

MINUTES OF THE BUDGET & FINANCE COMMITTEE MEETING OF THE MONTEREY PENINSULA AIRPORT DISTRICT BOARD OF DIRECTORS

November 6, 2017 - 10:00 AM - Board Room

A. CALL TO ORDER

Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 10:00 AM. Director Leffel, Director Sabo, Executive Director La Pier, and Deputy Executive Director Bergholz were present.

Presented the following documents to the Budget and Finance committee members:

Fiscal Year 2017 Management Letter Comments

Fiscal Year 2018 Capital Improvements Program Amendment

September 2017 Financial Statements

September 2017 Financial Statement Variance Analysis

September 30, 2017 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Discussion: Reviewed fiscal year 2017 management letter comments with Finance Committee Directors and discussed potential management plans to address auditor observations.

Reviewed: Staff report and recommended amendments to the fiscal year 2018 capital improvements program.

Review 1. FYTD 2017 Financial Statements

Reviewed overall financial performance of the airport as of September 30, 2017

September 2017 combined airport operating revenues are \$776.3K which is \$33.7K (4.5%) higher than budget (\$742.6K) and FYTD revenues are \$2.39M which is \$92.1K (4.0%) higher than budget (\$2.30M). The September favorable revenue variance is attributed to higher TNC fees, Concessions, outside-storage rents and miscellaneous other operating revenues. These higher revenues offset a decrease in enplanements and associated revenues.

September operating expenses are lower than budget by \$10.6K (-1.5%). The September favorable expense variance was the result of a variety of factors including actual vs budget timing differences. September FYTD operating expenses are \$1.37M (4.9%) lower than budget (\$108.0K).

Because of higher than budget operating revenues and lower operating expenses, September's operating income is above on budget at \$44.3K. FYTD operating income is \$301.0K which is \$200.1K or 198.4% higher than budget (\$100.8K).

Reviewed 2. August 2017 Financial Statement Variance Analysis

Revenues:

CA Landing Fee
Terminal Concessions*

*Terminal Concessions in September exceed budget with the return of Gifts and More (\$1.7K).

Taxi Operators Permits and Trip Fees
TNC Permit and Trip Fees
Rental Car Concessions
Parking Concession**

** In September parking exit counts were below budget by 883 vehicles below budget (10,256 Act vs 11,139 Bud) and parking durations appeared to be below budget. Budgeted revenues per vehicle were \$6.62 and the actual revenue per vehicle was \$6.15.

Outside Storage
Utility Charges
Miscellaneous Other Operating Revenue

Expenses:

Finance & Administration:

Salaries & Wages
CalPERS Retirement^

^ The favorable CalPERS Retirement variance resulted from a delay in hiring the Confidential Assistant and one employee's salaries exceed the PEPR \$117K salary contribution cap.

LAFCO Expense
Annual Audit / Accounting
Marketing ^^

^^ Marketing budget to actual variance resulted from the following: Paid \$5K for the Salinas Airshow that was budget in October. \$6.5 for advertising (radio, television and social media). \$5K for August advertising that came in late.

Air Service Development
Utilities - Electricity
Utilities - Water

Planning & Development:

Architect & Engineer~

~ Overage represents unbudgeted expenses for Kimerly-Horn and Associates work on the northside concept project as part of the master plan environmental impact report.

Maintenance & Custodial Services:

*Airfield Repair & Maintenance
Terminal Repairs & Maintenance
Rental Space Repair & Maintenance
District Vehicle Repair & Maintenance+*

+ Replaced police vehicle tires and performed other maintenance in September that was budgeted in August.

Airport Operations:

CalPERS Health Insurance

Police Department:

*Salaries & Wages #
Overtime (OT) Pay #*

Salary and Wages and Overtime (OT) Pay unfavorable variance resulted from officers providing security for the F22 parked at the Airport for the Salinas Airshow.

ARFF / Fire Services:

None

Board of Directors:

None

Other Income and Expense:

*Grants – FAA
Passenger Facility Charges
Depreciation and Amortization Expense*

No additional questions on revenues or expenses.

Review 3. Accounts Receivable Aged Invoice Report / Cash Position Updated

The accounts receivable balance on September 30, 2017, is \$368.9K. This balance is 17.5% lower than the August 31, 2017 balance and 27.4% lower than the balance on September 30, 2016. The modest decrease in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on September 30, 2017 is less than \$1K. On October 30, 2017, the net accounts receivable balance is \$167K. Approximately \$115K of the AR balance relates to slow payments from the airlines, \$29K is from slow payments from the US Treasury for LEO grants and the \$16.9K for the Navy Flying Club fuel tank removal. The Navy Flying Club paid the Airport for the tank removal on November 3, 2017

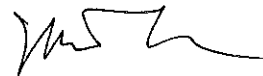
Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for December 11, 2017 at 10:00 AM in the Board Room.

E. ADJOURNMENT

The meeting adjourned at 12:30 PM.

Minutes Approved at the Regular
Meeting of December 13, 2017



Matthew Nelson, Chair

ATTEST



Michael La Pier, AAE
District Secretary