 seat CRJ-200 and 86-seat CRJ-900 to Las Vegas and Phoenix.
- ✓ ExpressJet, a wholly-owned subsidiary of Continental Airlines, offers non-stop flights on the 50-seat Embraer regional jet aircraft to Ontario (California) and San Diego.
- ✓ Allegiant Air is a non-scheduled (charter) airline that flies “gambler specials” to Nevada gaming resorts on 150-seat MD-83 type aircraft.

Chart A



## Operating Revenues

An airport functions as a landlord. District income is primarily derived from fees and lease income. Total operating revenues for the year were \$6,386,758, an increase of 12.6% from FY06 and an increase of 16.2% from FY05.

Revenues derived from the activities of commercial airlines and from airline passengers using services offered by the Airport account for 55.8% of FY07 Total Operating Revenue. This is an increase of 19.7% from FY06, and an increase of 22.6% over FY05 (see Table II as "Subtotal – Commercial Aviation"). In this category are revenues paid by commercial airlines for landing, apron and aircraft overnight parking fees and income received from tenants that rent space in the airport terminal.

The line item, "Terminal Concessions & Leases", includes lease income from many sources: concessions such as *The Golden Tee Restaurant* and the *Gifts and More* gift shop, commercial airlines that rent ticket counters and offices, five rental car companies (Hertz, Avis, Budget, National and Enterprise), long and short-term parking lots, in-terminal advertising, and other vendors. This category of revenue increased 17.6% from FY06, and 22.4% from FY05.

General Aviation activities generated 20.6% of Total Operating Revenue. Corporate aviation and general aviation tenants remit fuel fees and rental income for leased land, hangars, tie-downs, aircraft parking aprons, and offices. This is an increase of 5.9% from FY06, and an increase of 7.5% from FY05. Non-aviation tenants produced 22.0% of Total Operating Revenues. This is an increase of 3.6% from FY06, and an increase of 11.1% from FY05.

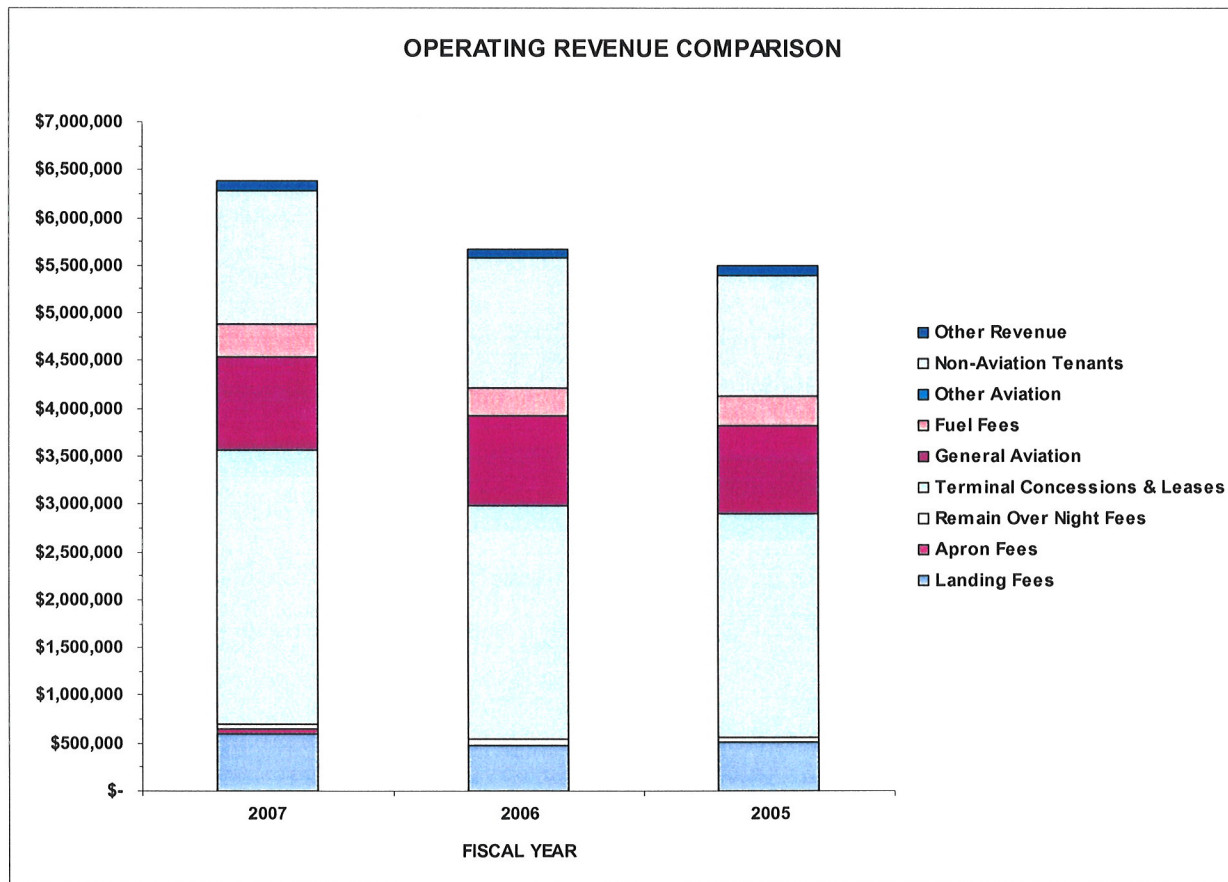
Table II presents a comparison of operating revenues for FY07 with FY06 and with FY05. Chart C (page 9) provides a graphic representation.

**Table II**

FISCAL YEAR 2007, 2006 & 2005 OPERATING REVENUE COMPARISON						
	2007		2006		2005	
Landing Fees	\$ 597,350	9.4%	\$ 486,040	8.6%	\$ 517,758	9.4%
Apron Fees	\$ 45,462	0.7%				
Remain Over Night Fees	56,629	0.9%	54,609	1.0%	49,243	0.9%
Terminal Concessions & Leases	2,866,984	44.9%	2,438,850	43.0%	2,342,531	42.6%
<b>Subtotal - Commercial Aviation</b>	<b>\$ 3,566,425</b>	<b>55.8%</b>	<b>\$ 2,979,499</b>	<b>52.5%</b>	<b>\$ 2,909,532</b>	<b>52.9%</b>
General Aviation	\$ 974,698	15.3%	\$ 939,749	16.6%	\$ 908,843	16.5%
Fuel Fees	337,504	5.3%	299,523	5.3%	312,130	5.7%
Other Aviation	3,150	0.0%	3,150	0.1%	3,150	0.1%
<b>Subtotal - General Aviation</b>	<b>\$ 1,315,352</b>	<b>20.6%</b>	<b>\$ 1,242,422</b>	<b>21.9%</b>	<b>\$ 1,224,123</b>	<b>22.3%</b>
Non-Aviation Tenants	\$ 1,402,319	22.0%	\$ 1,352,996	23.9%	\$ 1,262,520	23.0%
Other Revenue	102,662	1.6%	95,891	1.7%	100,360	1.8%
<b>Total</b>	<b>\$ 6,386,758</b>	<b>100%</b>	<b>\$ 5,670,808</b>	<b>100%</b>	<b>\$ 5,496,535</b>	<b>100%</b>

## Operating Revenues (Continued)

Chart C



## Operating Expenses

Operating Expenses increased 3.2% over Fiscal Year 2006 and 6.9% over Fiscal Year 2005. Salaries and payroll costs for all airport employees increased \$348,955 or 7.9% to just under \$4.8 million; this is 73.1% of total FY07 operating expense. Salaries and payroll costs increased \$862,684 or 22.1% when compared to FY05. As a percentage of total operating expense, salaries and payroll costs were 69.9% in FY06 and 64.0% in FY05. The airport provides a wide variety of services, and staffs its own police and fire departments. Table III (page 10) provides salary and payroll expense by airport department.

## Operating Expenses (Continued)

**Table III**

FISCAL YEAR 2007, 2006 & 2005 SALARY & PAYROLL EXPENSE						
	2007		2006		2005	
Finance & Administration	\$ 857,332	18.0%	\$ 871,526	19.7%	\$ 820,261	21.0%
Planning & Development	420,787	8.8%	410,160	9.3%	337,501	8.6%
Maintenance & Custodial Services	672,587	14.1%	695,394	15.7%	614,592	15.7%
Airport Operations	250,826	5.3%	226,635	5.1%	155,300	4.0%
Police Department	860,554	18.0%	773,948	17.5%	694,018	17.8%
Fire Department	1,708,108	35.8%	1,443,576	32.7%	1,285,838	32.9%
Total	\$ 4,770,194	100%	\$ 4,421,239	100%	\$ 3,907,510	100%

Finance & Administration, 32.3% of total FY07 expenses, decreased 4.5% from FY06, and decreased 12.7% from FY05. These decreases are due primarily to: 1) the adoption of a “user pays” philosophy, where each department is responsible for all of its expense, and 2) constraints by management. Any expense related to the District’s Board of Directors is recognized in this department.

Planning & Development, 7.0% of total FY07 expenses, decreased 0.8% from FY06, and increased 10.8% from FY05.

Maintenance & Custodial Services, which accounted for 14.2% of total FY07 operating expenses, decreased 4.4% from FY06. When compared to FY05, the department’s expenses increased 5.4%.

Airport Operations, 4.2% of total FY07 operating expenses, increased 12.4% from FY06, and increased 57.1% from FY05. Effective July 1, 2004, (for FY05) the salary and related payroll expense for the Deputy General Manager, Operations & Public Safety was redirected to the operations department (from the police department). An operations officer was hired in November 2005 (FY06).

Police Department expenses represent 14.9% of FY07 total operating expenses, an increase of 8.2% from FY06, and an increase of 15.1% from FY05. This expense category increased \$73,976 from FY06, primarily due to mandated requirements of “security level orange” that continue in effect.

The Fire Department, which represent 27.4% of total FY07 operating expenses, increased \$241,677 (15.7%) compared to the prior fiscal year. When compared to FY05, expenses increased \$408,616 (29.7%). These increases are due to: 1) the adoption of new MOU between the District and the firefighters’ union which included retro-active pay increases, and 2) staffing increases.

Table IV (page 11) compares operating expenses for FY07 with FY06 and with FY05. Chart D provides a graphic representation.

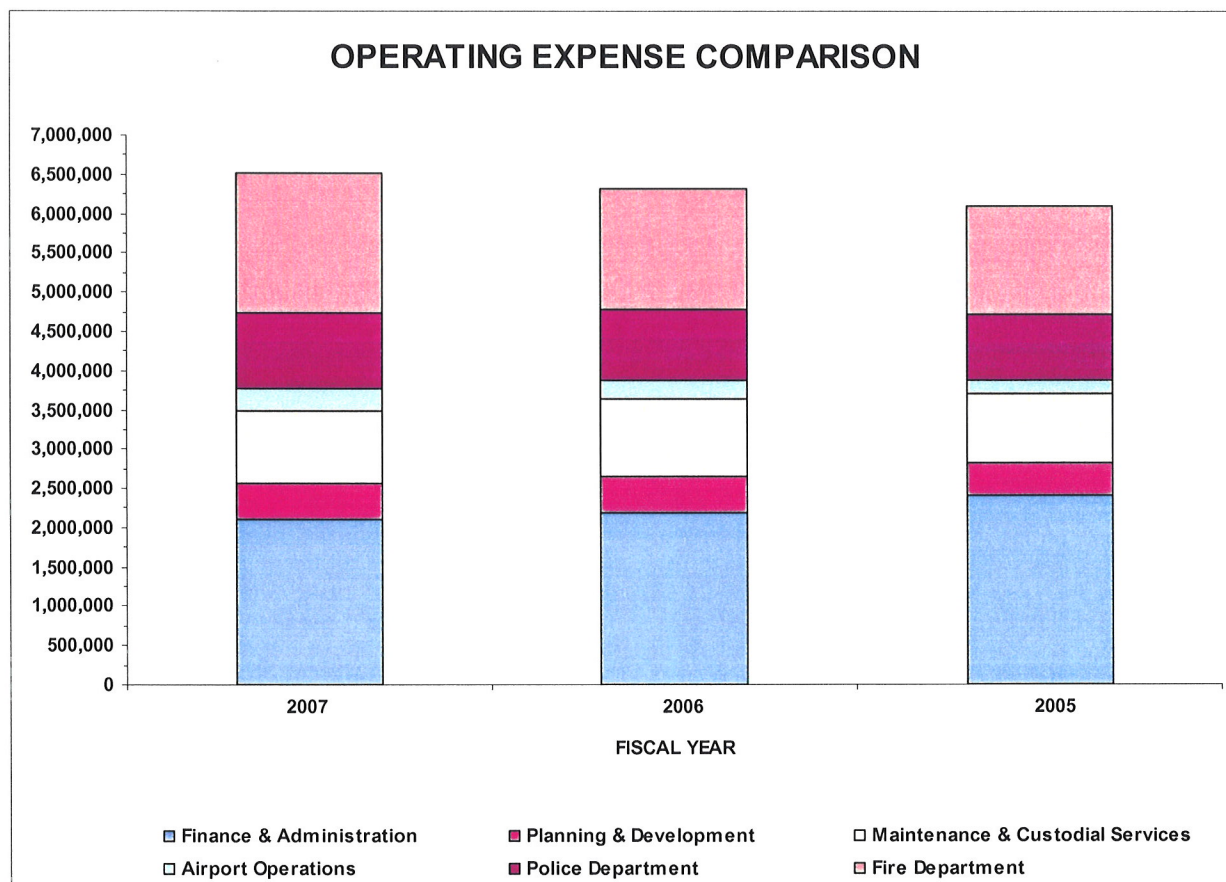


## Operating Expenses (Continued)

**Table IV**

FISCAL YEAR 2007, 2006 & 2005 OPERATING EXPENSE COMPARISON						
	2007		2006		2005	
Finance & Administration	\$	2,105,201	32.3%	\$	2,204,389	34.9%
Planning & Development		456,847	7.0%		460,591	7.3%
Maintenance & Custodial Services		928,182	14.2%		970,462	15.3%
Airport Operations		275,325	4.2%		244,971	3.9%
Police Department		974,287	14.9%		900,311	14.2%
Fire Department		1,785,706	27.4%		1,544,029	24.4%
Total	\$	6,525,548	100%	\$	6,324,753	100%
					\$	6,104,507
						100%

**Chart D**



# **Actual versus Budget – FY07 Revenues, Expenses and Change in Net Assets**

Table V compares actual revenues, expenses and change in net assets with the budget for Fiscal Year 2007.

**Table V**

<b>Operating Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Commercial Aviation - Fees	\$ 510,937	\$ 527,177	\$ 16,240
General Aviation - Fees	\$ 192,812	\$ 172,264	(20,548)
Terminal Concessions and Leases	3,016,424	2,870,134	(146,290)
Heavy General Aviation	960,110	923,356	(36,754)
Light General & Other Aviation Tenants	391,392	388,846	(2,546)
Non-Aviation Tenants	1,401,960	1,402,319	359
Other Operating Revenue	91,000	102,662	11,662
<b>Total Operating Revenue</b>	<b>\$ 6,564,635</b>	<b>\$ 6,386,758</b>	<b>\$ (177,877)</b>
<b>Operating Expenses</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Finance & Administration	\$ 2,131,724	\$ 2,105,201	\$ 26,523
Planning & Development	506,408	456,847	49,561
Maintenance & Custodial Services	1,013,826	928,182	85,644
Airport Operations	258,791	275,325	(16,534)
Police Department	876,905	974,287	(97,382)
Fire Department	1,775,864	1,785,706	(9,842)
<b>Total Operating Expenses</b>	<b>\$ 6,563,518</b>	<b>\$ 6,525,548</b>	<b>\$ 37,970</b>
<b>Net Operating Profit (Loss)</b>	<b>1,117</b>	<b>(138,790)</b>	<b>(139,907)</b>
<b>Other Revenues (Expenses)</b>	<b>\$ 138,910</b>	<b>\$ 4,535,129</b>	<b>\$ 4,396,219</b>
<b>Change in Net Assets</b>	<b>\$ 140,027</b>	<b>\$ 4,396,339</b>	<b>\$ 4,256,312</b>

## Actual versus Budget – FY06 Revenues, Expenses and Change in Net Assets

Table VI compares actual revenues, expenses and change in net assets with the budget for Fiscal Year 2006.

**Table VI**

<b>Operating Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Commercial Aviation - Fees	\$ 429,500	\$ 391,632	\$ (37,868)
General Aviation - Fees	156,200	149,017	(7,183)
Terminal Concessions and Leases	2,687,401	2,438,850	(248,551)
Heavy General Aviation	894,012	869,535	(24,477)
Light General & Other Aviation Tenants	379,806	372,887	(6,919)
Non-aviation Tennants	1,338,320	1,352,996	14,676
Other Revenue	115,600	95,891	(19,709)
<b>Total Operating Revenue</b>	<b>\$ 6,000,839</b>	<b>\$ 5,670,808</b>	<b>\$ (330,031)</b>
<b>Operating Expenses</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Finance & Administration	\$ 2,236,782	\$ 2,204,389	\$ 32,393
Planning & Development	467,031	460,591	6,440
Maintenance & Custodial Services	1,011,680	970,462	41,218
Airport Operations	257,763	244,971	12,792
Police Department	901,401	900,311	1,090
Fire Department	1,476,680	1,544,029	(67,349)
<b>Total Operating Expenses</b>	<b>\$ 6,351,337</b>	<b>\$ 6,324,753</b>	<b>\$ 26,584</b>
<b>Net Operating Profit (Loss)</b>	<b>\$ (350,498)</b>	<b>\$ (653,945)</b>	<b>\$ (303,447)</b>
<b>Other Revenues (Expenses)</b>	<b>\$ 150,000</b>	<b>\$ 3,457,048</b>	<b>\$ 3,307,048</b>
<b>Change in Net Assets</b>	<b>\$ (200,498)</b>	<b>\$ 2,803,103</b>	<b>\$ 3,003,601</b>

## Changes in Net Assets

Net assets increased \$4,396,339 from FY06 to FY07. Refer to the *Statement of Revenues, Expenses and Changes in Net Assets* presented in this report. Conforming to requirements of GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, funds received from grants and PFCs are included within the structure of the financial statements and referred to as "Other Revenue". The

### **Changes in Net Assets (Continued)**

District received \$6.1 million from FAA AIP grants and \$750,266 from PFCs to fund architectural design, engineering design, and construction costs.

Net assets increased \$2,803,103 from FY05 to FY06. The District received \$4.4 million from FAA AIP grants and \$836,789 from PFCs to fund airport improvement projects.

### **Capital and Debt Activity**

Total District assets are \$45,058,945; total liabilities are \$2,985,553. The difference is approximately \$42 million. The debt-to-equity ratio is extremely favorable because the Airport has no long term debt, an unusual situation for governmental organizations today. The District has efficiently managed its airport capital improvements by collecting FAA grants and fees and applying these to fund capital projects. For this fiscal year, net capital assets increased approximately \$6.5 million.

### **Future Impacts**

Airport revenues are driven primarily by enplanements and therefore dependent upon use or non-use by the local traveling public. After four years of remaining constant (FY02 through FY05), enplanements grew 11.4% in FY06 as a result of new air service that doubled from three to six the number of destination cities served by airlines flying from the Airport. Enplanements in FY07 decreased 2.0%. However, with the new service introduced by ExpressJet in May 2007, enplanements are expected to increase by 12% to approximately 230,000 in FY08.

The District received a 3-year Small Community Air Service Development Program grant for \$500,000, beginning October 1, 2005, from the U. S. Department of Transportation to market its air service. Working closely with industry groups and businesses in Monterey County, the District created a cooperative marketing program to increase awareness of the new air service and lower airfares. The *Fly Monterey* program promotes air travel by residents of Monterey County and attracts out-of-region visitors to the Central Coast. Greater passenger usage of the Airport will produce increased operating revenues.

On July 1, 2006 (FY07), the District introduced conventional airport industry airfield residual and terminal compensatory rate-setting methods. It moved aggressively to cut operating expenses, increased rental rates for all airport tenants, and increased landing fees and terminal rental rates. By design, the total airline payments are in line with, yet less than, costs charged by comparable airports. This methodology, combined with management controls, will ensure that operating revenues exceed operating expenses and provide funding for airport facilities and infrastructure replacement.



## **Requests for Information**

This financial report has been designed to provide a general overview of the District's accounting for anyone interested in its finances. Questions concerning any of the information should be addressed to the attention of the Deputy General Manager – Finance & Administration, Monterey Peninsula Airport District, 200 Fred Kane Drive, Suite 200, Monterey, CA 93940.

## FINANCIAL STATEMENTS

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2007 AND 2006**

	2007	2006
<u>ASSETS</u>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 368,288	\$ (898)
Investments	3,970,173	4,906,001
Accounts receivable – net	604,323	452,760
Note receivable – current portion	6,345	5,886
Interest receivable	63,493	47,310
Prepays and other current assets	71,398	102,110
Total current assets	5,084,020	5,513,169
CAPITAL ASSETS – net	28,843,932	22,338,747
<b>NONCURRENT ASSETS:</b>		
Cash and cash equivalents – restricted	663,479	1,754,580
Investments – restricted	2,008,940	1,058,547
Note receivable	51,237	57,548
Intangible assets – net	8,407,337	9,757,666
Total other assets	11,130,993	12,628,341
<b>TOTAL ASSETS</b>	<u>\$ 45,058,945</u>	<u>\$ 40,480,257</u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 196,224	\$ 610,753
Accrued liabilities	87,625	164,040
Accrued compensated absences	398,566	322,802
Deferred revenue	12,000	6,000
Funds held in trust	1,734,260	1,149,190
Total current liabilities	2,428,675	2,252,785
<b>NONCURRENT LIABILITIES:</b>		
Security deposits	305,878	293,419
Deferred revenue	251,000	257,000
Total long-term liabilities	556,878	550,419
<b>TOTAL LIABILITIES</b>	2,985,553	2,803,204
<b>NET ASSETS:</b>		
Invested in capital assets	37,251,269	32,096,413
Restricted	811,698	1,448,476
Unrestricted	4,010,425	4,132,164
<b>TOTAL NET ASSETS</b>	42,073,392	37,677,053
<b>TOTAL</b>	<u>\$ 45,058,945</u>	<u>\$ 40,480,257</u>

See Notes to Financial Statements.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	2007	2006
OPERATING REVENUES:		
Commercial aviation	\$ 527,177	\$ 391,632
General aviation	172,264	149,017
Terminal leases and concessions	2,870,134	2,438,850
Heavy general aviation tenants	923,356	869,535
Light general aviation and other aviation tenants	388,846	372,887
Non-aviation tenants	1,402,319	1,352,996
Other operating revenue	102,662	95,891
Total operating revenues	6,386,758	5,670,808
OPERATING EXPENSES:		
Finance and administration	2,105,201	2,204,389
Planning and development	456,847	460,591
Maintenance and custodial services	928,182	970,462
Airport operations	275,325	244,971
Police department	974,287	900,311
Fire department	1,785,706	1,544,029
Total operating expenses	6,525,548	6,324,753
OPERATING LOSS BEFORE DEPRECIATION AND AMORTIZATION	(138,790)	(653,945)
DEPRECIATION AND AMORTIZATION	2,740,756	2,124,332
OPERATING LOSS	(2,879,546)	(2,778,277)
NONOPERATING REVENUES:		
Grants - FAA	6,128,037	4,429,306
Passenger Facility Charges	750,266	836,789
Interest income	271,230	265,196
Unrealized gain/(loss) on investments	124,695	(66,886)
Grants - EMS	1,657	1,000
Grants - FEMA	-	55,975
Gain on disposal of capital assets	-	60,000
Total nonoperating revenues	7,275,885	5,581,380
CHANGE IN NET ASSETS	4,396,339	2,803,103
NET ASSETS, BEGINNING OF YEAR	37,677,053	34,873,950
NET ASSETS, END OF YEAR	\$ 42,073,392	\$ 37,677,053

See Notes to Financial Statements.



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 6,730,063	\$ 5,451,247
Other receipts	108,514	4,490
Payments to vendors and employees	<u>(6,910,015)</u>	<u>(5,233,340)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(71,438)</u>	<u>222,397</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from grants and PFC charges	6,879,960	5,647,471
Payments for purchases of fixed assets and construction of property – net of disposals	<u>(7,895,614)</u>	<u>(6,169,374)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(1,015,654)</u>	<u>(521,903)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	379,742	270,377
Investments purchased	<u>(14,565)</u>	<u>(270,802)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>365,177</u>	<u>(425)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(721,915)	(299,931)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,753,682</u>	<u>2,053,613</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,031,767</u></u>	<u><u>\$ 1,753,682</u></u>

See Notes to Financial Statements.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**  
(Continued)

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (2,879,546)	\$ (2,778,277)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	2,740,756	2,124,332
(Increase) decrease in:		
Accounts receivable	(151,563)	(221,863)
Note receivable	5,852	5,490
Prepays and other current assets	30,712	18,543
Increase (decrease) in:		
Accounts payable	(414,528)	(124,389)
Accrued liabilities	(651)	46,545
Deferred revenue	-	(6,608)
Funds held in trust	585,071	1,149,190
Security deposits	12,459	9,434
	<u>12,459</u>	<u>9,434</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (71,438)</u>	<u>\$ 222,397</u>
CASH AND CASH EQUIVALENTS – Unrestricted	\$ 368,288	\$ (898)
CASH AND CASH EQUIVALENTS – Restricted	<u>663,479</u>	<u>1,754,580</u>
TOTAL	<u>\$ 1,031,767</u>	<u>\$ 1,753,682</u>

See Notes to Financial Statements.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Reporting Entity** – The Monterey Peninsulas Airport District (the District) was established under the provisions of Article #133 of the General Law of the State of California on March 22, 1941 for the purpose of operating and maintaining a public airport. Originally, it consisted of 37 acres which were contributed to the District by the City of Monterey. Additional land has been acquired by grants and purchases in subsequent years. As of June 30, 2007, the District's total acreage amounted to approximately 600 acres.

**Reporting Entity** – The financial statements of the District, in accordance with governmental accounting and financial reporting standards, include funds and account groups that are controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, designation of management, and ability to significantly influence operations. All known activities of the District have been included in these financial statements. There are no known potential component units that have been excluded.

**Basis of Accounting and Financial Statement Presentation** – In accordance with generally accepted accounting principles (GAAP) applicable to governmental units, the accounts of the District are organized into one proprietary type fund, the Enterprise Fund.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of operating the primary activities of the District, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." Accordingly, the District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's discussion and Analysis – for State and Local Governments*. This statement provided for the most significant change in financial reporting in over twenty years and called for a phased implementation based on size of government starting with the year ending June 30, 2002. The District implemented the basic model for the year ending June 30, 2004.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Cash and Cash Equivalents** – The District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Receivables** – Receivables from tenants are recorded when the revenues are earned under the accrual method of accounting and accounted for using the allowance method. The allowance at June 30, 2007 and June 30, 2006 was \$10,000 and \$30,000, respectively.

**Prepaid Expenses** – Prepaid amounts have been allocated to expense prorate in the periods in which the benefit was received.

**Investments** – The District invests its surplus cash in certificates of deposits with original maturity dates of three months or longer.

**Capital Assets** – Capital assets are stated at cost or estimated historical cost if original cost is not available. Gifts or contributions of such assets are stated at estimated fair market value at the date received.

Depreciation has been provided over the following estimated useful lives using the straight-line method:

Land improvements	10 – 40 Years
Buildings and improvements	10 – 40 Years
Furniture, equipment and vehicles	3 – 20 Years

Depreciation of assets is recorded as an expense in the statements of revenues, expenses and changes in net assets.

Tangible assets include the District's logo, noise study, master plan update and soundproofing of neighboring residences. These have been amortized on the straight-line basis over the estimated useful lives of the assets which are 10 – 40 years. No depreciation is provided on construction-in-progress until construction is complete and the asset is placed in service.

**Compensated Absences** – The District's personnel policy provides full-time employees with vacation and sick leave in varying amounts, and at termination or retirement, employees are paid for accumulated (vested) vacation. Employees are paid for accumulated sick leave to a maximum of one month's salary. Accordingly, compensation for vacation and sick leave is charged to expense as earned by the employee, and accumulated, unpaid vacation and sick leave, which is payable upon an employee's termination or retirement, is recorded as a liability.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Deferred Revenue** – Deferred revenue represents amounts collected before year-end which were not earned as of June 30, 2007 and 2006.

**Net Assets** – Net assets represent the difference between assets and liabilities and are classified into the following net asset categories:

**Invested in Capital Assets, Net of Related Debt** – Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds.

**Restricted** – Restricted net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Unrestricted** – Unrestricted net assets consists of net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

**Passenger Facility Charge (PFC)** – In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. In May 1991, the Federal Aviation Administration issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects which meet at least one of the following criteria: preserve or enhance safety, security or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnished opportunities for enhanced competition between or among carriers.

The District was granted permission to begin collection of a \$3 PFC effective January 1, 1994. The charges, less an administrative fee charged by the airlines for processing, are collected by the airlines and remitted on a monthly basis to the District. Effective July 27, 2001 the District received approval from the FAA to increase the PFC charge to \$4.50 per enplaned passenger.

In accordance with GASB Statements 33 and 34, the District records PFCs as nonoperating revenue. The fees are reserved for specific purposes as defined in the approval letter received from the Federal Aviation Administration’s administrator.

The District’s applications for PFCs were approved as impose and use. It is the position of the District that these receipts should be recognized immediately.

**Reclassifications** – Certain reclassifications have been made to the 2006 financial statements to conform to the 2007 presentation.

**Estimates** – The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results are not expected to differ from those estimates.

## NOTE 2. CASH AND INVESTMENTS

Balances in cash and cash equivalents consist of bank accounts insured by the Federal Depository Insurance Corporation (FDIC) and unsecured and uncollateralized deposits in the California State Treasurer's Investment Pool, known as the Local Agencies Investment Fund (LAIF). As of June 30, 2007 and 2006, the bank balances exceeded the FDIC limit by \$822,743 and \$1,733,035, respectively. The uninsured amount is, however, collateralized at a rate of 110% by securities which are held for the benefit of the District. Money in LAIF is invested by the State Treasurer to realize the maximum return consistent with prudent treasury management. All earnings of the fund, less a reimbursement of management costs incurred not to exceed one quarter of one percent of earnings, are distributed to the contributing agencies in their relative shares each quarter. The balances of funds in LAIF approximated fair market value as of June 30, 2007 and 2006.

**Restricted Cash and Investments** – Balances in restricted cash consist of security deposits from tenants held in certificates of deposit, demand deposits and investment restricted as Passenger Facility Charges.

**Cash, Cash Equivalents, Investments and Restricted Cash** – Investments consist of time certificates which have a maturity date greater than three months, amounts in the LAIF and money market funds as of June 30, 2007 and 2006. The certificates and money market funds are entirely covered by the FDIC and represent unspent passenger facility charges restricted for airport improvements.

Cash and investments (at market value) consist of the following at June 30, 2007 and 2006:

2007						
	Restricted					Totals
	Unrestricted	QTAC	Security Deposits	Passenger Facilities Charges	ASA/EMS	
Cash in bank	\$ 368,288	\$ 134,762	\$ 216,704	\$ 306,504	\$ 5,509	\$ 1,031,767
Investments	2,919,832	1,420,082	89,174	499,684	—	4,928,772
LAIF	1,050,341	—	—	—	—	1,050,341
Total	<u>\$ 4,338,461</u>	<u>\$ 1,554,844</u>	<u>\$ 305,878</u>	<u>\$ 806,188</u>	<u>\$ 5,509</u>	<u>\$ 7,010,880</u>
2006						
	Restricted					Totals
	Unrestricted	QTAC	Security Deposits	Passenger Facilities Charges	ASA/EMS	
Cash in bank	\$ (898)	\$ 59,094	\$ 247,010	\$ 1,444,629	\$ 3,847	\$ 1,753,682
Investments	3,656,308	1,009,243	49,304	—	—	4,714,855
LAIF	1,249,693	—	—	—	—	1,249,693
Total	<u>\$ 4,905,103</u>	<u>\$ 1,068,337</u>	<u>\$ 296,314</u>	<u>\$ 1,444,629</u>	<u>\$ 3,847</u>	<u>\$ 7,718,230</u>

**NOTE 2. CASH AND INVESTMENTS (Continued)**

**Custodial Credit Risk Related to Deposits** – Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk. As of June 30, 2007 and 2006, \$822,743 and \$1,733,035, respectively, of the District's bank balances were exposed to custodial credit risk as follows:

	<u>2007</u>	<u>2006</u>
Uninsured and collateral held by the pledging financial institution's agent but not in the name of the District.	\$ <u>822,743</u>	\$ <u>1,733,035</u>
Total	\$ <u>822,743</u>	\$ <u>1,733,035</u>

**Custodial Credit Risk Related to Investments** – The custodial credit risk for investments is the risk that a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The District does not have an investment policy for custodial credit risk. As of June 30, 2007, none of the District's investments (including those in LAIF) meet the definition of investments that are subject to the above categorization.

**Concentration of Credit Risk** – While it is the District's policy to limit its investment in time deposits to a maximum of \$100,000 to a single issuer, the District places no limit on the amount it may invest in LAIF. As of June 30, 2007 and 2006, approximately 18% and 21% of total investments were held in LAIF.

**Interest Rate Risk** – The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30 are as follows:

	<u>2007</u>	<u>2006</u>
Accounts receivable	\$ 614,323	\$ 482,760
Less allowance for doubtful accounts	<u>10,000</u>	<u>30,000</u>
Accounts receivable – net	\$ <u>604,323</u>	\$ <u>452,760</u>



**NOTE 4. CAPITAL ASSETS**

Capital assets at June 30 are as follows:

	2007		
	Balance as of June 30, 2006	Additions Transfers	Deletions Transfers
Capital assets not being depreciated:			
Land	\$ 1,683,547	\$ -	\$ -
Construction in progress	3,277,924	7,848,724	-
Total capital assets not being depreciated	4,961,471	7,848,724	-
Capital assets being depreciated:			
Land improvements	25,647,323	17,616	-
Buildings	11,838,934	-	-
Furniture, equipment and vehicles	3,140,192	29,274	-
Total capital assets being depreciated	40,626,449	46,890	-
Accumulated depreciation:			
Land improvements	16,166,624	692,340	-
Buildings	5,245,135	492,175	-
Furniture, equipment and vehicles	1,837,414	205,914	-
Total accumulated depreciation	23,249,173	1,390,429	-
Total capital assets being depreciated - net	17,377,276	(1,343,539)	-
Capital assets - net	<u>\$ 22,338,747</u>	<u>\$ 6,505,185</u>	<u>\$ -</u>

	2006		
	Balance as of June 30, 2005	Additions Transfers	Deletions Transfers
Capital assets not being depreciated:			
Land	\$ 1,683,547	\$ -	\$ -
Construction in progress	5,226,913	-	(1,948,989)
Total capital assets not being depreciated	6,910,460	-	(1,948,989)
Capital assets being depreciated:			
Land improvements	24,688,314	959,009	-
Buildings	9,521,674	2,317,260	-
Furniture, equipment and vehicles	2,875,941	264,251	-
Total capital assets being depreciated	37,085,929	3,540,520	-
Accumulated depreciation:			
Land improvements	15,544,977	621,647	-
Buildings	4,892,930	352,205	-
Furniture, equipment and vehicles	2,130,454	(293,040)	-
Total accumulated depreciation	22,568,361	680,812	-
Total capital assets being depreciated - net	14,517,568	2,859,708	-
Capital assets - net	<u>\$ 21,428,028</u>	<u>\$ 2,859,708</u>	<u>\$ (1,948,989)</u>

**NOTE 5. INTANGIBLE ASSETS**

The District's intangible assets at June 30 are as follows:

	<u>2007</u>	<u>2006</u>
Noise study and soundproofing	\$ 14,542,136	\$ 14,542,136
Master Plan	208,440	208,440
Logo	<u>9,833</u>	<u>9,833</u>
Total	14,760,409	14,760,409
Less accumulated amortization	<u>6,353,072</u>	<u>5,002,743</u>
Intangible assets – net	<u>\$ 8,407,337</u>	<u>\$ 9,757,666</u>

**NOTE 6. OPERATING LEASES**

A significant portion of the District's revenue comes from operating leases of which the District is the lessor. The District leases parts of the terminal building, parking areas, north side buildings, land, hangars and ramps to various businesses and individuals. The cost of property held for leasing is not readily determinable.

Future minimum rentals on noncancelable leases are as follows:

<u>Year Ending June 30</u>	
2008	\$ 1,445,568
2009	1,445,568
2010	1,444,368
2011	1,349,358
2012	1,341,948
2013 and thereafter	<u>34,962,000</u>
Total	<u>\$ 41,988,810</u>

Maximum rentals which are adjusted periodically based on the Consumer Price Index have been shown at current payment amounts.

**NOTE 7. DEFERRED REVENUE**

Deferred revenue at June 30 consists of the following:

	<u>2007</u>	<u>2006</u>
Art program grant received in advance	\$ 6,000	\$ –
Advance rents received from DBO Development	<u>257,000</u>	<u>263,000</u>
Total	<u>\$ 263,000</u>	<u>\$ 263,000</u>

**NOTE 8. FUNDS HELD IN TRUST**

Funds held in trust represents monies collected from various rental car companies. The companies remit \$10 for each car rental at the Airport. The District is to hold and invest funds on their behalf until the amount reaches \$2,000,000, at which time the funds will be used to construct a facility for car rentals and car wash on the Airport's ground.

**NOTE 9. RESTRICTED NET ASSETS**

Restricted net assets at June 30 consists of the following:

	<u>2007</u>	<u>2006</u>
Unspent passenger facility charges	\$ 806,188	\$ 1,444,629
Asset Seizure Account	3,053	3,050
Emergency Medical Supplies	<u>2,457</u>	<u>2,456</u>
Total	<u>\$ 811,698</u>	<u>\$ 1,450,135</u>

**NOTE 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)**

**Plan Description** – The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement, disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy** – Participants are required to contribute approximately 7% – 9% of their annual covered salary. The District is required to contribute 10.140% (31.284% for safety employees) of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.

**Annual Pension Cost** – For the year ended June 30, 2007 and the District's annual pension cost of \$754,145 for CalPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation.

A summary of principle assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2004
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	14 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market

**NOTE 10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) (Continued)****Actuarial Assumptions:**

Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service and type of employment for miscellaneous and safety employees
Inflation	3.0%
Payroll Growth	3.25% to 14.45%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

**Asset Valuation Method** – In order to dampen the effect of short-term market value fluctuations on employer contributions rates, the following asset smoothing technique is used. First an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-third of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However in no case will the Actuarial Value of Assets be less than 80% or greater than 120% of the actual Market Value of Assets.

**Three Year Trend Information for Miscellaneous Plan**

Fiscal Year	Annual Pension Cost APC	Percentage of APC Contributed	Net Pension Obligation
06/30/05	\$ 847,064	100%	\$ -0-
06/30/06	\$ 780,669	100%	\$ -0-
06/30/07	\$ 754,145	100%	\$ -0-

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

The District is also, from time to time, involved in lawsuits arising in the ordinary course of District operations, that in the opinion of management, will not have a material effect on results of operations.

The District receives significant financial assistance from the U.S. government in the form of contracts and grants. Entitlement to these resources is generally contingent upon compliance with the terms and conditions of the contract or grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all federal grants and contracts are subject to a financial and compliance audit under federal regulations. Disallowed costs as a result of compliance audits become a liability to the District. Management believes that the potential for a material liability due to future audit disallowance is remote.

**NOTE 12. BUDGETARY REPORTING BASIS**

The District does not budget depreciation and certain other non-operating revenue and expense items. This method differs from accounting principles generally accepted in the United States of America (GAAP). For the year ending June 30, 2008 the District's budget includes depreciation and other nonoperating revenue and expense items, which will make the budget compliant with GAAP.

## **SUPPLEMENTAL INFORMATION**

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF CONSTRUCTION-IN-PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Projects		Balance at June 30, 2006	Additions/ (Deletions)	Completed/ Transferred to Capital Assets	Balance at June 30, 2007
No.	Title				
AIP 36B	Security Access Control, Phase 2	\$ 66,801	\$ 557,838	\$ -	\$ 624,639
AIP 36C	Terminal Modernization Improvements	1,345,387	4,904,285	-	6,249,672
AIP 39B	Terminal Passenger Circulation and Auto Baggage System	958,901	-	-	958,901
AIP 40	Residential Soundproofing, Phase 10, Construction	278,223	1,654,760	-	1,932,983
AIP 41	Terminal Infrastructure Upgrade	21,669	-	-	21,669
AIP 42	Residential Soundproofing, Phase 11	-	331,599	-	331,599
AIP 43	Noise Exposure Map Update	-	230,780	-	230,780
AIP 44	Runway Safety Area Study	-	83,055	-	83,055
AIP 45	Baggage Area Electrical Upgrade	-	9,745	-	9,745
AIP 46	Airline Office/Hallway Remodel	-	78,457	-	78,457
AIP T-25	Service Road to Runway 28L	244,448	8,447	-	252,895
MPAD 114	Quick Turn Around (QTA) Area	190,991	18,001	-	208,992
4005	Bordonaro, Phase 3	28,243	(28,243)	-	-
PFC Funded Projects:					
PFC BB	EIR Roadway Circulation Projects – PFC	100,178	-	-	100,178
PFC EE	Airport Biological Assessment	43,083	-	-	43,083
TOTAL		<u>\$ 3,277,924</u>	<u>\$ 7,848,724</u>	<u>\$ -</u>	<u>\$ 11,126,648</u>

See Notes to Financial Statements.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF CONSTRUCTION-IN-PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

Projects		Balance at	Additions/	Completed/ Transferred	Balance at
No.	Title	June 30, 2005	(Deletions)	to Capital Assets	June 30, 2006
AIP 35E	Access Security Control	\$ 188,311	\$ 300,625	\$ (488,936)	\$ -
AIP 35F	Passback Security System	1,160	146,766	(147,926)	-
AIP 35G	Terminal Improvements and Modifications	692,719	-	(692,719)	-
AIP 36A	Airfield Markings	563,676	-	(563,676)	-
AIP 36B	Security Access Control, Phase 2	2,805	63,996	-	66,801
AIP 36C	Terminal Modernization Improvements	457,856	887,531	-	1,345,387
AIP 37	Residential Soundproofing, Phase 8	1,950,789	-	(1,950,789)	-
AIP 38	Residential Soundproofing, Phase 9	256,502	1,435,384	(1,691,886)	-
AIP 38B	Residential Soundproofing, Phase 10	91,824	244,596	(336,420)	-
AIP 39	Purchase of ARFF Equipment – Index B	21,432	-	(21,432)	-
AIP 39B	Terminal Passenger Circulation and Auto Baggage System	264,943	693,958	-	958,901
AIP 40	Residential Soundproofing, Phase 10, Construction	-	278,223	-	278,223
AIP 41	Terminal Infrastructure Upgrade	-	21,669	-	21,669
AIP T-24	Terminal Road Improvements	118,334	-	(118,334)	-
AIP T-25	Service Road to Runway 28L	2,364	-	(2,364)	-
AIP T-27	Land Acquisition/Environmental Mitigation	148,915	95,533	-	244,448
MPAD 112	Maintenance Department Expansions/Improvements	4,000	-	(4,000)	-
MPAD 114	Quick Turn Around (QTA) Area	15,854	-	(15,854)	-
MPAD 4-7	NSSI, Phase 3	171,871	19,120	-	190,991
4005	Bordonaro, Phase 3	710	-	(710)	-
		13,875	14,368	-	28,243
PFC Funded Projects:					
PFC BB	EIR Roadway Circulation Projects – PFC	131,736	-	(31,558)	100,178
PFC EE	Airport Biological Assessment	101,192	-	(58,109)	43,083
PFC Y	Terminal Elevator	26,044	-	(26,044)	-
TOTAL		<u>\$ 5,226,912</u>	<u>\$ 4,201,769</u>	<u>\$ (6,150,757)</u>	<u>\$ 3,277,924</u>

See Notes to Financial Statements.



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OPERATING REVENUES:</b>			
Commercial aviation:			
Landing fees	\$ 428,175	\$ 425,086	\$ (3,089)
RON fees	58,071	56,629	(1,442)
Apron fees	24,691	45,462	20,771
Total commercial aviation	<u>510,937</u>	<u>527,177</u>	<u>16,240</u>
General aviation -			
Landing fees	<u>192,812</u>	<u>172,264</u>	<u>(20,548)</u>
Total general aviation	<u>192,812</u>	<u>172,264</u>	<u>(20,548)</u>
Terminal leases and concessions:			
Gate usage fees	9,452	8,456	(996)
Terminal space rent	955,721	863,078	(92,643)
Terminal concessions	156,156	147,102	(9,054)
Rental car concessions	1,162,703	1,114,688	(48,015)
Parking concession	729,242	733,660	4,418
Tower lease	<u>3,150</u>	<u>3,150</u>	<u>-</u>
Total terminal leases and concessions	<u>3,016,424</u>	<u>2,870,134</u>	<u>(146,290)</u>
Heavy general aviation tenants:			
FBO rents	588,264	585,852	(2,412)
Fuel flowage fees	<u>371,846</u>	<u>337,504</u>	<u>(34,342)</u>
Total heavy general aviation tenants	<u>960,110</u>	<u>923,356</u>	<u>(36,754)</u>
Light general and other aviation tenants:			
Facility/space rents	176,508	177,638	1,130
Hangar rents	205,704	200,297	(5,407)
Tiedown fees	<u>9,180</u>	<u>10,911</u>	<u>1,731</u>
Total light general and other aviation tenants	<u>391,392</u>	<u>388,846</u>	<u>(2,546)</u>
Non-aviation tenants:			
Facility/space rents	963,888	939,393	(24,495)
Outside storage	113,964	119,927	5,963
RV storage	113,832	105,839	(7,993)
Monterey Highway Self-Storage	204,276	210,037	5,761
Miscellaneous non-aviation revenue	<u>6,000</u>	<u>27,123</u>	<u>21,123</u>
Total non-aviation tenants	<u>\$ 1,401,960</u>	<u>\$ 1,402,319</u>	<u>\$ 359</u>

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES (Continued):</b>			
Other operating revenue:			
Utility charges	\$ 72,400	\$ 53,826	\$ (18,574)
Late fees and interest	7,500	7,426	(74)
Bail and traffic fines	3,900	2,405	(1,495)
License fees	2,200	-	(2,200)
Decals and badges	5,000	6,758	1,758
Banner (advertising) revenue	-	288	288
Tenant plan reviews, checks and inspections	-	31,122	31,122
Miscellaneous other operating revenue	-	837	837
Total other operating revenue	91,000	102,662	11,662
<b>TOTAL OPERATING REVENUES</b>	<b>6,564,635</b>	<b>6,386,758</b>	<b>(177,877)</b>
<b>OPERATING EXPENSES:</b>			
Finance and administration:			
Salaries and wages	689,951	623,979	65,972
Overtime pay	-	420	(420)
Salary and wage reimbursement - AIP and billing	-	(3,000)	3,000
Employer SSI	38,559	33,469	5,090
Employer MC	10,004	8,842	1,162
Employer SDI	4,642	3,418	1,224
Workers' compensation insurance	18,543	13,036	5,507
ADP processing	1,785	1,596	189
CalPERS retirement	67,244	64,651	2,593
CalPERS health insurance	89,206	87,283	1,923
Flexible spending account	11,130	9,234	1,896
Dental insurance	10,835	8,953	1,882
Vision insurance	3,729	1,706	2,023
Life insurance	776	745	31
Personnel recruitment and pre-employment expense	4,000	258	3,742
Temporary personnel	8,065	20,492	(12,427)
Dues and subscriptions	16,000	15,460	540
Seminars and conferences	5,000	3,770	1,230
Professional development and education	11,000	10,950	50
Travel and business entertainment	6,000	7,359	(1,359)
Board of Directors - stipends	12,000	8,500	3,500
Board of Directors - seminars and conferences	4,000	2,880	1,120
Board of Directors - travel and business entertainment	5,000	4,075	925
Board of Directors - elections	60,000	54,579	5,421
Board of Directors - miscellaneous	3,200	5,894	(2,694)
Subtotal - forward	\$ 1,080,669	\$ 988,549	\$ 92,120

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal - forward	\$ 1,080,669	\$ 988,549	\$ 92,120
OPERATING EXPENSES (Continued):			
Finance and administration:			
Public notices	3,000	6,621	(3,621)
LAFCO expense	18,255	18,255	-
Umbrella liability insurance expense	216,000	214,066	1,934
Administrative meetings / employee relations	3,000	3,883	(883)
Telephone	33,000	34,411	(1,411)
Postage and courier services	3,700	13,580	(9,880)
Bank fees and finance charges	-	1,886	(1,886)
Miscellaneous expense	-	205	(205)
Telecommunications	6,200	3,069	3,131
General supplies and materials	-	1,134	(1,134)
Office supplies and materials	24,000	13,520	10,480
District vehicle supplies and materials	100	-	100
District vehicle fuel	2,000	2,585	(585)
Office equipment repair and maintenance	3,500	5,316	(1,816)
District vehicle repair and maintenance	500	1,294	(794)
Other services	-	5,200	(5,200)
Tenant services	20,000	105	19,895
Art program	25,000	21,160	3,840
Annual audit / accounting	32,000	32,250	(250)
Architect and engineer	-	928	(928)
District legal counsel	155,000	267,795	(112,795)
Administration and finance	12,000	7,688	4,312
Human resources	18,000	30,724	(12,724)
Other legal services	20,000	110,063	(90,063)
Marketing	17,500	760	16,740
Newsletter	1,000	-	1,000
Public relations	12,000	12,374	(374)
Air service development	18,000	16,245	1,755
New air services - marketing	50,000	(44,375)	94,375
Utilities - miscellaneous	1,800	2,376	(576)
Utilities - electricity	198,000	201,944	(3,944)
Utilities - natural gas	70,500	45,760	24,740
Utilities - water	57,000	55,426	1,574
Utilities - sewage / waste water	12,700	16,482	(3,782)
Utilities - solid waste disposal	12,300	11,862	438
Bad debt expense	5,000	2,060	2,940
Total finance and administration	<u>\$ 2,131,724</u>	<u>\$ 2,105,201</u>	<u>\$ 26,523</u>

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING EXPENSES (Continued):			
Planning and development:			
Salaries and wages	\$ 352,901	\$ 290,503	\$ 62,398
Salary and wage reimbursement - AIP and billing	(100,000)	(86,589)	(13,411)
Employer SSI	21,880	17,293	4,587
Employer MC	5,117	4,210	907
Employer SDI	2,823	1,829	994
Workers' compensation insurance	26,494	15,627	10,867
ADP processing	1,020	889	131
CalPERS retirement	35,784	32,863	2,921
CalPERS health insurance	53,799	46,508	7,291
Flexible spending account	6,360	5,252	1,108
Dental insurance	6,102	4,829	1,273
Vision insurance	2,130	575	1,555
Life insurance	443	409	34
Dues and subscriptions	1,345	1,120	225
Seminars and conferences	6,900	2,879	4,021
Professional development and education	6,050	2,046	4,004
Travel and business entertainment	6,660	1,709	4,951
Public notices	3,500	4,067	(567)
Administrative meetings / employee relations	950	351	599
Telephone	550	479	71
Telecommunications	2,700	3,148	(448)
Postage and courier services	500	327	173
Miscellaneous expense	1,200	-	1,200
General supplies and materials	-	84	(84)
Office supplies and materials	3,000	2,729	271
District vehicle supplies and materials	100	-	100
District vehicle fuel	1,000	1,477	(477)
Office equipment repair and maintenance	1,600	2,668	(1,068)
District vehicle repair and maintenance	500	1,095	(595)
Other services	-	27	(27)
Architect and engineer	10,000	34,061	(24,061)
District legal counsel	-	23,491	(23,491)
Computer / LAN and IT	35,000	39,942	(4,942)
Environmental	5,000	-	5,000
Other professional services	5,000	949	4,051
	<u>\$ 506,408</u>	<u>\$ 456,847</u>	<u>\$ 49,561</u>
Total planning and development	\$ 506,408	\$ 456,847	\$ 49,561

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING EXPENSES (Continued):</b>			
Maintenance and custodial services:			
Salaries and wages	\$ 410,395	\$ 421,112	\$ (10,717)
Salary and wage reimbursement - AIP and billing	-	(35)	35
Pager pay	10,600	10,790	(190)
Overtime pay	5,862	5,934	(72)
Holiday pay	2,887	777	2,110
Employer SSI	26,644	26,573	71
Employer MC	6,231	6,215	16
Employer SDI	3,438	3,029	409
Workers' compensation insurance	37,770	27,888	9,882
ADP processing	2,074	2,172	(98)
CalPERS retirement	43,576	42,941	635
CalPERS health insurance	103,393	99,390	4,003
Flexible spending account	12,932	12,334	598
Dental insurance	13,540	10,477	3,063
Vision insurance	4,336	1,463	2,873
Life insurance	903	943	(40)
Retiree health insurance	-	549	(549)
Personnel recruitment and pre-employment expense	1,000	2,138	(1,138)
Dues and subscriptions	525	128	397
Seminars and conferences	2,000	-	2,000
Professional development and education	3,070	232	2,838
Travel and business entertainment	5,150	-	5,150
Administrative meetings / employee relations	420	-	420
Telephone	300	195	105
Telecommunications	4,180	598	3,582
Postage and courier services	480	-	480
Miscellaneous expense	1,200	-	1,200
Custodial supplies and materials	42,840	54,317	(11,477)
General supplies and materials	-	2,621	(2,621)
Maintenance supplies and materials	24,000	7,363	16,637
Office supplies and materials	1,200	250	950
District vehicle supplies and materials	1,200	362	838
District vehicle fuel	13,560	10,273	3,287
District vehicle repair and maintenance	7,000	11,193	(4,193)
Airfield repair and maintenance	74,300	34,101	40,199
Terminal repair and maintenance	60,740	35,677	25,063
Rental space repair and maintenance	75,000	15,939	59,061
Landscape and grounds repair and maintenance	4,000	2,203	1,797
Subtotal - forward	\$ 1,006,746	\$ 850,142	\$ 156,604

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Subtotal - forward	\$ 1,006,746	\$ 850,142	\$ 156,604
<b>OPERATING EXPENSES (Continued):</b>			
Maintenance and custodial services:			
Office equipment repair and maintenance	-	197	(197)
General repair and maintenance	-	18,787	(18,787)
Other services	-	58,790	(58,790)
Tenant services	-	266	(266)
Computer / LAN and IT	3,880	-	3,880
Human resources	2,000	-	2,000
Other professional services	1,200	-	1,200
Total maintenance and custodial services	1,013,826	928,182	85,644
<b>Airport operations:</b>			
Salaries and wages	162,259	167,824	(5,565)
Employer SSI	9,708	9,584	124
Employer MC	2,353	2,339	14
Employer SDI	1,102	955	147
Workers' compensation insurance	14,261	10,544	3,717
ADP processing	408	434	(26)
CalPERS retirement	16,453	38,576	(22,123)
CalPERS health insurance	22,462	15,768	6,694
Flexible spending account	2,544	2,532	12
Life insurance	177	190	(13)
Vision insurance	852	471	381
Dental insurance	1,852	1,609	243
Personnel recruitment and pre-employment expense	-	423	(423)
Dues and subscriptions	410	310	100
Seminars and conferences	-	400	(400)
Professional development and education	2,400	1,500	900
Travel and business entertainment	1,700	1,740	(40)
Telephone	300	134	166
Telecommunications	700	23	677
Postage and courier services	250	-	250
General supplies and materials	1,750	296	1,454
Office supplies and materials	1,000	206	794
District vehicle supplies and materials	950	687	263
District vehicle fuel	2,000	1,386	614
General repairs and maintenance	12,000	398	11,602
Subtotal - forward	\$ 257,891	\$ 258,329	\$ (438)

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Subtotal - forward	\$ 257,891	\$ 258,329	\$ (438)
OPERATING EXPENSES (Continued):			
Airport operations:			
District vehicle repair and maintenance	900	676	224
Other services	-	2,835	(2,835)
Architect and engineer	-	4,539	(4,539)
Environmental	-	8,946	(8,946)
Total airport operations	258,791	275,325	(16,534)
Police department:			
Salaries and wages	418,246	412,791	5,455
Salary wage reimbursement - AIP and billing	-	(2,662)	2,662
Overtime pay	31,644	144,958	(113,314)
Holiday pay	4,949	7,288	(2,339)
Training pay	600	600	-
Uniform allowance	3,250	3,020	230
Employer SSI	28,439	34,069	(5,630)
Employer MC	6,651	8,078	(1,427)
Employer SDI	3,670	3,383	287
Workers' compensation insurance	36,946	33,410	3,536
ADP processing	1,309	1,350	(41)
CalPERS retirement	133,345	124,939	8,406
CalPERS health insurance	64,481	64,851	(370)
Flexible spending account	8,162	7,592	570
Dental insurance	9,375	8,102	1,273
Vision insurance	2,736	1,420	1,316
Life insurance	570	570	-
Retiree health insurance	3,392	4,132	(740)
Personnel recruitment and pre-employment expense	4,000	2,604	1,396
Dues and subscriptions	1,550	357	1,193
Seminars and conferences	2,500	-	2,500
Professional development and education	10,000	580	9,420
Travel and business entertainment	1,500	294	1,206
Telephone	4,000	3,499	501
Telecommunications	13,000	14,906	(1,906)
Postage and courier services	250	363	(113)
Subtotal - forward	\$ 794,565	\$ 880,494	\$ (85,929)

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Subtotal - forward	\$ 794,565	\$ 880,494	\$ (85,929)
<b>OPERATING EXPENSES (Continued):</b>			
Police department:			
General supplies and materials	14,300	1,674	12,626
Office supplies and materials	4,620	3,260	1,360
District vehicle supplies and materials	-	20	(20)
District vehicle fuel	3,900	7,676	(3,776)
Office equipment repair and maintenance	3,200	7,504	(4,304)
General repairs and maintenance	7,800	2,582	5,218
District vehicle repair and maintenance	4,000	2,573	1,427
Police services	35,000	43,441	(8,441)
Other services	7,020	21,805	(14,785)
District legal counsel	1,000	2,997	(1,997)
Other legal services	600	261	339
Human resources	900	-	900
Total police department	876,905	974,287	(97,382)
Fire department:			
Salaries and wages	760,496	786,353	(25,857)
Salary and wage reimbursement - AIP and billing	-	(50,195)	50,195
LC 4850 wages	-	34,656	(34,656)
Overtime pay	123,002	164,665	(41,663)
Holiday pay	28,687	17,862	10,825
Uniform allowance	5,480	5,320	160
Employer SSI	56,895	57,105	(210)
Employer MC	13,306	13,854	(548)
Employer SDI	7,341	6,278	1,063
Workers' compensation insurance	80,654	56,034	24,620
ADP processing	2,329	2,401	(72)
CalPERS retirement	429,192	450,175	(20,983)
CalPERS health insurance	118,767	115,888	2,879
Flexible spending account	14,522	13,722	800
Dental insurance	17,515	14,781	2,734
Vision insurance	4,865	881	3,984
Life insurance	1,013	1,045	(32)
Retiree health insurance	-	1,745	(1,745)
Personnel recruitment and pre-employment expense	5,500	11,884	(6,384)
Dues and subscriptions	2,600	1,184	1,416
Seminars and conferences	8,500	-	8,500
Subtotal - forward	\$ 1,680,664	\$ 1,705,638	\$ (24,974)



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Subtotal - forward	\$ 1,680,664	\$ 1,705,638	\$ (24,974)
OPERATING EXPENSES (Continued):			
Fire department:			
Professional development and education	12,550	15,596	(3,046)
Travel and business entertainment	5,000	6,721	(1,721)
Telephone	3,600	2,108	1,492
Telecommunications	12,100	9,328	2,772
Postage and courier services	250	40	210
Miscellaneous expense	500	-	500
Custodial supplies and materials	-	620	(620)
General supplies and materials	14,230	11,671	2,559
Maintenance supplies and materials	-	457	(457)
Office supplies and materials	850	610	240
District vehicle supplies and materials	9,990	634	9,356
District vehicle fuel	4,930	4,837	93
Office equipment repair and maintenance	-	1,608	(1,608)
General repairs and maintenance	22,000	3,320	18,680
District vehicle repair and maintenance	3,000	875	2,125
Fire services	5,400	8,862	(3,462)
Other services	-	11,027	(11,027)
Other legal services	300	1,754	(1,454)
Human resources	500	-	500
Total fire department	1,775,864	1,785,706	(9,842)
TOTAL OPERATING EXPENSES	6,563,518	6,525,548	37,970
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	1,117	(138,790)	(139,907)
DEPRECIATION AND AMORTIZATION	-	2,740,756	(2,740,756)
OPERATING INCOME (LOSS)	1,117	(2,879,546)	(2,880,663)
NONOPERATING REVENUES (EXPENSES):			
Grants - FAA	-	6,128,037	6,128,037
Passenger Facility Charges	-	750,266	750,266
Passenger Facility Charges - interest income	-	50,134	50,134
Subtotal - forward	\$ -	\$ 6,928,437	\$ 6,928,437

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal - forward	\$ -	\$ 6,928,437	\$ 6,928,437
NONOPERATING REVENUES (EXPENSES) (Continued):			
PFC - unrealized gain/(loss) on investments	-	430	430
Grants - EMS	-	1,657	1,657
Interest income - banks	1,756	7,778	6,022
Interest income - L.A.I.F.	60,700	91,314	30,614
Interest income - notes receivable	4,254	4,287	33
Interest income - MPAD investments	106,790	117,717	10,927
MPAD - unrealized gain/(loss) on investments	(34,590)	63,395	97,985
Interest income - QTAC investments	-	63,582	63,582
QTAC - unrealized gain/(loss) on investments	-	(2,712)	(2,712)
TOTAL NONOPERATING REVENUE	<u>138,910</u>	<u>7,275,885</u>	<u>7,136,975</u>
CHANGE IN NET ASSETS	<u>\$ 140,027</u>	<u>\$ 4,396,339</u>	<u>4,256,312</u>

See Notes to Financial Statements.

**REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

**AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Directors  
Monterey Peninsula Airport District  
Monterey, California**

We have audited the financial statements of the *Monterey Peninsula Airport District (the District)* as of and for the year ended June 30, 2007 and have issued our report thereon dated January 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the *District's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *District's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *District's* internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the *District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Controller's Office of the State of California, the Department of Transportation and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties.

January 29, 2008

*Hayashi + Wayland*

**REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Directors  
Monterey Peninsula Airport District  
Monterey, California**

**Compliance**

We have audited the compliance of the *Monterey Peninsula Airport District (the District)* with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007.

The *District's* major federal program is identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the *District's* management. Our responsibility is to express an opinion on the *District's* Compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the *District's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *District's* compliance with those requirements.

In our opinion, the *District* complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item #07-1.

### **Internal Control Over Compliance**

The management of the *District* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *District's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *District's* internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies that we consider to be a material weakness. A *control deficiency* is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control. The significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs at #07-1 is considered to be material weaknesses.

The *District's* response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the *District's* response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Directors, management, the Controller's Office of the State of California, the Department of Transportation and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties.

January 29, 2008

*Harjash & Weyland*

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
<b>Major Program –</b>			
Airport Improvement Program	20.106*	Various <sup>(1)</sup>	\$ <u>6,083,557</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>6,083,557</u></b>

<sup>(1)</sup> See Schedule of Construction-in-Progress.

\* Denotes a Type A major program under OMB A-133. The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. Monterey Peninsula Airport District prepares the Schedule of Expenditures of Federal Awards based on actual expenditures incurred as a result of the activity related to the assistance. The District received no noncash federal assistance during the year. There were no loans nor loan guarantees outstanding at year end.



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**I. SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

A. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered material weakness(es)? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Federal Awards

Internal control over the program:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for the program: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ Yes ☐ No

C. Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**II. FINANCIAL STATEMENT FINDINGS**

A. Internal Control Deficiencies

There are no reportable conditions in internal control.

B. Compliance Findings

There are no compliance findings.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2007**  
(Continued)

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<u>Program</u>	<u>Reference Numbers</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
Airport Improvement Program	07-1	<p><i>Criteria</i> - The District is required to adhere to the provisions of the Davis-Bacon Act for its Airport Improvement Program.</p> <p><i>Condition</i> - It was noted that contractors subject to the Davis-Bacon Act did not pay their employees wages equal to the prevailing wage based upon the employee's classification as provided by the Federal government.</p> <p><i>Description</i> - Eight out of nineteen construction contract payments tested were either missing payroll reports or showing less than prevailing wages being paid.</p> <p><i>Effect</i> - This condition constitutes a reportable finding in accordance with Section 510(a) of OMB Circular A-133.</p> <p><i>Cause</i> - The District hired an outside construction manager to oversee the construction, including reviewing the payroll reports submitted by contractors for compliance. It was noted that there is a lack of review process to monitor the manager's performance for this requirement.</p> <p><i>Recommendation</i> - It is recommended that the District implement a procedure to obtain and review periodic accountability report from outside construction manager on the status of compliance by contractors.</p> <p><i>Management response</i> - Sub-contractors for DMC, in some cases, failed to forward complete documentation. DMC was slow to respond to requests for documents and information. Auditors were recently sent a response from DMC that has taken care of most of the issues.</p>	N/A

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2007**

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**#07-1    Finding**

Contractors who are subject to the Davis-Bacon Act did not pay their employees appropriate wages based on the employee's classification as provided by the Federal government.

**Corrective Actions Taken or Planned**

The District will comply in the future and at the minimum perform random checks to ensure that certified payroll reports are in compliance with the Davis-Bacon Act.

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE PASSENGER FACILITY CHARGE  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

**Board of Directors  
Monterey Peninsula Airport District  
Monterey, California**

**Compliance**

We have audited the compliance of the *Monterey Peninsula Airport District (the District)* with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended June 30, 2007. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the *District's* management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidenced about the *District's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the *District's* compliance with those requirements.

In our opinion, the *District* complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2007.

**Internal Control Over Compliance**

The management of the *Monterey Peninsula Airport District* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the *District's* internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance in accordance with the Guide. Accordingly, we do not express an opinion on the effectiveness of the *District's* internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of passenger facility charge program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer passenger facility charge program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of passenger facility charge program will not be prevented or detected by an entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

January 29, 2008

*Margaret L. Waugland*

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**  
**FOR THE YEAR ENDED JUNE 30, 2007**

**COLLECTIONS**

Cumulative charges collected, June 30, 2006	\$ 8,216,972
Charges collected for the quarter ended:	
September 30, 2006	192,269
December 31, 2006	171,511
March 31, 2007	198,204
June 30, 2007	188,282
Total charges collected for the fiscal year ended June 30, 2007	750,266
Cumulative charges collected, June 30, 2007	\$ 8,967,238

**DISBURSEMENTS**

Projects		Cumulative	Expenditures	Adjustments	Cumulative
No.	Title	Expenditures	for the	for the	Expenditures
		June 30, 2006	Year Ended	Year Ended	June 30, 2007
			June 30, 2007	June 30, 2007	
AIP 12	Security Access System	\$ 44,315	\$ -	\$ -	\$ 44,315
AIP 13	E/A-W/S Access Garden Road	8,088	-	-	8,088
AIP 14	Storm Drain Rehabilitation	27,291	-	-	27,291
AIP 14	Taxiway/Apron Rehabilitation	45,617	-	-	45,617
AIP 14	Airport Signage System	37,121	-	-	37,121
AIP 14	Slurry Seal at S/E Hangars	4,293	-	-	4,293
AIP 14	Extend Water Main Northside	6,327	-	-	6,327
AIP 15 & 18	Residential Soundproofing Phase 2 & 3	425,327	-	-	425,327
AIP 16A	Extend Storm Drain to Pond	15,244	-	-	15,244
AIP 16B	Airfield Lighting Improvements	27,748	-	-	27,748
AIP 16C	Concrete Repair at SS Ramp	8,730	-	-	8,730
AIP 16E	Install Halotron in ARFF Vehicle	1,000	-	-	1,000
AIP 17	Holding Apron for Taxiway	52,518	-	-	52,518
AIP 19	E/A New Northside	24,691	-	-	24,691
AIP 20	Skypark Drive	87,728	-	-	87,728
AIP 21A	Extend Water Main Northside	83,211	-	-	83,211
AIP 21A	Old Northside Road Relocation	48,646	-	-	48,646
AIP 21A	Realign Portion of Skypark Drive	3,082	-	-	3,082
AIP 21A	Reconstruct S/E Entrance	13,216	-	-	13,216
AIP 21B	Slurry Seal Runway	5,934	-	-	5,934
AIP 21B	Slurry Seal Taxiway	6,555	-	-	6,555
AIP 22A	Blast Pad at Holding Area	10,615	-	-	10,615
AIP 22B	Terminal Area Security Fencing	2,388	-	-	2,388
AIP 22C	Acquire ARFF Equipment	1,375	-	-	1,375
AIP 22D	Modify ARFF Vehicle Cooling	1,335	-	-	1,335
AIP 22E	Lower Obstruction to Runway 10R	1,257	-	-	1,257
AIP 22F	Reconstruct Portion of Entrance Road to Northside	658	-	-	658
AIP 23	Residential Soundproofing Phase 4	137,560	-	-	137,560
AIP 24A	New Northside Road Relocation	163,576	-	-	163,576
AIP 24B	Terminal Fire Protection	17,500	-	-	17,500
AIP 24C	PCC Joint Sealant Replacement	15,087	-	-	15,087
AIP 24D	Terminal Storm Drain Rehab	10,000	-	-	10,000
AIP 24E	Pavement Maintenance Management Program	1,000	-	-	1,000
AIP 24F	Reconstruct S/E Hangar Area Pavement, Phase 3	3,060	-	-	3,060
AIP 24G	Road and Storm Drain Improvement	5,088	-	-	5,088
AIP 26C	Purchase Runway Sweeper	84,708	-	-	84,708
AIP 26D	Reconstruct S/E Hangar Pavement, Phase 2	8,371	-	-	8,371
AIP 27	Residential Soundproofing, Phase 5	261,434	-	-	261,434
AIP 28A	Southeast Water Main Extension	1,601	-	-	1,601
AIP 28B	South Ramp Storm Drain Extension	3,422	-	-	3,422

Projects		Cumulative	Expenditures	Adjustments	Cumulative
No.	Title	Expenditures	for the	for the	Expenditures
		June 30, 2006	Year Ended	Year Ended	June 30, 2007
			June 30, 2007	June 30, 2007	
AIP 28C	Taxiway D Reconstruction	33,750	-	-	33,750
AIP 28D	Northside Perimeter Fence Extension	10,958	-	-	10,958
AIP 28E	Upgrade Airfield Lighting Systems	29,925	-	-	29,925
AIP 29	Residential Soundproofing, Phase 6	100,493	-	-	100,493
AIP 30A	EIR 28L/Service Road	24,959	-	-	24,959
AIP 30B	EIR Airport Road Extension, Phase 2 & 3	29,375	-	-	29,375
AIP 31A	Skypark Drive Storm Drain Detention Facility, Phase 1	19,800	-	-	19,800
AIP 31B	Terminal Fire Door Replacement	4,000	-	-	4,000
AIP 31C	Generator Power to Del Monte East (DME) Security Gates	900	-	-	900
AIP 32	Soundproofing, Phase 7	222,222	-	-	222,222
AIP 33	EIR/EA for Skypark Extension to Northside	754	-	-	754
AIP 35A	Generator Power to DME Security Gate, Phase 2	1,788	-	-	1,788
AIP 35B	Terminal Door Replacement	4,700	-	-	4,700
AIP 35C	Extension of Fire Alarm System to Safety Building	1,148	-	-	1,148
AIP 35D	Acquisition of Eden Property/Airport Property Map	101,629	-	-	101,629
AIP 35E	Access Security Control	48,880	-	-	48,880
AIP 35F	Passback Security System	14,793	-	-	14,793
AIP 35G	Terminal Improvements and Modifications	129,999	-	-	129,999
AIP 36A	Airfield Markings	57,662	-	-	57,662
AIP 36B	Security Access Control, Phase 2	5,095	57,193	-	62,288
AIP 36C	Terminal Modernization Improvements	132,606	941,963	-	1,074,569
AIP 37	Residential Soundproofing, Phase 8	210,563	-	-	210,563
AIP 38A	Residential Soundproofing, Phase 9	85,734	-	-	85,734
AIP 38B	Residential Soundproofing, Phase 10 Design	17,384	-	-	17,384
AIP 39A	Purchase of ARFF Equipment – Index B	30,726	-	-	30,726
AIP 39B	Terminal Passenger Circulation and Auto Bag System	267,927	-	-	267,927
AIP 40	Residential Soundproofing Phase 10 Construction	7,641	82,529	-	90,170
AIP 41	Terminal Infrastructure Upgrade	201	-	-	201
AIP 42	Residential Soundproofing, Phase 11	-	6,678	-	6,678
AIP 43	Noise Exposure Map Update	-	7,368	-	7,368
AIP 44	Runway Safety	-	476	-	476
PFC BB	EIR Roadway Circulation Projects	104,000	-	-	104,000
PFC EE	Airport Biological Assessment	98,144	-	-	98,144
PFC H 1, 2, 5–8, 10–13	Terminal Renovation Improvement	2,683,579	-	-	2,683,579
PFC H–3	Terminal Door Replacement	91,873	-	-	91,873
PFC H–4	Terminal Roof Replacement	159,030	-	-	159,030
PFC H–14	Update Noise Exposure Map	150,130	-	-	150,130
PFC T	Electrical Service to North Ramp area	6,087	-	-	6,087
PFC Y	Terminal Elevator	327,625	-	-	327,625
PFC Z	Fire Apparatus Pump Upgrade	15,540	-	-	15,540
MPAD	MPAD Projects – Terminal Expansion	272,596	-	-	272,596
MPAD 114	Quick Turn Around (QTA) Area	-	18,001	-	18,001
TOTAL		\$ 7,210,933	\$ 1,114,208	\$ -	\$ 8,325,141

See Notes to Financial Statements.