

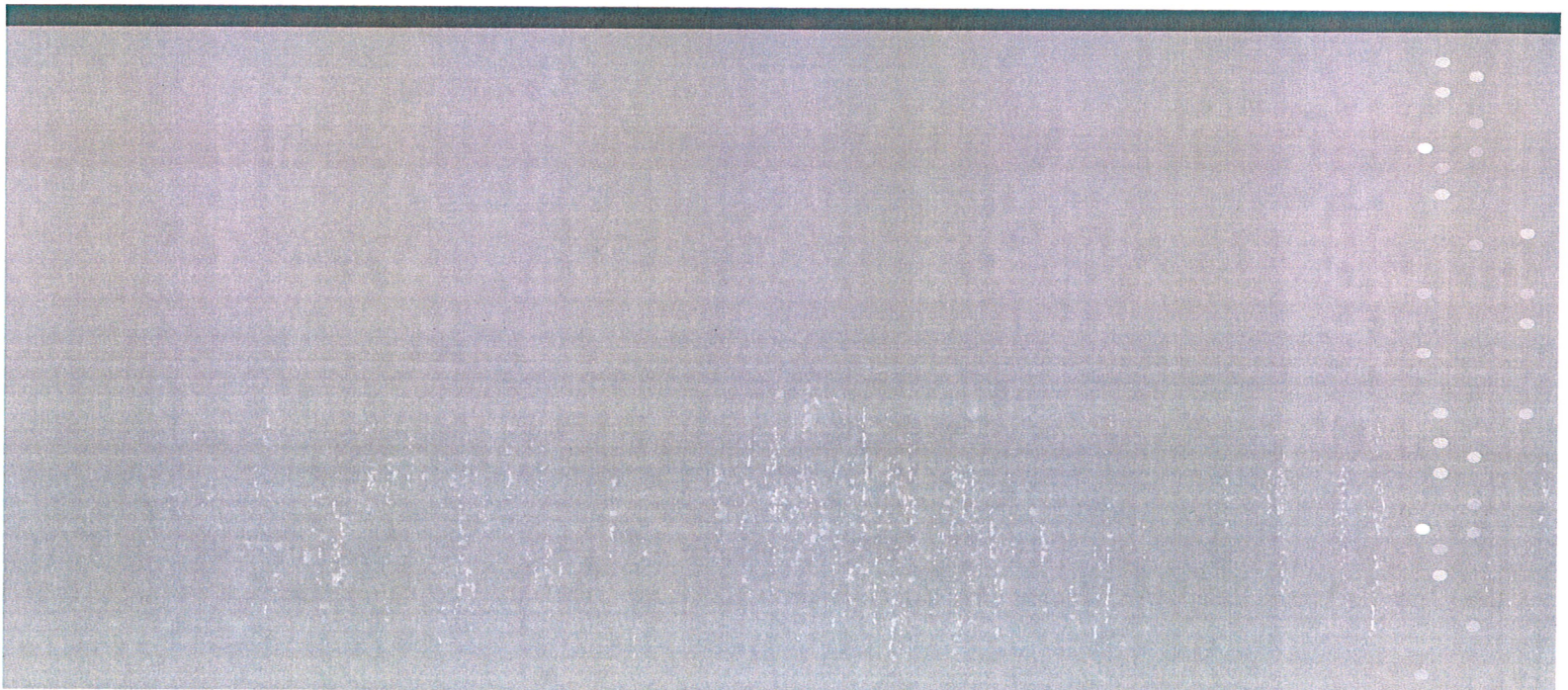


**MONTEREY PENINSULA  
AIRPORT DISTRICT**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
JUNE 30, 2009 AND 2008

AND INDEPENDENT AUDITORS' REPORT



# MONTEREY PENINSULA AIRPORT DISTRICT

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## MONTEREY PENINSULA AIRPORT DISTRICT

### Board of Directors

June 30, 2009

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Carl M. Miller	Chairman	December 2010
Robert DeVoe	Director	December 2010
Mary Ann Leffel	Director	December 2012
William J. Sabo	Director	December 2012
Richard D. Searle	Director	December 2012



## **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 years ended June 30, 2009 and 2008, 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 audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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, 2009 and 2008, and the results of its operations and its cash flows for the years 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 November 19, 2009 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 audits.



The Management's Discussion and Analysis on page 4 through 17 is not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. 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, 2009, 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.

November 19, 2009

*Hayashi + Wayland*

**MONTEREY PENINSULA AIRPORT DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2009**

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, 2009 (FY09). The information presented 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. The District's enabling act was revised effective January 1, 2007. These changes eliminated the archaic language of the original enabling act and allow the District to function more efficiently. The District is governed by five directors elected by voters at large 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 498 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.

During this fiscal year, five commercial airlines served the airport. American Eagle, United Express and US Airways Express provided non-stop service to four gateway hubs: Denver, Los Angeles, Phoenix, and San Francisco. ExpressJet, which provided non-stop service to LA-Ontario, LA-Long Beach and San Diego, discontinued operations on September 2, 2008. Allegiant Airlines operated non-stop service, three days per week, to Las Vegas. In May 2009, it added service to Los Angeles and San Diego, flying three days per week.

There is a strong general aviation presence on the airfield. Three 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; 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 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 financial position.

## Overview of the Financial Statements (Continued)

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. 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 \$48,019,932 for FY09.
- The District's overall financial position improved as evidenced by the increase in net assets of \$2,651,119 for FY09.
- The District purchased and put into service an ARFF Support / Structure Vehicle (\$580,951).
- The District completed and capitalized the \$2.0 million Residential Soundproofing Insulation Program (RSIP) Project – Phase 11.
- The District completed and capitalized several other projects that provide critical infrastructure for the terminal and supporting facilities.
- The District has no short-term debt, no long-term debt and no outstanding bonds.
- 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, FY04 through FY09, are presented in Table I.



## Financial Highlights (Continued)

Table I

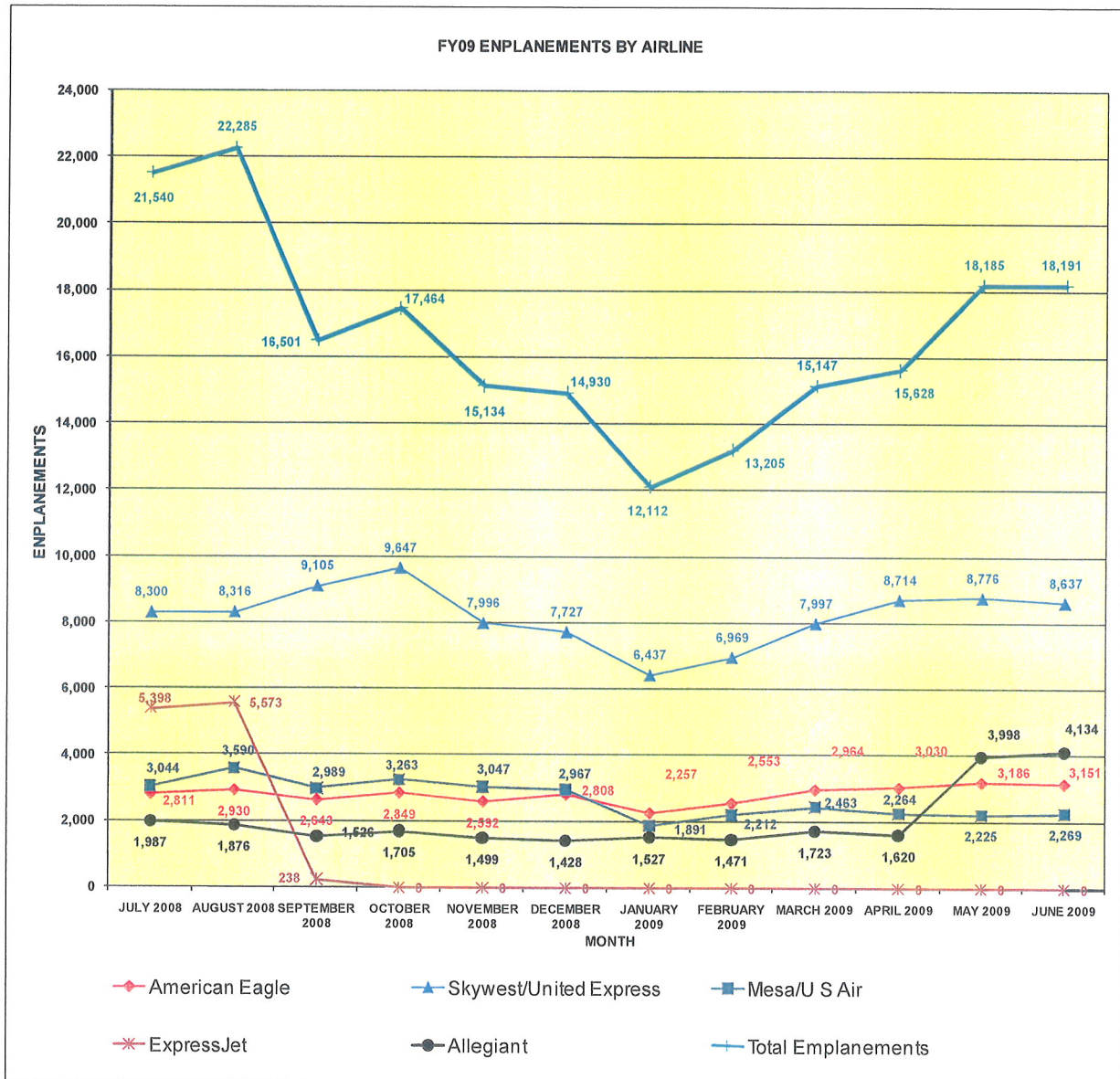
TOTAL ENPLANEMENTS: FISCAL YEARS 2004 - 2009											
FY2004		FY2005		FY2006		FY2007		FY2008		FY2009	
7/03	16,909	7/04	16,425	7/05	16,750	7/06	17,891	7/07	20,332	7/08	21,540
8/03	16,587	8/04	16,815	8/05	18,176	8/06	18,257	8/07	23,018	8/08	22,285
9/03	16,336	9/04	16,489	9/05	18,798	9/06	17,443	9/07	19,811	9/08	16,501
10/03	16,428	10/04	17,162	10/05	20,308	10/06	18,604	10/07	20,759	10/08	17,464
11/03	15,559	11/04	15,650	11/05	18,033	11/06	17,040	11/07	19,876	11/08	15,134
12/03	14,436	12/04	13,577	12/05	16,402	12/06	15,901	12/07	18,035	12/08	14,930
1/04	11,843	1/05	13,203	1/06	14,248	1/07	14,244	1/08	14,786	1/09	12,112
2/04	14,389	2/05	14,405	2/06	15,972	2/07	15,072	2/08	15,791	2/09	13,205
3/04	15,581	3/05	15,495	3/06	17,696	3/07	16,849	3/08	17,790	3/09	15,147
4/04	15,898	4/05	16,121	4/06	16,863	4/07	16,268	4/08	17,948	4/09	15,628
5/04	17,123	5/05	16,474	5/06	18,206	5/07	18,394	5/08	18,995	5/09	18,185
6/04	16,609	6/05	16,371	6/06	18,133	6/07	19,613	6/08	21,138	6/09	18,191
187,698		188,187		209,585		205,576		228,279		200,322	

- Due to new service introduced by ExpressJet in May 2007, enplanements increased by 11% to 228,279 in FY08. FY09 enplanements decreased 12.2% to 200,322, primarily as a direct result of ExpressJet's departure.

Chart A (page 7) presents the monthly enplanements for FY09, in total and for the scheduled commercial airlines that serve the Airport.

## Financial Highlights (Continued)

Chart A



- ✓ American Eagle, a wholly-owned subsidiary of American Airlines, operated non-stop flights on 44-seat Embraer regional jets (ERJ-140) to Los Angeles.
- ✓ United Express, operated by SkyWest Airlines, offered non-stop flights on 27-seat Brasilia turbo-props to Los Angeles and San Francisco. It offered first class and coach service on 66-seat Canadair regional jets (CRJ-700) to Denver.

### Financial Highlights (Continued)

- ✓ US Airways Express, flown by Mesa Airlines, provided non-stop service on 50-seat regional jets (CRJ-200) and 86-seat regional jets (CRJ-900) to Phoenix. Depending on passenger demand, it changed its flight schedule and aircraft flown to Phoenix. The airline occasionally replaced 50-seat CRJ-200 jets with 37-seat DASH-8 turbo-props.
- ✓ During July and August 2008, ExpressJet offered non-stop flights on 50-seat Embraer regional jets (ERJ-145) to LA-Ontario, LA-Long Beach, and San Diego.
- ✓ Allegiant Air initiated scheduled non-stop service three days per week (on Sunday, Wednesday and Friday) to Las Vegas on May 30, 2008. On May 4, 2009, Allegiant initiated non-stop service, three days per week, to Los Angeles and San Diego. It flies 150-seat MD-83 and 130-seat MD-87 jets. Allegiant offers extremely low air fares combined with lodging and entertainment packages.
- ✓ Allegiant Air also operated as a non-scheduled (charter) airline, flying “gambler specials” to Nevada gaming resorts on 150-seat MD-83 or 130-seat MD-87 jets.

### Operating Revenues

An airport functions as a landlord. District income is derived from fees and lease income. Total operating revenues for the year were \$7,052,151, a decrease of 3.3% from FY08 and an increase of 10.4% from FY07.

Revenues derived from the activities of commercial airlines and from airline passengers using services offered by the Airport account for 54.5% of FY09 Total Operating Revenue. This is a decrease of 5.6% from FY08 and an increase of 13.2% over FY07 (see Table II, “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 (Avis, Budget, Enterprise, Hertz, and National), long and short-term parking lots, in-terminal advertising, and other vendors. This category of revenue decreased 6.7% from FY08 but increased 14.8% from FY07.

General Aviation activities generated 20.5% of Total Operating Revenue. Corporate aviation and general aviation tenants remit landing fees, fuel fees, and rental income for leased land, hangars, tie-downs, aircraft parking aprons, and offices. This is a decrease of 9.2% from FY08 and a decrease of 3.0% from FY07. Non-aviation tenants produced 21.8% of Total Operating Revenues. This is an increase of 2.8% from FY08 and an increase of 9.7% from FY07.



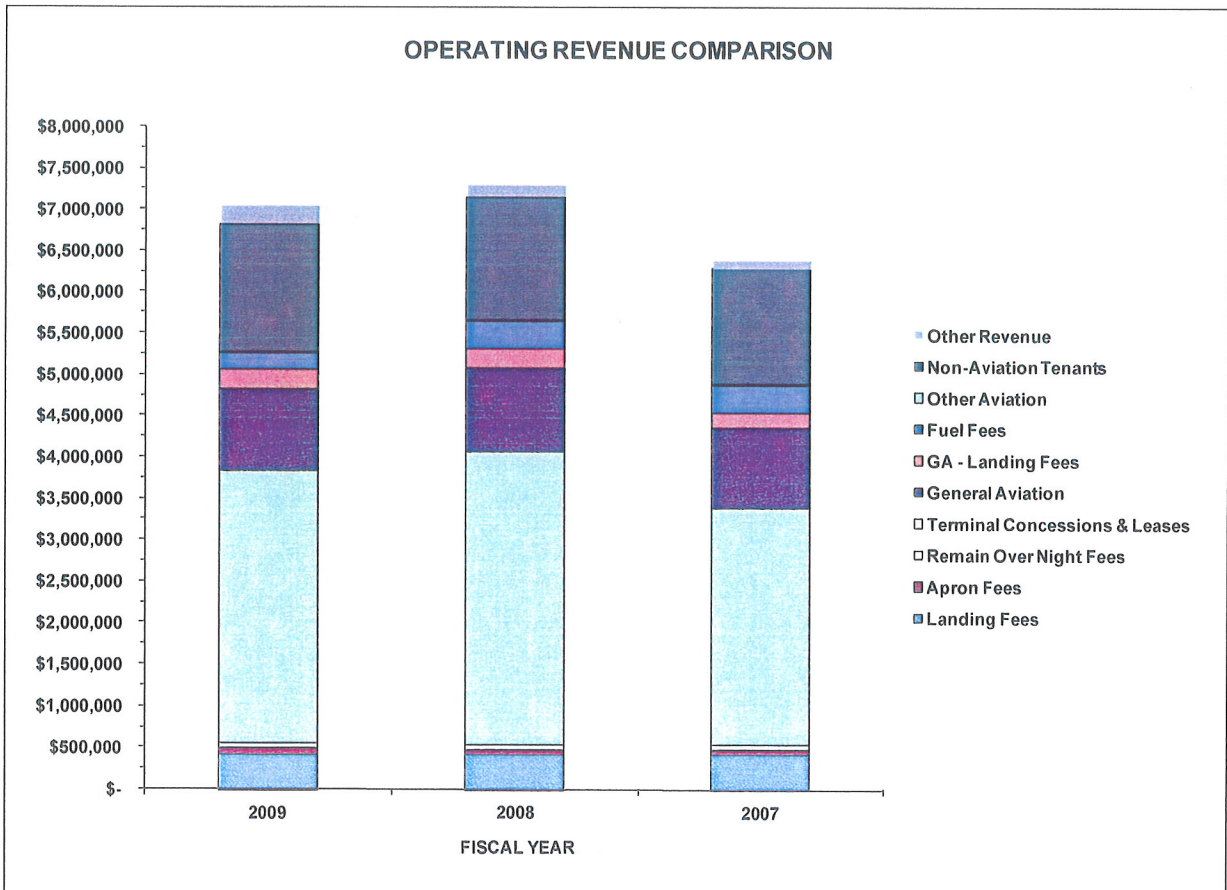
## Operating Revenues (Continued)

Table II presents a comparison of operating revenues for FY09 with FY08 and with FY07. Chart C provides a graphic representation of operating revenues.

**Table II**

FISCAL YEAR 2009, 2008 & 2007 OPERATING REVENUE COMPARISON						
	2009		2008		2007	
Landing Fees	\$ 428,281	6.1%	\$ 410,241	5.6%	\$ 425,086	6.7%
Apron Fees	\$ 64,362	0.9%	\$ 76,380	1.0%	\$ 45,462	0.7%
Remain Over Night Fees	57,300	0.8%	54,637	0.7%	56,629	0.9%
Terminal Concessions & Leases	3,291,216	46.7%	3,527,807	48.4%	2,866,984	44.9%
<b>Subtotal - Commercial Aviation</b>	<b>\$ 3,841,159</b>	<b>54.5%</b>	<b>\$ 4,069,065</b>	<b>55.8%</b>	<b>\$ 3,394,161</b>	<b>53.1%</b>
General Aviation	\$ 993,487	14.1%	\$ 1,010,287	13.9%	\$ 974,698	15.3%
Landing Fees	\$ 221,657	3.1%	\$ 243,168	3.3%	\$ 172,264	2.7%
Fuel Fees	224,227	3.2%	332,937	4.6%	337,504	5.3%
Other Aviation	3,150	0.0%	3,150	0.0%	3,150	0.0%
<b>Subtotal - General Aviation</b>	<b>\$ 1,442,521</b>	<b>20.5%</b>	<b>\$ 1,589,542</b>	<b>21.8%</b>	<b>\$ 1,487,616</b>	<b>23.3%</b>
Non-Aviation Tenants	\$ 1,538,193	21.8%	\$ 1,495,853	20.5%	\$ 1,402,319	22.0%
Other Revenue	230,278	3.3%	139,884	1.9%	102,661	1.6%
<b>Total</b>	<b>\$ 7,052,151</b>	<b>100%</b>	<b>\$ 7,294,344</b>	<b>100%</b>	<b>\$ 6,386,758</b>	<b>100%</b>

**Chart C**



## Operating Expenses

Operating Expenses increased 3.2% over Fiscal Year 2008 and 10.6% over Fiscal Year 2007. Salaries and payroll costs for all airport employees increased \$412,372 or 8.0% to just under \$5.6 million; this is 77.4% of total FY09 operating expense.

Salaries and payroll costs increased \$816,102 or 17.1% when compared to FY07. As a percentage of total operating expense, salaries and payroll costs were 74.0% in FY08 and 73.1% in FY07. The airport provides a wide variety of services and staffs its own police and fire departments. Table III provides salary and payroll expense by airport department.

**Table III**

FISCAL YEAR 2009, 2008 & 2007 SALARY & PAYROLL EXPENSE						
	2009		2008		2007	
Finance & Administration	\$ 980,419	17.6%	\$ 906,225	17.5%	\$ 857,332	18.0%
Planning & Development	360,691	6.5%	305,806	5.9%	420,787	8.8%
Maintenance & Custodial Services	843,834	15.1%	777,940	15.0%	672,587	14.1%
Airport Operations	442,145	7.9%	380,922	7.4%	250,826	5.3%
Police Department	1,057,495	18.9%	905,540	17.5%	860,554	18.0%
Fire Department	1,901,713	34.0%	1,897,491	36.7%	1,708,108	35.8%
Total	\$ 5,586,296	100%	\$ 5,173,924	100%	\$ 4,770,194	100%

Finance & Administration, 32.9% of total FY09 expenses, increased 1.6% from FY08 and increased 12.7% from FY07. Any expense related to the District's Board of Directors is recognized in this department.

Planning & Development, 5.8% of total FY09 expenses, increased 19.4% from FY08 but decreased 8.9% from FY07. The increases were due to: 1) filling vacant positions and 2) unanticipated legal expenses.

Maintenance & Custodial Services, which accounted for 15.5% of total FY09 operating expenses, increased 4.9% from FY08 and 20.4% from FY07. These increases were attributable to: 1) an increased emphasis on preventive maintenance and 2) the ever increasing repair costs due to the advanced age of many of the District's assets.

Airport Operations, 6.0% of total FY09 operating expenses, increased 12.7% from FY08 and 57.7% from FY07. Increases were due to: 1) filling vacant positions, 2) increasing level of vigilance in the Airport Operations Area (AOA), and 3) the level of customer service desired by the District.

Police Department expenses represent 13.1% of FY09 total operating expenses, an increase of 3.9% from FY08 but a decrease of 3.1% from FY07. The department has experienced escalating costs primarily due to mandated requirements of "security level orange" that continue in effect. The decrease in operating expense is due to a "Law Enforcement Officer (LEO) Reimbursement Grant" from the U. S. Department of Homeland Security. The grant is specifically designed to assist airports affected by increased security requirements mandated by TSA and DHS.

## Operating Expenses (Continued)

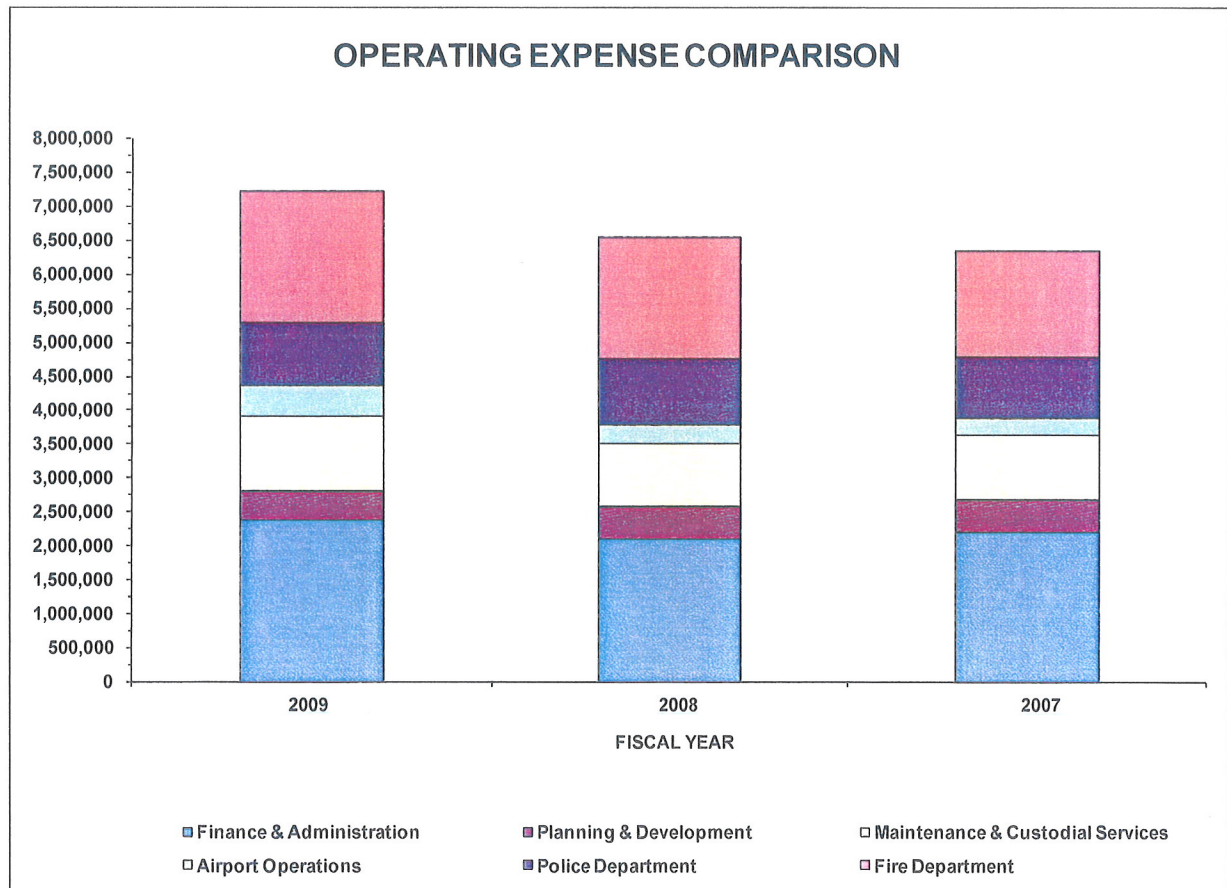
The Fire Department, 26.8% of total FY09 operating expenses, decreased \$16,760 (0.9%) compared to the prior fiscal year. When compared to FY07, expenses increased \$147,847 (8.3%). The increases are due to: 1) increased staffing levels and 2) overtime (OT) caused by shift coverage and aid agreements.

Table IV compares operating expenses for FY09 with FY08 and with FY07. Chart D provides a graphic representation of operating expenses.

**Table IV**

FISCAL YEAR 2009, 2008 & 2007 OPERATING EXPENSE COMPARISON						
	2009		2008		2007	
Finance & Administration	\$ 2,371,851	32.9%	\$ 2,333,682	33.4%	\$ 2,105,201	32.3%
Planning & Development	416,156	5.8%	348,463	5.0%	456,847	7.0%
Maintenance & Custodial Services	1,117,654	15.5%	1,065,921	15.2%	928,182	14.2%
Airport Operations	434,227	6.0%	385,361	5.5%	275,325	4.2%
Police Department	944,373	13.1%	909,059	13.0%	974,287	14.9%
Fire Department	1,933,553	26.8%	1,950,293	27.9%	1,785,706	27.4%
<b>Total</b>	<b>\$ 7,217,814</b>	<b>100%</b>	<b>\$ 6,992,779</b>	<b>100%</b>	<b>\$ 6,525,548</b>	<b>100%</b>

**Chart D**





# Actual versus Budget – FY09 Revenues, Expenses and Change in Net Assets

Table V compares actual revenue, expense and change in net assets with the budget for Fiscal Year 2009.

**Table V**

<b>Operating Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Commercial Aviation - Fees	\$ 622,633	\$ 549,943	\$ (72,690)
General Aviation - Fees	\$ 266,967	\$ 221,657	(45,310)
Terminal Concessions and Leases	3,771,811	3,294,366	(477,445)
Heavy General Aviation	980,524	791,911	(188,613)
Light General & Other Aviation Tenants	443,280	425,803	(17,477)
Non-Aviation Tenants	1,602,936	1,538,193	(64,743)
Other Operating Revenue	124,643	230,278	105,635
<b>Total Operating Revenue</b>	<b>\$ 7,812,794</b>	<b>\$ 7,052,151</b>	<b>\$ (760,643)</b>
<b>Operating Expenses</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Finance & Administration	\$ 2,570,673	\$ 2,371,851	\$ 198,822
Planning & Development	460,430	416,156	44,274
Maintenance & Custodial Services	1,169,630	1,117,654	51,976
Airport Operations	457,940	434,227	23,713
Police Department	1,082,967	944,373	138,594
Fire Department	1,980,294	1,933,553	46,741
<b>Total Operating Expenses</b>	<b>\$ 7,721,934</b>	<b>\$ 7,217,814</b>	<b>\$ 504,120</b>
<b>Net Operating Profit (Loss)</b>	<b>90,860</b>	<b>(165,663)</b>	<b>(256,523)</b>
<b>Other Revenues (Expenses)</b>	<b>\$ 4,392,106</b>	<b>\$ 2,816,782</b>	<b>\$ (1,575,324)</b>
<b>Change in Net Assets</b>	<b>\$ 4,482,966</b>	<b>\$ 2,651,119</b>	<b>\$ (1,831,847)</b>

## Actual versus Budget – FY08 Revenues, Expenses and Change in Net Assets

Table VI compares actual revenue, expense and change in net assets with the budget for Fiscal Year 2008.

**Table VI**

<b>Operating Revenues</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Commercial Aviation - Fees	\$ 640,436	\$ 541,258	\$ (99,178)
General Aviation - Fees	\$ 193,641	\$ 243,168	49,527
Terminal Concessions and Leases	3,529,387	3,530,957	1,570
Heavy General Aviation	977,798	936,813	(40,985)
Light General & Other Aviation Tenants	401,604	406,411	4,807
Non-Aviation Tenants	1,561,234	1,495,853	(65,381)
Other Operating Revenue	97,901	139,884	41,983
<b>Total Operating Revenue</b>	<b>\$ 7,402,001</b>	<b>\$ 7,294,344</b>	<b>\$ (107,657)</b>
<b>Operating Expenses</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Finance & Administration	\$ 2,275,689	\$ 2,333,682	\$ (57,993)
Planning & Development	606,426	348,463	257,963
Maintenance & Custodial Services	1,081,659	1,065,921	15,738
Airport Operations	438,352	385,361	52,991
Police Department	1,068,834	909,059	159,775
Fire Department	1,757,506	1,950,293	(192,787)
<b>Total Operating Expenses</b>	<b>\$ 7,228,466</b>	<b>\$ 6,992,779</b>	<b>\$ 235,687</b>
<b>Net Operating Profit (Loss)</b>	<b>173,535</b>	<b>301,565</b>	<b>128,030</b>
<b>Other Revenues (Expenses)</b>	<b>\$ 6,354,043</b>	<b>\$ 2,993,856</b>	<b>\$ (3,360,187)</b>
<b>Change in Net Assets</b>	<b>\$ 6,527,578</b>	<b>\$ 3,295,421</b>	<b>\$ (3,232,157)</b>

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

Table VII compares actual revenue, expense and change in net assets with the budget for Fiscal Year 2007.

**Table VII**

Operating Revenues	Budget	Actual	Variance
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>
Operating Expenses	Budget	Actual	Variance
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>

## Changes in Net Assets

Net assets increased \$2,651,121 from FY08 to FY09. 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".



### Changes in Net Assets (Continued)

In FY09, the District received \$5.3 million from FAA AIP grants and \$730,841 from PFCs to fund architectural design, engineering design, and construction costs.

Net assets increased \$3,295,421 from FY07 to FY08. The District received \$4.4 million from FAA AIP grants and \$859,702 from PFCs to fund airport improvement projects during FY08.

### Capital and Debt Activity

Total District assets are \$52,053,089; total liabilities are \$4,033,154. The difference is approximately \$48.0 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 to fund capital projects. For this fiscal year, net capital assets increased approximately \$5.3 million. Capital assets, net of depreciation, and intangibles, net of amortization, are presented below:

	2009	2008	2007
Tangible assets			
Land	\$ 1,683,547	\$ 1,683,547	\$ 1,683,547
Land Improvements	7,566,793	8,198,475	8,805,975
Buildings	14,481,162	15,471,034	6,101,624
Furniture, equipment and vehicles	1,374,109	970,126	1,126,138
Construction in progress	11,042,471	4,921,318	11,126,648
Total	36,148,082	31,244,501	28,843,932
Intangible assets	9,955,522	9,574,855	8,407,337
Total capital assets - net	<u>\$ 46,103,604</u>	<u>\$ 40,819,356</u>	<u>\$ 37,251,269</u>

### Future Impacts

Airport revenues are driven primarily by enplanements and are dependent upon use or non-use by the local traveling public. New service introduced by ExpressJet in May 2007 increased enplanements by 11% to 228,279 in FY08. Due to the departure of Delta Connection and ExpressJet, enplanements dropped 12% to 200,322.

The reduction of airline passengers and general aviation passengers flying to and from Monterey has significant impacts on other revenue generating activities at the airport. In FY09, the District experienced significant reductions in concession revenues from rental car operations and parking.

**Future Impacts (Continued)**

Economic conditions, particularly the extremely high price of oil and the severe reduction in demand, caused commercial airlines to restructure their services and reduce capacity. General aviation has also been severely affected by the current economic conditions.

To date, the Monterey Peninsula Airport District has weathered the restructure and reduction of service to the Monterey market by the airlines. Should airlines reduce service further, significant reductions in staffing levels and customer service would be necessary to counter the loss of revenue.

Looking forward to FY10 and beyond, the airport's success is dependent on the local community's demand for air service and the airlines' ability, capacity, and willingness to meet those needs.

**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 Senior Deputy General Manager, 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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,071,881	\$ 2,282,585
Investments	2,890,868	2,689,354
Accounts receivable – net	676,856	471,722
Note receivable – current portion	7,291	6,801
Interest receivable	32,450	41,448
Prepaid and other current assets	<u>79,417</u>	<u>74,312</u>
Total current assets	<u>4,758,763</u>	<u>5,566,222</u>
CAPITAL ASSETS – net	<u>36,148,082</u>	<u>31,244,501</u>
NONCURRENT ASSETS:		
Cash and cash equivalents – restricted	382,422	997,082
Investments – restricted	771,087	1,589,082
Note receivable	37,212	44,469
Intangible assets – net	<u>9,955,522</u>	<u>9,574,855</u>
Total other assets	<u>11,146,243</u>	<u>12,205,488</u>
TOTAL ASSETS	<u>\$ 52,053,088</u>	<u>\$ 49,016,211</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
CURRENT LIABILITIES:		
Accrued liabilities	\$ 191,701	\$ 323,418
Accrued compensated absences	444,227	403,491
Deferred revenue	7,500	9,000
Funds held in trust	<u>2,789,410</u>	<u>2,325,800</u>
Total current liabilities	<u>3,432,838</u>	<u>3,061,709</u>
NONCURRENT LIABILITIES:		
Security deposits	361,318	340,689
Deferred revenue	<u>239,000</u>	<u>245,000</u>
Total long-term liabilities	<u>600,318</u>	<u>585,689</u>
TOTAL LIABILITIES	<u>4,033,156</u>	<u>3,647,398</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets	46,103,604	40,819,356
Restricted	662,143	158,534
Unrestricted	<u>1,254,185</u>	<u>4,390,923</u>
TOTAL NET ASSETS	<u>48,019,932</u>	<u>45,368,813</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,053,088</u>	<u>\$ 49,016,211</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, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES:		
Commercial aviation	\$ 549,943	\$ 541,258
General aviation	221,657	243,168
Terminal leases and concessions	3,294,366	3,530,957
Heavy general aviation tenants	791,911	936,813
Light general aviation and other aviation tenants	425,803	406,411
Non-aviation tenants	1,538,193	1,495,853
Other operating revenue	<u>230,278</u>	<u>139,884</u>
Total operating revenues	<u>7,052,151</u>	<u>7,294,344</u>
OPERATING EXPENSES:		
Finance and administration	2,371,851	2,333,682
Planning and development	416,156	348,463
Maintenance and custodial services	1,117,654	1,065,921
Airport operations	434,227	385,361
Police department	944,373	909,059
Fire department	<u>1,933,553</u>	<u>1,950,293</u>
Total operating expenses	<u>7,217,814</u>	<u>6,992,779</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(165,663)	301,565
DEPRECIATION AND AMORTIZATION	<u>3,490,282</u>	<u>2,621,650</u>
OPERATING LOSS	<u>(3,655,945)</u>	<u>(2,320,085)</u>
NONOPERATING REVENUES:		
Grants – FAA	5,300,590	4,437,091
Passenger Facility Charges	730,841	859,702
Interest income	192,692	192,762
Unrealized gain on investments	81,941	124,951
Grants – EMS	<u>1,000</u>	<u>1,000</u>
Total nonoperating revenues	<u>6,307,064</u>	<u>5,615,506</u>
CHANGE IN NET ASSETS	<u>2,651,119</u>	<u>3,295,421</u>
NET ASSETS, BEGINNING OF YEAR	<u>45,368,813</u>	<u>42,073,392</u>
NET ASSETS, END OF YEAR	<u>\$ 48,019,932</u>	<u>\$ 45,368,813</u>

See Notes to Financial Statements.



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 7,093,477	\$ 7,913,412
Other receipts	237,045	146,196
Payments to vendors and employees	<u>(7,313,898)</u>	<u>(6,960,201)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>16,624</u>	<u>1,099,407</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from grants and PFC charges	6,032,431	5,297,793
Payments for purchases of fixed assets and construction of property – net of disposals	<u>(8,774,531)</u>	<u>(6,189,735)</u>
NET CASH (USED) BY FINANCING ACTIVITIES	<u>(2,742,100)</u>	<u>(891,942)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	283,631	339,758
Proceeds from sale of investments	<u>616,481</u>	<u>650,336</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>900,112</u>	<u>990,094</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,825,364)	1,197,559
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,279,667</u>	<u>2,082,108</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,454,303</u>	<u>\$ 3,279,667</u>

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**  
(Continued)

	<u>2009</u>	<u>2008</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (3,655,945)	\$ (2,320,085)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,490,282	2,621,650
(Increase) decrease in:		
Accounts receivable	(205,134)	132,601
Note receivable	6,767	6,312
Prepaid and other current assets	(5,105)	(2,914)
Increase (decrease) in:		
Accounts payable	—	(196,224)
Accrued liabilities	(90,980)	240,717
Deferred revenue	(7,500)	(9,000)
Funds held in trust	463,610	591,540
Security deposits	<u>20,629</u>	<u>34,810</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 16,624</u>	<u>\$ 1,099,407</u>
CASH AND CASH EQUIVALENTS – Unrestricted	\$ 1,071,881	\$ 2,282,585
CASH AND CASH EQUIVALENTS – Restricted	<u>382,422</u>	<u>997,082</u>
TOTAL	<u>\$ 1,454,303</u>	<u>\$ 3,279,667</u>

See Notes to Financial Statements.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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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, 2009, the District's total acreage amounted to approximately 500 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, 2009 and June 30, 2008 was \$10,000.

**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.

Intangible 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.

**Fair Value Measurements** – Effective July 1, 2008, the District adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* ("SFAS 157"), for financial assets and financial liabilities to the extent of guidelines provided in GASB 31, paragraphs 7, 10, and 11. SFAS 157 defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

SFAS 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. SFAS 157 expands disclosures about instruments measured at fair value. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, SFAS 157 does not require any new fair value measurements. Adopting SFAS 157 did not have a material impact on the financial position and results of operations.

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

As noted above, SFAS 157 establishes a three level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial statement.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurements.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the financial instruments carried at fair value as of June 30, 2009, by caption on the statement of financial position by the SFAS 157 valuation hierarchy defined above:

	<u>2009</u>
<u>ASSETS</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 413,396
Investments	\$ 4,702,862

Fair value for Level 1 is based upon quoted market price. Inputs are obtained from various sources including market participants, dealers, brokers and financial institutions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**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, 2009 and 2008.

**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.”

**Use of Restricted Resources** – When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources, as they are needed.

**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 2008 financial statements to conform to the 2009 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 could differ from those estimates.



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

**Subsequent Events** – Subsequent events have been evaluated through November 19, 2009, which is the date the financial statements were available to be issued.

**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, 2009 and 2008, the bank balances exceeded the FDIC limit by \$11,617 and, \$1,166,300 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, 2009 and 2008.

**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, 2009 and 2008. 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, 2009 and 2008:

2009						
	Restricted					Totals
	Unrestricted	QTAC	Security Deposits	Passenger Facilities Charges	ASA/EMS	
Cash in bank	\$ 30,974	\$ 46,278	\$ 249,900	\$ 79,730	\$ 6,514	\$ 413,396
Investments	2,890,868	101,001	94,188	575,898	–	3,661,955
LAIF	1,040,907	–	–	–	–	1,040,907
Total	<u>\$ 3,962,749</u>	<u>\$ 147,279</u>	<u>\$ 344,088</u>	<u>\$ 655,628</u>	<u>\$ 6,514</u>	<u>\$ 5,116,258</u>
2008						
	Restricted					Totals
	Unrestricted	QTAC	Security Deposits	Passenger Facilities Charges	ASA/EMS	
Cash in bank	\$ 433,888	\$ 589,980	\$ 248,568	\$ 152,020	\$ 6,514	\$ 1,430,970
Investments	2,689,354	1,497,036	92,046	–	–	4,278,436
LAIF	1,848,697	–	–	–	–	1,848,697
Total	<u>\$ 4,971,939</u>	<u>\$ 2,087,016</u>	<u>\$ 340,614</u>	<u>\$ 152,020</u>	<u>\$ 6,514</u>	<u>\$ 7,558,103</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, 2009 and 2008, \$11,617 and \$1,166,300, respectively, of the District’s bank balances were exposed to custodial credit risk as follows:

	<u>2009</u>	<u>2008</u>
Uninsured and collateral held by the pledging financial institution’s agent but not in the name of the District.	\$ <u>11,617</u>	\$ <u>1,166,300</u>
Total	\$ <u>11,617</u>	\$ <u>1,166,300</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, 2009, 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, 2009 and 2008, approximately 22% and 30% 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>2009</u>	<u>2008</u>
Accounts receivable	\$ 686,856	\$ 481,722
Less allowance for doubtful accounts	<u>10,000</u>	<u>10,000</u>
Accounts receivable – net	\$ <u>676,856</u>	\$ <u>471,722</u>

**NOTE 4. CAPITAL ASSETS**

	2009		
	Balance as of June 30, 2008	Additions Transfers	Deletions Transfers
Capital assets not being depreciated:			
Land	\$ 1,683,547	\$ —	\$ —
Construction in progress	4,921,318	8,748,268	(2,627,115)
Total capital assets not being depreciated	6,604,865	8,748,268	(2,627,115)
Capital assets being depreciated:			
Land improvements	25,723,673	18,337	—
Buildings	21,701,611	34,468	—
Furniture, equipment and vehicles	3,215,477	607,214	—
Total capital assets being depreciated	50,640,761	660,019	—
Accumulated depreciation:			
Land improvements	17,525,198	650,019	—
Buildings	6,230,577	1,024,340	—
Furniture, equipment and vehicles	2,245,350	203,232	—
Total accumulated depreciation	26,001,125	1,877,591	—
Total capital assets being depreciated – net	24,639,636	(1,217,572)	—
Capital assets – net	\$ 31,244,501	\$ 7,530,696	\$ (2,627,115)
	2008		
	Balance as of June 30, 2007	Additions Transfers	Deletions Transfers
Capital assets not being depreciated:			
Land	\$ 1,683,547	\$ —	\$ —
Construction in progress	11,126,648	6,032,445	(12,237,775)
Total capital assets not being depreciated	12,810,195	6,032,445	(12,237,775)
Capital assets being depreciated:			
Land improvements	25,664,939	58,734	—
Buildings	11,838,934	9,862,677	—
Furniture, equipment and vehicles	3,169,466	46,011	—
Total capital assets being depreciated	40,673,339	9,967,422	—
Accumulated depreciation:			
Land improvements	16,858,964	666,234	—
Buildings	5,737,310	493,267	—
Furniture, equipment and vehicles	2,043,328	202,022	—
Total accumulated depreciation	24,639,602	1,361,523	—
Total capital assets being depreciated – net	16,033,737	8,605,899	—
Capital assets – net	\$ 28,843,932	\$ 14,638,344	\$ (12,237,775)

**NOTE 5. INTANGIBLE ASSETS**

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

	<u>2009</u>	<u>2008</u>
Noise safety study and soundproofing	\$ 18,963,138	\$ 16,969,781
Master Plan	208,440	208,440
Logo	<u>9,833</u>	<u>9,833</u>
Total	19,181,411	17,188,054
Less accumulated amortization	<u>9,225,889</u>	<u>7,613,199</u>
Intangible assets – net	<u>\$ 9,955,522</u>	<u>\$ 9,574,855</u>

Total amortization expenses for the years ended June 30, 2009 and 2008 were \$1,612,690 and \$1,260,127, respectively.

**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>	
2010	\$ 1,394,412
2011	1,385,802
2012	1,377,792
2013	1,377,792
2014	1,377,792
2015 and thereafter	<u>32,278,104</u>
Total	<u>\$ 39,191,694</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>2009</u>	<u>2008</u>
Art program grant received in advance	\$ 1,500	\$ 3,000
Advance rents received from DBO Development	<u>245,000</u>	<u>251,000</u>
Total	<u>\$ 246,500</u>	<u>\$ 254,000</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. The funds will be used to construct a facility for car rentals and car wash on the Airport's grounds.

**NOTE 9. RESTRICTED NET ASSETS**

Restricted net assets at June 30 consists of the following:

	<u>2009</u>	<u>2008</u>
Unspent passenger facility charges	\$ 655,628	\$ 152,020
Emergency Medical Supplies	3,457	3,458
Asset Seizure Account	<u>3,058</u>	<u>3,056</u>
Total	<u>\$ 662,143</u>	<u>\$ 158,534</u>

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

**Plan Description** – The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing 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 publicly available annual financial report that includes financial statements and required supplementary information for the District. That 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. For the fiscal year ended June 30, 2009, the employer contribution rates were 45.028% for the safety fire plan participants, 30.715% for the safety police plan participants and 10.064% for the miscellaneous plan participants. 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. The District's contributions to CalPERS for the years ending June 30, 2009, 2008 and 2007 were \$784,228, \$715,740 and \$754,145, respectively, equal to the required contributions for each year.



**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 adopts an annual budget that has been prepared on a basis consistent with accounting principles generally accepted in the United States of America.

**NOTE 13. AUTHORITATIVE PRONOUNCEMENT ISSUED BUT NOT YET ADOPTED**

In July 2004, the Governmental Accounting Standards Board issued Statement of Governmental Accounting Standards No. 45 *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. In addition to pensions, many state and local governmental employers provide other post employment benefits, such as healthcare. This Statement establishes standards for the measurement, recognition, and display of expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of the governmental employer.

The requirements of this statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Governments that were phase 1 governments for the purpose of implementation of Statement 34 – those with annual revenues of \$100 million or more – are required to implement this Statement in financial statements for periods beginning after December 15, 2006. Governments that were phase 2 governments for the purpose of implementation of Statement 34 – those with total annual revenues of \$10 million or more but less than \$100 million – are required to implement this statement in financial statements for periods beginning after December 15, 2007.

Governments that were phase 3 governments for the purpose of implementation of Statement 34 – those with total annual revenues of less than \$10 million – are required to implement this Statement in financial statements for periods beginning after December 15, 2008. Earlier application is encouraged.

The District, which is a phase 3 entity, is required to implement the standard in fiscal year ending June 30, 2010, and has no plan for early implementation of this statement. At this time the District is not certain of the effect the adoption of Statement 45 will have on the accompanying financial statements.

## **SUPPLEMENTAL INFORMATION**

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF CONSTRUCTION-IN-PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Projects				Completed/ Transferred to Capital Assets	Balance at June 30, 2009
No.	Title	Balance at June 30, 2008	Additions		
AIP 42	Residential Soundproofing, Phase 11	\$ 1,803,008	\$ 190,348	\$ (1,993,356)	\$ -
AIP T-25	Service Road to Runway 28L	252,895	1,173	-	254,068
MPAD 114	Quick Turn Around (OTA) Area	350,725	3,026,909	-	3,377,634
AIP 45	Residential Soundproofing, Phase 12	11,992	733,675	-	743,667
AIP 46A	Fire Rescue/Command Vehicle	20,289	742,810	-	763,099
AIP 46B	ARRF Support/Structure Vehicle	18,165	562,786	(580,951)	-
AIP 47A	Airfield Pavement Rehab/Improvement	2,030,540	279,609	-	2,310,149
AIP 47B	Airfield Lighting/Signage Rehabilitation	188,976	592,548	-	781,524
2008-10	Airfield Pavement Rehabilitation, Phase 2	71,680	1,633,712	-	1,705,392
2008-06	Snack Bar/Gift Shop - Security	22,803	72,554	-	95,357
2008-07	Airport Terminal Signage Rehabilitation	6,985	17,031	-	24,016
2008-11	Ramp Parking & Gate Layout	-	18,340	(18,340)	-
2009-01	Residential Soundproofing, Phase 13	-	123,178	-	123,178
2009-02	FD Exhaust System Retrofit	-	34,468	(34,468)	-
2009-03	RSA Environmental - Phase 1	-	515,732	-	515,732
2009-04	Airfield Pavement - Phase 3A	-	191,118	-	191,118
2009-05	Airfield Pavement - Phase 3B	-	83	-	83
2009-07	Airport Energy Efficient Project	-	10,000	-	10,000
2009-08	10R-28L Runway Overlay	-	2,194	-	2,194
PFC Funded Projects:					
PFC BB	EIR Roadway Circulation Projects - PFC	100,178	-	-	100,178
PFC EE	Airport Biological Assessment	43,082	-	-	43,082
TOTAL		<u>\$ 4,921,318</u>	<u>\$ 8,748,268</u>	<u>\$ (2,627,115)</u>	<u>\$ 11,042,471</u>

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF CONSTRUCTION-IN-PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Projects					
No.	Title	Balance at June 30, 2007	Additions/ (Deletions)	Completed/ Transferred to Capital Assets	Balance at June 30, 2008
AIP 36B	Security Access Control, Phase 2	\$ 624,639	\$ 2,052	\$ (626,691)	\$ —
AIP 36C	Terminal Modernization Improvements	6,249,672	1,857,712	(8,107,384)	—
AIP 39B	Terminal Passenger Circulation and Auto Baggage System	958,901	—	(958,901)	—
AIP 40	Residential Soundproofing, Phase 10, Construction	1,932,983	20,616	(1,953,599)	—
AIP 41	Terminal Infrastructure Upgrade	21,669	—	(21,669)	—
AIP 42	Residential Soundproofing, Phase 11	331,599	1,471,409	—	1,803,008
AIP 43	Noise Exposure Map Update	230,780	102,685	(333,465)	—
AIP 44	Runway Safety Area Study	83,055	57,527	(140,582)	—
AIP 45	Baggage Area Electrical Upgrade	9,745	1,140	(10,885)	—
AIP 46	Airline Office/Hallway Remodel	78,457	6,142	(84,599)	—
AIP T-25	Service Road to Runway 28L	252,895	—	—	252,895
MPAD 114	Quick Turn Around (OTA) Area	208,992	141,733	—	350,725
AIP 45	Residential Soundproofing, Phase 12	—	11,992	—	11,992
AIP 46A	Fire Rescue/Command Vehicle	—	20,289	—	20,289
AIP 46B	ARRF Support/Structure Vehicle	—	18,165	—	18,165
AIP 47A	Airfield Pavement Rehab/Improvement	—	2,030,540	—	2,030,540
AIP 47B	Airfield Lighting/Signage Rehabilitation	—	188,976	—	188,976
2008-10	Airfield Pavement Rehabilitation – Phase 2	—	71,680	—	71,680
2008-06	Snack Bar/Gift Shop – Security	—	22,803	—	22,803
2008-07	Airport Terminal Signage Rehabilitation	—	6,985	—	6,985
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>\$ 11,126,648</u>	<u>\$ 6,032,445</u>	<u>\$(12,237,775)</u>	<u>\$ 4,921,318</u>

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES:			
Commercial aviation:			
Landing fees	\$ 498,923	\$ 428,281	\$ (70,642)
RON fees	49,144	57,300	8,156
Apron fees	<u>74,566</u>	<u>64,362</u>	<u>(10,204)</u>
Total commercial aviation	<u>622,633</u>	<u>549,943</u>	<u>(72,690)</u>
General aviation –			
Landing fees	<u>266,967</u>	<u>221,657</u>	<u>(45,310)</u>
Total general aviation	<u>266,967</u>	<u>221,657</u>	<u>(45,310)</u>
Terminal leases and concessions:			
Gate usage fees	4,381	7,572	3,191
Terminal space rent	1,442,292	1,509,961	67,669
Terminal concessions	221,973	207,633	(14,340)
Rental car concessions	1,225,006	928,743	(296,263)
Parking concession	875,009	637,307	(237,702)
Tower lease	<u>3,150</u>	<u>3,150</u>	<u>–</u>
Total terminal leases and concessions	<u>3,771,811</u>	<u>3,294,366</u>	<u>(477,445)</u>
Heavy general aviation tenants:			
FBO rents	621,516	567,684	(53,832)
Fuel flowage fees	<u>359,008</u>	<u>224,227</u>	<u>(134,781)</u>
Total heavy aviation tenants	<u>980,524</u>	<u>791,911</u>	<u>(188,613)</u>
Light general and other aviation tenants:			
Facility/space rents	206,748	196,776	(9,972)
Hangar rents	227,496	219,752	(7,744)
Tiedown fees	<u>9,036</u>	<u>9,275</u>	<u>239</u>
Total light general and other aviation tenants	<u>443,280</u>	<u>425,803</u>	<u>(17,477)</u>
Non-aviation tenants:			
Facility/space rents	1,001,400	1,007,460	6,060
Outside storage	261,780	217,808	(43,972)
RV storage	123,211	116,195	(7,016)
Self-Storage Concessions	210,545	188,597	(21,948)
Miscellaneous non-aviation revenue	<u>6,000</u>	<u>8,133</u>	<u>2,133</u>
Total non-aviation tenants	<u>\$ 1,602,936</u>	<u>\$ 1,538,193</u>	<u>\$ (64,743)</u>



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES (Continued):			
Other operating revenue:			
Utility charges	\$ 87,943	\$ 83,794	\$ (4,149)
Late fees and interest	7,500	17,666	10,166
Bail and traffic fines	4,200	5,151	951
License fees	—	—	—
Decals and badges	25,000	26,117	1,117
Banner (advertising) revenue	—	—	—
Tenant plan reviews, checks and inspections	—	96,023	96,023
Miscellaneous other operating revenue	—	1,527	1,527
Total other operating revenue	124,643	230,278	105,635
TOTAL OPERATING REVENUES	7,812,794	7,052,151	(760,643)
OPERATING EXPENSES:			
Finance and administration:			
Salaries and wages	744,953	719,017	25,936
Employer SSI	41,525	38,645	2,880
Employer MC	10,802	10,158	644
Employer SDI	4,917	5,712	(795)
Workers' compensation insurance	24,016	26,577	(2,561)
ADP processing	2,160	1,866	294
CalPERS retirement	74,971	71,078	3,893
CalPERS health insurance	121,734	84,857	36,877
Flexible spending account	11,448	9,800	1,648
Dental insurance	12,846	9,377	3,469
Vision insurance	2,208	1,445	763
Retiree health insurance	1,242	1,188	54
Life insurance	796	699	97
Personnel recruitment and pre-employment expense	1,500	—	1,500
Temporary personnel	13,500	41,289	(27,789)
Dues and subscriptions	16,000	20,138	(4,138)
Seminars and conferences	12,500	3,930	8,570
Professional development and education	30,000	2,962	27,038
Travel and business entertainment	11,000	15,991	(4,991)
Board of Directors – stipends	12,000	12,200	(200)
Board of Directors – seminars and conferences	5,000	4,410	590
Board of Directors – travel and business entertainment	9,000	7,343	1,657
Board of Directors – elections	151,000	141,197	9,803
Board of Directors – miscellaneous	5,000	9,763	(4,763)
Subtotal – forward	\$ 1,320,118	\$ 1,239,642	\$ 80,476

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal – forward	\$ 1,320,118	\$ 1,239,642	\$ 80,476
<b>OPERATING EXPENSES (Continued):</b>			
Finance and administration:			
Public notices	1,200	–	1,200
LAFCO expense	15,885	15,881	4
Umbrella liability insurance expense	224,000	217,226	6,774
Administrative meetings/employee relations	4,700	5,397	(697)
Telephone	32,500	35,680	(3,180)
Postage and courier services	5,000	4,887	113
Bank fees and finance charges	2,500	4,315	(1,815)
Telecommunications	3,700	4,929	(1,229)
General supplies and materials	1,000	1,024	(24)
Office supplies and materials	23,000	18,650	4,350
District vehicle supplies and materials	50	58	(8)
District vehicle fuel	2,600	2,333	267
Office equipment repair and equipment	5,000	7,932	(2,932)
General repairs and equipment	1,800	–	1,800
District vehicle repair and maintenance	1,700	4,604	(2,904)
Other services	1,400	1,348	52
Tenant services	30,000	–	30,000
Art program	30,000	29,260	740
Annual audit/accounting	45,000	44,501	499
District legal counsel	200,000	164,180	35,820
Administration and finance	10,500	5,530	4,970
Human resources	20,000	34,139	(14,139)
Other legal services	35,000	11,901	23,099
Marketing	2,500	1,112	1,388
Public relations	12,000	11,330	670
Air service development	25,000	45,251	(20,251)
New air services – marketing	65,000	65,415	(415)
Utilities – miscellaneous	2,520	2,416	104
Utilities – electricity	235,000	240,722	(5,722)
Utilities – natural gas	91,000	58,376	32,624
Utilities – water	74,000	62,767	11,233
Utilities – sewage/waste water	19,500	19,088	412
Utilities – solid waste disposal	12,500	11,957	543
Bad debt expense	5,000	–	5,000
Other expense	10,000	–	10,000
Total finance and administration	\$ 2,570,673	\$ 2,371,851	\$ 198,822

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING EXPENSES (Continued):			
Planning and development:			
Salaries and wages	\$ 276,179	\$ 247,471	\$ 28,708
Salary and wage reimbursement – AIP and billing	(71,821)	(107,341)	35,520
Employer SSI	16,077	14,386	1,691
Employer MC	4,002	3,557	445
Employer SDI	1,952	2,114	(162)
Workers' compensation insurance	27,219	23,855	3,364
ADP processing	960	812	148
CalPERS retirement	27,794	24,431	3,363
CalPERS health insurance	51,456	39,019	12,437
Flexible spending account	5,088	2,021	3,067
Dental insurance	4,888	1,703	3,185
Vision insurance	984	134	850
Life insurance	352	218	134
Personnel recruitment and pre-employment expense	1,000	108	892
Dues and subscriptions	1,000	710	290
Seminars and conferences	4,400	2,205	2,195
Professional development and education	3,000	85	2,915
Travel and business entertainment	4,000	3,225	775
Public notices	2,000	–	2,000
Administrative meetings/employee relations	1,000	383	617
Telephone	500	339	161
Telecommunications	2,500	1,392	1,108
Postage and courier services	400	317	83
Office supplies and materials	2,300	3,050	(750)
District vehicle supplies and materials	50	–	50
District vehicle fuel	2,150	1,957	193
Office equipment repair and maintenance	2,500	1,929	571
District vehicle repair and maintenance	1,500	3,588	(2,088)
Other services	–	866	(866)
Architect and engineer	6,000	25,301	(19,301)
District legal counsel	25,000	79,734	(54,734)
Public relations	1,000	79	921
Computer/LAN and IT	40,000	37,436	2,564
Environmental	5,000	102	4,898
Overtime pay	–	970	(970)
Other professional services	10,000	–	10,000
Total planning and development	\$ 460,430	\$ 416,156	\$ 44,274

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING EXPENSES (Continued):			
Maintenance and custodial services:			
Salaries and wages	\$ 480,845	\$ 484,944	\$ (4,099)
Salary and wage reimbursement – AIP and billing	–	(5,427)	5,427
Pager pay	10,980	10,250	730
Overtime pay	6,914	8,707	(1,793)
Holiday pay	4,127	2,176	1,951
Employer SSI	31,178	31,458	(280)
Employer MC	7,291	7,357	(66)
Employer SDI	4,022	4,837	(815)
Workers' compensation insurance	57,393	64,893	(7,500)
ADP processing	2,640	2,603	37
CalPERS retirement	50,608	48,513	2,095
CalPERS health insurance	164,370	150,833	13,537
Flexible spending account	13,992	10,155	3,837
Dental insurance	17,702	14,865	2,837
Vision insurance	2,700	1,282	1,418
Life insurance	968	961	7
Personnel recruitment and pre-employment expense	500	–	500
Dues and subscriptions	300	–	300
Seminars and conferences	650	70	580
Temporary Personnel	–	2,940	(2,940)
Professional development and education	1,200	213	987
Travel and business entertainment	1,500	11	1,489
Administrative meetings/employee relations	250	–	250
Telephone	180	123	57
Telecommunications	840	226	614
Postage and courier services	60	4	56
Custodial supplies and materials	75,000	79,279	(4,279)
General supplies and materials	1,620	3,292	(1,672)
Maintenance supplies and materials	10,000	7,015	2,985
Office supplies and materials	500	771	(271)
District vehicle supplies and materials	500	1,205	(705)
District vehicle fuel	13,650	9,453	4,197
District vehicle repair and maintenance	11,000	10,285	715
Airfield repair and maintenance	48,000	14,006	33,994
Terminal repair and maintenance	70,000	62,173	7,827
Rental space repair and maintenance	12,000	6,117	5,883
Landscape and grounds repair and maintenance	16,400	19,173	(2,773)
Subtotal – forward	\$ 1,119,880	\$ 1,054,763	\$ 65,117

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal – forward	\$ 1,119,880	\$ 1,054,763	\$ 65,117
OPERATING EXPENSES (Continued):			
Maintenance and custodial services:			
Office equipment repair and equipment	250	–	250
General repair and equipment	1,500	11,716	(10,216)
Other services	<u>48,000</u>	<u>51,175</u>	<u>(3,175)</u>
Total maintenance and custodial services	<u>1,169,630</u>	<u>1,117,654</u>	<u>51,976</u>
Airport operations:			
Salaries and wages	282,759	282,298	461
Salary and wage reimbursement – AIP and billing	–	(31,234)	31,234
Overtime pay	552	187	365
Employer SSI	17,157	16,591	566
Employer MC	4,108	4,061	47
Employer SDI	1,871	2,436	(565)
Workers' compensation insurance	27,249	31,300	(4,051)
ADP processing	960	933	27
CalPERS retirement	52,178	52,228	(50)
CalPERS health insurance	38,562	42,694	(4,132)
Flexible spending account	5,088	4,263	825
Life insurance	352	335	17
Vision insurance	978	724	254
Dental insurance	4,296	4,095	201
Personnel recruitment and pre-employment expense	–	216	(216)
Dues and subscriptions	900	298	602
Seminars and conferences	1,750	1,705	45
Professional development and education	500	–	500
Travel and business entertainment	2,900	2,471	429
Telephone	200	135	65
Telecommunications	1,000	736	264
Postage and courier services	60	62	(2)
General supplies and materials	1,600	1,167	433
Office supplies and materials	600	1,523	(923)
District vehicle supplies and materials	500	–	500
District vehicle fuel	<u>1,800</u>	<u>1,871</u>	<u>(71)</u>
Subtotal – forward	\$ 447,920	\$ 421,095	\$ 26,825

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal – forward	\$ 447,920	\$ 421,095	\$ 26,825
OPERATING EXPENSES (Continued):			
Airport operations:			
District vehicle repair and maintenance	600	699	(99)
Other services	300	2,132	(1,832)
Office equipment repair and maintenance	120	138	(18)
Temporary Personnel	–	4,362	(4,362)
Administrative meetings/Employee relations	–	34	(34)
Environmental	<u>9,000</u>	<u>5,767</u>	<u>3,233</u>
Total airport operations	<u>457,940</u>	<u>434,227</u>	<u>23,713</u>
Police department:			
Salaries and wages	594,888	585,055	9,833
Salary and wage reimbursement – AIP and billing	(155,927)	(179,327)	23,400
Overtime pay	50,281	72,938	(22,657)
Holiday pay	13,788	9,681	4,107
Training pay	900	900	–
Uniform allowance	3,600	3,575	25
Employer SSI	41,136	38,897	2,239
Employer MC	9,619	9,236	383
Employer SDI	5,308	6,082	(774)
Workers' compensation insurance	75,721	78,401	(2,680)
ADP processing	1,920	1,864	56
CalPERS retirement	181,003	163,780	17,223
CalPERS health insurance	80,760	66,622	14,138
Flexible spending account	7,632	5,084	2,548
Dental insurance	10,928	9,445	1,483
Vision insurance	1,470	747	723
Life insurance	532	524	8
Retiree health insurance	6,318	4,664	1,654
Personnel recruitment and pre-employment expense	8,000	7,201	799
Dues and subscriptions	1,500	2,276	(776)
Seminars and conferences	2,000	1,681	319
Professional development and education	9,000	75	8,925
Travel and business entertainment	5,800	3,960	1,840
Telephone	2,000	3,082	(1,082)
Telecommunications	14,200	9,423	4,777
Postage and courier services	<u>500</u>	<u>209</u>	<u>291</u>
Subtotal – forward	\$ 972,877	\$ 906,075	\$ 66,802



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal – forward	\$ 972,877	\$ 906,075	\$ 66,802
OPERATING EXPENSES (Continued):			
Police department:			
General supplies and materials	21,000	14,284	6,716
Office supplies and materials	3,500	1,104	2,396
District vehicle supplies and materials	250	97	153
District vehicle fuel	7,440	7,694	(254)
Office equipment repair and maintenance	1,200	1,491	(291)
General repairs and maintenance	5,000	4,158	842
District vehicle repair and maintenance	3,700	6,220	(2,520)
Police services	36,000	2	35,998
Other services	25,000	1,400	23,600
District legal counsel	5,500	1,848	3,652
Other legal services	1,000	–	1,000
Human resources	500	–	500
	<u>1,082,967</u>	<u>944,373</u>	<u>138,594</u>
Total police department			
Fire department:			
Salaries and wages	850,828	844,563	6,265
Salary and wage reimbursement – AIP and billing	–	(47,263)	47,263
LC 4850 wages	–	70,305	(70,305)
Overtime pay	139,935	131,141	8,794
Holiday pay	23,599	23,447	152
Uniform allowance	5,760	6,180	(420)
Employer SSI	63,248	60,941	2,307
Employer MC	14,792	14,703	89
Employer SDI	8,160	8,377	(217)
Workers' compensation insurance	116,428	125,875	(9,447)
ADP processing	2,880	2,769	111
CalPERS retirement	459,340	424,198	35,142
CalPERS health insurance	157,752	150,405	7,347
Flexible spending account	15,264	13,677	1,587
Dental insurance	20,712	19,038	1,674
Vision insurance	2,946	1,409	1,537
Life insurance	1,054	1,121	(67)
Retiree health insurance	4,871	3,564	1,307
Personnel recruitment and pre-employment expense	4,000	3,506	494
Dues and subscriptions	2,650	2,249	401
Seminars and conferences	4,500	–	4,500
	<u>1,898,719</u>	<u>1,860,205</u>	<u>38,514</u>
Subtotal – forward	\$ 1,898,719	\$ 1,860,205	\$ 38,514

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal – forward	\$ 1,898,719	\$ 1,860,205	\$ 38,514
OPERATING EXPENSES (Continued):			
Fire Department:			
Professional development and education	13,500	14,685	(1,185)
Travel and business entertainment	10,000	6,491	3,509
Telephone	2,500	2,629	(129)
Telecommunications	11,000	9,754	1,246
Postage and courier services	125	75	50
Custodial supplies and materials	300	–	300
General supplies and materials	16,500	10,516	5,984
Maintenance supplies and materials	300	67	233
Office supplies and materials	1,300	673	627
District vehicle supplies and materials	5,000	580	4,420
District vehicle fuel	5,750	6,144	(394)
Office equipment repair and maintenance	4,200	6,341	(2,141)
General repairs and maintenance	5,500	7,407	(1,907)
District vehicle repair and maintenance	2,500	4,176	(1,676)
Fire services	2,000	–	2,000
Other services	1,100	3,278	(2,178)
District legal counsel	–	532	(532)
Total fire department	<u>1,980,294</u>	<u>1,933,553</u>	<u>46,741</u>
TOTAL OPERATING EXPENSES	<u>7,721,934</u>	<u>7,217,814</u>	<u>504,120</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	90,860	(165,663)	(256,523)
DEPRECIATION AND AMORTIZATION	<u>3,861,913</u>	<u>3,490,282</u>	<u>371,631</u>
OPERATING INCOME (LOSS)	<u>(3,771,053)</u>	<u>(3,655,945)</u>	<u>115,108</u>
NONOPERATING REVENUES (EXPENSES):			
Grants – FAA	7,182,098	5,300,590	(1,881,508)
Passenger Facility Charges	850,500	730,841	(119,659)
Passenger Facility Charges – interest income	<u>120</u>	<u>5,594</u>	<u>5,474</u>
Subtotal – forward	\$ 8,032,718	\$ 6,037,025	\$(1,995,693)

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**STATEMENT OF REVENUES AND EXPENSES – BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Subtotal – forward	\$ 8,032,718	\$ 6,037,025	\$(1,995,693)
NONOPERATING REVENUES (EXPENSES) (Continued):			
PFC – unrealized gain/(loss) on investments	–	82	82
Grants – EMS	1,000	1,000	–
Interest income – banks	1,750	2,192	442
Interest income – L.A.I.F.	70,000	37,669	(32,331)
Interest income – notes receivable	3,371	3,372	1
Interest income – MPAD investments	105,000	117,263	12,263
MPAD – unrealized gain/(loss) on investments	12,000	81,073	69,073
Interest income – QTAC investments	28,000	26,602	(1,398)
QTAC – unrealized gain/(loss) on investments	<u>180</u>	<u>786</u>	<u>606</u>
TOTAL NONOPERATING REVENUE	<u>8,254,019</u>	<u>6,307,064</u>	<u>(1,946,955)</u>
CHANGE IN NET ASSETS	<u>\$ 4,482,966</u>	<u>\$ 2,651,119</u>	<u>\$(1,831,847)</u>

**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, 2009 and have issued our report thereon dated November 19, 2009. 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*.

We noted a certain matter that we reported to Management of Monterey Peninsula Airport District in a separate letter dated November 19, 2009.

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.

November 19, 2009

*Harashi + 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, 2009.

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, 2009.

**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.

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.

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 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.

November 19, 2009

*Mayaschi + Wayland*



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>GRANT NUMBER</u>	<u>EXPENDITURES</u>
<b>Federal Aviation Administration:</b>			
Airport Improvement Program	20.106*	Various	\$ 5,300,590
<b>Transportation Security Administration</b>			
Law Enforcement Officer Reimbursement Program	97.090	HSTS0208-- HSLR329	<u>155,928</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,456,518</u>

\* 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. This schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used, in the preparation of the financial statements.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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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 AUDIT FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

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

There were no findings and/or questioned costs for the year ending June 30, 2009.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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There were no findings and/or questioned costs for the year ending June 30, 2008.

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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The current year single audit disclosed no findings in the Schedule of Findings and Questioned Costs, there is no Corrective Action Plan to be reported.

**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, 2009. 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 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 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, 2009.

**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.

November 19, 2009

*Harumi + Wayland*

**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**COLLECTIONS**

Cumulative charges collected, June 30, 2008	\$ 9,826,940
Charges collected for the quarter ended:	
September 30, 2008	208,184
December 31, 2008	146,804
March 31, 2009	175,795
June 30, 2009	200,059
Total charges collected for the fiscal year ended June 30, 2009	730,842
Cumulative charges collected, June 30, 2009	<u>\$ 10,557,782</u>

**DISBURSEMENTS**

No.	Projects Title	Cumulative Expenditures June 30, 2008	Expenditures for the Year Ended June 30, 2009	Adjustments for the Year Ended June 30, 2009	Cumulative Expenditures June 30, 2009
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
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
Subtotal - forward		\$ 1,781,350	\$ -	\$ -	\$ 1,781,350



**MONTEREY PENINSULA AIRPORT DISTRICT**  
**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**  
**FOR THE YEAR ENDED JUNE 30, 2009**  
(Continued)

	Subtotal - forward	\$ 1,781,350	\$ -	\$ -	\$ 1,781,350
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	62,288	-	-	62,288
AIP 36C	Terminal Modernization Improvements	219,927	-	-	219,927
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	775,065	-	-	775,065
AIP 40	Residential Soundproofing Phase 10 Construction	97,680	-	-	97,680
AIP 41	Terminal Infrastructure Upgrade	1,709,214	-	-	1,709,214
AIP 42	Residential Soundproofing, Phase 11	89,950	9,517	-	99,467
AIP 43	Noise Exposure Map Update	15,000	-	-	15,000
AIP 44	Runway Safety	9,950	-	-	9,950
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	290,597	-	-	290,597
2008-01	Residential Soundproofing Insulation Program (RSIP) Phase 12	600	36,683	-	37,283
2008-02	Fire Rescue / Command Vehicle	1,014	91,938	-	92,952
2008-03	ARFF Support / Structural Vehicle	908	28,139	-	29,047
2008-04	Airfield Pavement Rehabilitation & Improvements Phase 1	101,515	13,981	-	115,496
2008-05	Airfield Lighting & Signage Rehabilitation	9,449	29,627	-	39,076
2008-10	Airfield Pavement Rehabilitation & Improvements Phase 2	-	3,393	-	3,393
2009-01	Residential Soundproofing Insulation Program (RSIP) Phase 13	-	2,401	-	2,401
2009-03	RSA Environmental - Phase 1	-	1,221	-	1,221
2009-04	Airfield Pavement - Phase 3A	-	235	-	235
	<b>TOTAL</b>	<b>\$ 9,908,024</b>	<b>\$ 217,135</b>	<b>\$ -</b>	<b>\$ 10,125,159</b>

**MONTEREY PENINSULA AIRPORT DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
PASSENGER FACILITY CHARGE PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2009**

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There were no findings and/or questioned costs for the year ended June 30, 2009.

**MONTEREY PENINSULA AIRPORT DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS -  
PASSENGER FACILITY CHARGE PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2009**

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There were no findings and/or questioned costs for the year ended June 30, 2008.

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