Memorandum

City of Lee's Summit

To: BOAC

From: Darlene Pickett, Controller

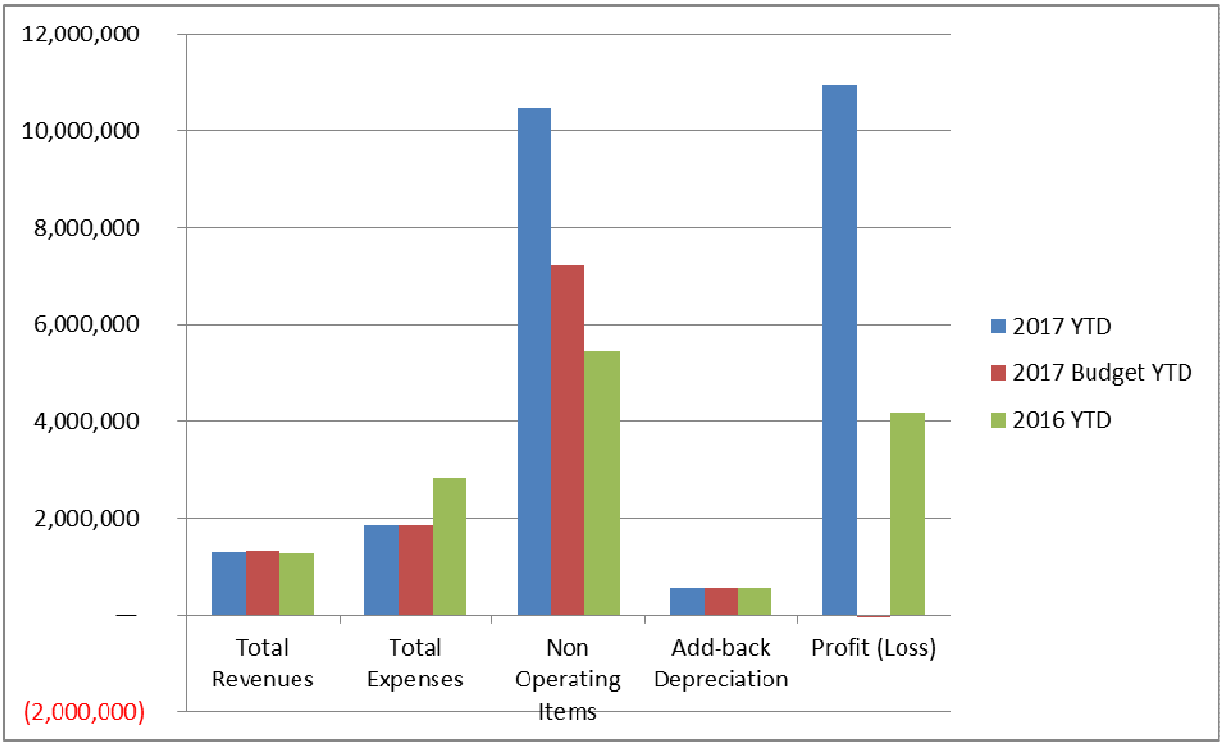
C: Conrad Lamb, Finance Director; Steve Arbo, City Manager

John Ohrazda, Airport Manager; Dena Mezger, Public Works Director

Date: October 3, 2017

Re: Airport Financial Statements – June 30 2017 – PRELIMINARY & UNAUDITED

- Reports through June 2017 show the Airport fund with a net operating loss of $551,303. The fund has operating revenues of $1,293,485 against expenditures of $1,844,788. Nonoperating items and transfers bring the fund to a year-to-date net income of $10,384,563. When depreciation expense of $574,903 is excluded (added back), net income adjusted for depreciation is $10,959,467. Grant reimbursements make up $10,586,587 of this income amount.



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- **Operating Revenues** are below budget (1%) and below prior year $22,881 or 2%. Rental revenues are exceeding budget by 9% for FY17 and up 18% compared to last year. Fuel revenues are below budget $77,845 (12%) and down $87k (13%) compared to last year. Overall, sales in gallons are down 12,875 gallons or 8% compared to last year. The airport was closed to take offs and landings from April 17th to May 9th and Runway 18/36 was closed until the end of September 2017. These closures are the primary reason for lower fuel sales in gallons and dollars. In addition, prices on average are $.61/gallon lower than last year.

- **Expenditures** are under budget $23,960 or 1%. Both salaries and supplies for resale (fuel) are coming in 9% respectively ($83,000) below budget. OSS&C is under budget $62k or 23%. Items included in this category include fuel used in airport vehicles/equipment and fuel discounts earned on purchases. Maintenance and repairs are $84k (155%) over budget due to repairs (doors, painting, electrical, etc.) on Hangar One, a new transmission in a truck, a new battery in the tug and extensive repairs to two mowers. Utilities (electric) are over $20k, again primarily due to Hangar One. All other expense categories are performing within 5% of budget.

- The chart below compares year-to-date amounts for the last 5 years at the end of each fiscal year. Operating revenues have remained constant and expenses had a slight spike in FY16 due expansion costs. The spikes in nonoperating items and profit (loss) are both in direct relation to grant revenues received.