

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

**August 12, 2019 - 10:00 AM - Administration Office Conference Room**

**A. CALL TO ORDER**

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

*Also, in attendance were LSL CPAs and Advisors Partner Ken Macias and Assurance Senior Manager Brandon Young.*

*Presented the following documents to the Budget and Finance Committee members:*

*June 2019 Financial Statements  
June 2019 Financial Statement Variance Analysis  
June 30, 2019 Accounts Receivable Aged Invoice Report*

**B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS**

*None.*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

Discussion      1. Audit Plan and Board of Directors

*Messrs. Macias and Young discussed the general audit plan, timing and staffing. The FY 2019 audit is scheduled to begin on August 26 for one week of field work and data testing. Follow up questions and report preparation will continue through September and draft financial statements are scheduled to be delivered to the Finance Committee at the October 7 meeting.*

Review            2. FYTD 2019 Financial Statements

*Reviewed overall financial performance of the airport as of June 30, 2019*

*The financial information presented in the June 2019 fiscal statements of the Monterey Regional Airport are without annual adjustments for CalPERS pension plan liabilities (GASB 68) and Other Post-Employment Benefits (GASB 75). Information for both GASB 68 and 75 will be integrated into the annual audited financial statements report that will be delivered to the Board of Directors in November 2019.*

*June 2019 combined airport operating revenues are \$923.4K which is \$181.1K (24.4%) higher than budget (\$742.2K), and FYTD revenues are \$9.58M which is \$704.0K (7.9%) higher than budget (\$8.13M). The June favorable revenue variance is primarily attributed to the American Airlines Monterey to Dallas flights that started in April and the U.S. Open tournament in early June. Additionally, TNCs, concessions, rental car and parking revenues followed the increase in flights and enplanements.*

June operating expenses (\$656.1K) are under budget (\$673.1K) by \$17.0K or 2.5%.

June's net favorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses are materially on budget, Employer Benefit Expenses (\$98.1K) for June are lower than budget (\$103.9K) by \$5.8K, Personnel Related Expenses (\$11.1K) for June are higher than budget (\$7.5K) by \$3.5K, Business Related Expenses (\$20.3K) for June are lower than budget (\$27.8K) by \$7.5K, Expendable / Consumable Supplies & Materials expenses (\$4.9K) are lower than budget (\$11.1K) by \$7.0K, Repair & Maintenance expenses (\$22.2K) are under budget (\$32.5K) by \$10.3K, Outside Services expenses (\$243.9K) are materially on budget (\$244.8K), Marketing related expenses (\$16.9K) were lower than budget (\$20.5K) by \$3.6K and Combined Utilities expenses (\$20.8K) are lower than budget (23.9K) by \$3.1K.

June FYTD Operating Expenses are \$8.04M which is \$283.4K lower than budget (\$8.32M). This favorable variance is attributed to lower expenses in most expense categories.

The continued higher than budget operating revenues and lower operating expenses resulted in an Operating Income of \$267.2K for June which is \$198.1K higher than budget (\$69.1K). FYTD operating income is \$1.46M which is \$987.1K or 210.0% higher than budget (\$469.9K).

Review 2. June 2019 Financial Statement Variance Analysis

**Revenues:**

Commercial Landing Fees  
Apron Fees  
Commercial Fuel Flowage Fees  
General Aviation Landing Fee  
Terminal Concessions  
TNC Permits & Trip Fees

Rental Car Concessions  
In June rental car commissions exceeded budget by \$64.0K (\$158.9K Act vs. \$94.9K Bud) as rental car companies completed 5,602 contracts with an average cost \$283.6 per contract. On average rental car sales exceed budget by 67% but Go Rental was the largest with a 1,395% favorable variance to budget.

Parking Concession  
June Parking Concession vehicle counts were under budget by 2,301 cars (but overall there was a daily favorable rate variance of \$3.12 per car (\$5.70 Bud vs \$8.82 Act). Approximately 1,265 long term parked cars over 3 days created most of the favorable variance.

General Aviation Fuel Flowage Fees  
R V Storage  
Property Tax Allocation

**Expenses:**

**Finance & Administration:**

Salaries & Wages  
Business Travel & Entertainment

Human Resources  
Public Relations  
Annual Audit / Accounting  
Utilities - Electricity  
Air Service Development  
Utilities - Natural Gas

*Bad Debt Expense*

MPAD's June budget includes a Bad Debt reserve of \$5K which is evaluated at the end of each fiscal year. For FYTD 2019 only three accounts totaling \$131 were written off.

**Planning & Development:**

*Architect & Engineer*

Architect & Engineer expenses for June include: F. Lee payment for tenant plan reviews (\$900), Coffman Associates amendment to general plan (\$9.0K) and Neil Engineering environmental and security plan updates (\$1.94K).

**Maintenance & Custodial Services:**

*Custodial Supplies & Materials  
District Vehicle Fuel  
Airfield Repair & Maintenance  
Terminal Repair & Maintenance  
Computer / LAN & IT*

**Airport Operations:**

*Salaries & Wages  
Environmental*

The June Environmental expense comes from fees paid to Wood Environment & Infrastructure for developing a plan to test for PFAS contamination on Airport Property.

**Police Department:**

*None*

**ARFF / Fire Services:**

*None*

**Board of Directors:**

*Business Travel & Entertainment Expense*

The actual June Business Travel & Entertainment expenses included charges for the Board Directors to attend ACI NA/AAAE Airport Board and Commissioners conference in San Francisco. There was no travel budget for the BODs in June.

**Other Income and Expense:**

Grants – FAA  
Passenger Facility Charges

Interest Income - L.A.I.F.  
LAIF interest income in June exceeded budget as the short-term interest rate for Q2-CY 2019 remains around 2.4%.

Depreciation and Amortization Expense

No additional questions on revenues or expenses.

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

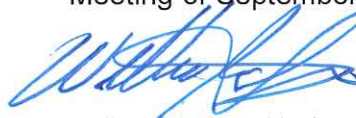
The accounts receivable balance on June 30, 2019 is \$678K. This balance is 27.6% higher than the May 31, 2019 balance and 73.0% higher than the balance on June 30, 2018. This increase in accounts receivables is attributed to timing of collections.

The next meeting was scheduled for September 9, 2019 at 10:00 AM in the Administration Office Conference Room.

**E. ADJOURNMENT**

The meeting adjourned at 12:00 PM.

Minutes Approved at the  
Meeting of September 11, 2019



William Sabo, Chair

ATTEST



Michael La Pier, AAE  
District Secretary