

SONOMA COUNTY AIRPORT ENTERPRISE FUND

**REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007**

SONOMA COUNTY AIRPORT ENTERPRISE FUND

**Reporting Package
For the Year Ended
June 30, 2007**

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**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Comparative Statements of Net Assets
June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Per-centage</u>
Assets				
Current assets:				
Cash and investments	\$ 781,397	\$ 961,307	\$ (179,910)	(18.72) %
Receivables	104,767	130,105	(25,338)	(19.47)
Due from other governments	<u>1,222,359</u>	<u>554,936</u>	<u>667,423</u>	<u>120.27</u>
Total current assets	<u>2,108,523</u>	<u>1,646,348</u>	<u>462,175</u>	<u>28.07</u>
Noncurrent assets:				
Restricted cash and investments:				
Customer security deposits	<u>63,459</u>	<u>57,986</u>	<u>5,473</u>	<u>9.44</u>
Capital assets:				
Non-depreciable	12,988,485	11,987,734	1,000,750	8.35
Depreciable, net	<u>12,039,835</u>	<u>11,828,777</u>	<u>211,058</u>	<u>1.78</u>
Total capital assets (net of accumulated depreciation)	<u>25,028,320</u>	<u>23,816,511</u>	<u>1,211,809</u>	<u>5.09</u>
Total noncurrent assets	<u>25,091,779</u>	<u>23,874,497</u>	<u>1,217,282</u>	<u>5.10</u>
Total assets	<u>\$ 27,200,302</u>	<u>\$ 25,520,845</u>	<u>\$ 1,679,456</u>	<u>6.58 %</u>

(Continued)

The notes to the basic financial statements are an integral part of this statement

SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Comparative Statements of Net Assets
June 30, 2007 and 2006

	2007	2006	Increase (Decrease)	
			Amount	Per-centage
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	87,199	266,569	(179,370)	(67.29) %
Interest payable	34,278	39,231	(4,953)	(12.62)
Due to other governments	306,601	282,928	23,673	8.37
Contract retention payable	0	28,683	(28,683)	(100.00)
Interfund Liability	1,000,000	0	1,000,000	100.00
Deferred revenue	22,543	19,749	2,793	14.14
Total current liabilities	<u>1,450,621</u>	<u>637,160</u>	<u>813,461</u>	<u>127.67</u>
Current liabilities payable from restricted assets:				
Customer deposits payable	<u>63,459</u>	<u>57,986</u>	<u>5,473</u>	<u>9.44</u>
Noncurrent liabilities:				
Advances from other governments	2,798,715	3,105,316	(306,601)	(9.87)
Compensated absences	83,658	82,794	864	1.04
Total noncurrent liabilities	<u>2,882,373</u>	<u>3,188,110</u>	<u>(305,737)</u>	<u>(9.59)</u>
Total liabilities	<u>4,396,453</u>	<u>3,883,256</u>	<u>513,197</u>	<u>13.22</u>
Net Assets				
Invested in capital assets, net of related debt	20,923,004	20,428,267	494,737	2.42
Restricted for capital projects	296,315	469,414	(173,099)	(36.88)
Unrestricted	<u>1,584,530</u>	<u>739,908</u>	<u>844,622</u>	<u>114.15</u>
Total net assets	<u>\$ 22,803,849</u>	<u>\$ 21,637,589</u>	<u>\$ 1,166,260</u>	<u>5.39 %</u>

The notes to the basic financial statements are an integral part of this statement

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Statement of Activities
For the fiscal year ended June 30, 2007**

	Expenses	Program Revenues	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
Function/Program Activities:				Business-type Activities
Business-type activities:				
Airport	\$ 3,327,932	\$ 2,762,989	1,630,831	\$ 1,065,888
General Revenues:				
Unrestricted investment earnings				60,771
Total general revenues				60,771
Change in net assets				1,126,659
Net assets, beginning of year				21,637,589
Prior period adjustment				39,601
Net assets, beginning of year, as restated				21,677,190
Net assets, end of year				\$ 22,803,849

The notes to the basic financial statements are an integral part of this statement

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Statement of Activities
For the fiscal year ended June 30, 2006**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets
		Charges for Services	Capital Grants and Contributions	Business-type Activities
Function/Program Activities:				
Business-type activities:				
Airport	\$ 2,961,242	\$ 2,592,232	2,553,318	\$ 2,184,308
 General Revenues:				
Unrestricted investment earnings				28,721
Total general revenues				28,721
Change in net assets				2,213,029
Net assets, beginning of year				19,424,560
Net assets, end of year				\$ 21,637,589

The notes to the basic financial statements are an integral part of this statement

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Comparative Statements of Revenues, Expenses, and
Changes in Fund Net Assets
For the Fiscal Years Ended June 30, 2007 and 2006**

	2007	2006 (as restated)	Increase (Decrease)	
			Amount	Per- centage
Operating Revenues				
Charges for sales and services:				
Charges for services	\$ 62,375	\$ 47,951	\$ 14,424	30.08 %
Rents and concessions	2,529,630	2,408,368	121,261	5.03
Total operating revenues	<u>2,592,005</u>	<u>2,456,319</u>	<u>135,687</u>	<u>5.52</u>
Operating Expenses				
Services and supplies	1,474,276	1,205,299	268,977	22.32
Salaries and employee benefits	890,144	835,346	54,798	6.56
Depreciation & amortization	788,353	740,104	48,249	6.52
Total operating expenses	<u>3,152,773</u>	<u>2,780,749</u>	<u>372,024</u>	<u>13.38</u>
Operating income (loss)	<u>(560,768)</u>	<u>(324,430)</u>	<u>(236,338)</u>	<u>72.85</u>
Nonoperating Revenues (Expenses)				
Investment income	60,771	28,721	32,050	111.59
Fines, forfeitures, penalties	16,124	11,829	4,296	36.32
Grants and other contributions	1,630,831	2,553,318	(922,487)	(36.13)
Interest expense	(175,159)	(180,493)	5,334	(2.96)
Miscellaneous, net	154,860	124,084	30,776	24.80
Net nonoperating revenues (expenses)	<u>1,687,427</u>	<u>2,537,459</u>	<u>(850,032)</u>	<u>(33.50)</u>
Change in net assets	1,126,659	2,213,029	(1,086,370)	(49.09)
Net assets, beginning of the year	21,637,589	19,424,560	2,213,029	11.39
Prior period adjustment	39,601	0	39,601	100.00
Net assets, beginning of the year, as restated	<u>21,677,190</u>	<u>19,424,560</u>	<u>2,252,630</u>	<u>11.60</u>
Net assets, end of the year	<u>22,803,849</u>	<u>21,637,589</u>	<u>\$ 1,166,260</u>	<u>5.39 %</u>

The notes to the basic financial statements are an integral part of this statement

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from customers/other funds	\$ 2,625,610	\$ 2,354,134
Cash payments to suppliers for goods and services	(1,136,872)	(830,078)
Cash payments to employees for services	(889,280)	(822,854)
Cash payment for interfund services used	(334,227)	(325,434)
	<u>265,231</u>	<u>375,768</u>
Cash flows from noncapital financing activities:		
Fines/forfeitures/penalties	16,124	11,829
Miscellaneous nonoperating revenue	154,861	124,084
	<u>170,985</u>	<u>135,913</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,171,792)	(2,734,909)
Grants and other contributions	963,408	2,748,582
Proceeds from issuance of capital debt	1,023,673	22,845
Principal payment of capital debt	(306,601)	(282,928)
Interest paid	(180,112)	(185,026)
	<u>(671,424)</u>	<u>(431,436)</u>
Cash flows from investing activities:		
Interest received on investments	60,771	28,721
	<u>60,771</u>	<u>28,721</u>
Net cash provided by (used in) investing activities	60,771	28,721
Net increase (decrease) in cash and cash equivalents	(174,437)	108,966
Cash and cash equivalents, beginning of year (including \$57,986 reported in restricted accounts)	<u>1,019,293</u>	<u>910,327</u>
Cash and cash equivalents, end of year (including \$63,459 reported in restricted accounts)	<u>\$ 844,856</u>	<u>\$ 1,019,293</u>

(Continued)

The notes to the basic financial statements are an integral part of this statement

SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2007 and 2006

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (560,768)	\$ (324,430)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation & amortization	788,353	740,104
Accounts receivable and accrued revenue	25,338	(76,513)
Accounts payable and accrued liabilities	3,178	49,787
Compensated absences payable	864	12,492
Restricted customer deposits	5,473	(5,217)
Deposits with others	2,793	(20,455)
Total adjustments	<u>825,999</u>	<u>700,198</u>
Net cash provided by (used in) operating activities	<u>\$ 265,231</u>	<u>\$ 375,768</u>

Noncash investing, capital and financing activities:

Capital contributions due from other governments	(667,423)	195,263
Purchase of equipment on account	0	193,588
Interest payable	34,278	39,231
Contract retention	0	28,683

The notes to the basic financial statements are an integral part of this statement

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Notes to the Basic Financial Statements
June 30, 2007**

I. Reporting Package

This reporting package was prepared by the Fiscal Services Division and reviewed by the Audit Division of the office of the Sonoma County Auditor-Controller. The information contained in this reporting package is intended solely for use by Macias, Gini & O'Connell LLP in their role as independent auditors for the County of Sonoma. Significant disclosures required of general purpose financial statements have been omitted from this reporting package. Accordingly, the financial information included in this reporting package is not intended for those who are not informed about such matters.

II. Cash and Investments

Cash Balance

The June 30, 2007 cash balance consists of:

	Amortized Cost	Fair Value
Cash with County Treasurer	\$ 781,097	\$ 780,589
Cash with County Treasurer, restricted	63,459	63,459
Cash with Bank of America	100	100
Petty Cash	200	200
	\$ 844,856	\$ 844,348
Total	\$ 844,856	\$ 844,348

The fair value of the cash investments with the Treasurer is \$508 less than the amortized cost of those investments. An adjustment was not made for the difference between cost and fair value.

III. Allowance for Bad Debts

No provision for bad debts is included in the accounts of the Sonoma County Airport Enterprise Fund. Losses from uncollectible accounts are recorded using the direct write-off method.

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Notes to the Basic Financial Statements
June 30, 2007**

IV. Interfund Liabilities

During the fiscal year ended June 30, 2007, the Airport took out a one million dollar General Anticipation Note (GAN) with County of Sonoma Treasury that is due to mature in the fiscal year ending June 30, 2008. The GAN has an interest rate set at one-quarter of a percent above the pooled rate. For the fiscal year ended June 30, 2007 the pooled rate was 4.915%.

V. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Advances from other governments	\$ 3,388,244	\$ 0	\$ (282,928)	\$ 3,105,316	\$ 306,601
Compensated absences	<u>82,794</u>	<u>864</u>	<u>0</u>	<u>83,658</u>	<u>0</u>
Total long-term liabilities	<u>\$ 3,471,038</u>	<u>\$ 864</u>	<u>\$ (282,928)</u>	<u>\$ 3,188,974</u>	<u>\$ 306,601</u>

VI. Due to/Advances from Other Governments

The County of Sonoma entered into the following loan agreements with the State of California, Department of Transportation as follows:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2007</u>
Hangar Construction	2009	5.39%	\$ 100,603 - 113,696	\$ 800,000	\$ 234,052
Hangar Construction	2016	5.18%	40,000 - 109,527	1,000,000	580,115
Hangar Construction	2018	4.68%	21,087 - 125,727	1,297,000	877,046
Building Purchase	2020	5.06%	67,600 - 143,270	1,690,000	<u>1,414,103</u>
Total State of California, Department of Transportation indebtedness					\$ 3,105,316
Less: Current portion due					<u>(306,601)</u>
Total long-term advances from other governments					<u>\$ 2,798,715</u>

**SONOMA COUNTY AIRPORT
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Notes to the Basic Financial Statements
June 30, 2007**

The annual long-term obligation requirements to maturity for due to and advances from other governments at June 30, 2007 are as follows:

Year Ending	Principal	Interest	Total
June 30,			
2008	306,601	155,250	461,851
2009	313,735	139,504	453,239
2010	213,835	123,433	337,268
2011	227,631	112,816	340,447
2012-2016	1,403,618	380,839	1,784,457
2017-2020	639,896	66,498	706,394
Total long-term liability	\$ 3,105,316	\$ 978,340	\$ 4,083,656

There are a number of limitations and restrictions contained in the above loan agreements. Airport management believes it is in compliance with all significant limitations and restrictions.

VII. Federal Funding

Summary of funding received by the Sonoma County Airport Enterprise Fund from federal sources during the fiscal year ended June 30, 2007:

Agency	Description	Eligible Costs	Receivable
FAA	Airport Improvements	\$ 570,071	\$ 101,273
FAA	Land Acquisition	1,031,751	1,031,751
FAA	General	0	89,335

Operating revenue:

FAA	Passenger Facility Charges	\$ 0	\$ 0
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Federal Air Regulations at section 158.57 of 14 CFR requires inclusion of the Passenger Facility Charges program in the annual single audit.

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Notes to the Basic Financial Statements
June 30, 2007**

VIII. Net Assets Invested in Capital Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Capital assets, net of accumulated depreciation	\$ 25,028,320	\$ 23,816,511
Less: Due to other governments (current)	(306,601)	(282,928)
Interfund Liability (current)	(1,000,000)	0
Advances from other governments (non-current)	<u>(2,798,715)</u>	<u>(3,105,316)</u>
Net assets invested in capital assets	<u>\$ 20,923,004</u>	<u>\$ 20,428,267</u>

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Notes to the Basic Financial Statements
June 30, 2007**

IX. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retire- ments</u>	<u>Transfers & Adjustments</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 9,437,123	\$ 1,076,648	\$ -	\$ -	\$ 10,513,771
Construction in progress	<u>2,550,611</u>	<u>846,627</u>	<u>-</u>	<u>(922,524)</u>	<u>2,474,714</u>
Total capital assets not being depreciated:	<u>11,987,734</u>	<u>1,923,275</u>	<u>0</u>	<u>(922,524)</u>	<u>12,988,485</u>
Capital assets being depreciated:					
Buildings & Improvements	23,643,669	922,524	-	-	24,566,193
Equipment	<u>1,207,541</u>	<u>14,291</u>	<u>-</u>	<u>67,068</u>	<u>1,288,900</u>
Total capital assets being depreciated	<u>24,851,210</u>	<u>936,815</u>	<u>0</u>	<u>67,068</u>	<u>25,855,093</u>
Less accumulated depreciation for:					
Buildings & Improvements	(11,940,078)	(715,847)	-	-	(12,655,925)
Equipment	<u>(1,082,355)</u>	<u>(68,035)</u>	<u>-</u>	<u>(8,943)</u>	<u>(1,159,333)</u>
Total accumulated depreciation	<u>(13,022,433)</u>	<u>(783,882)</u>	<u>0</u>	<u>(8,943)</u>	<u>(13,815,258)</u>
Total capital assets being depreciated, net	<u>11,828,777</u>	<u>152,933</u>	<u>-</u>	<u>58,125</u>	<u>12,039,835</u>
Total capital assets, net	<u>\$ 23,816,511</u>	<u>\$ 2,076,208</u>	<u>\$ 0</u>	<u>\$ (864,399)</u>	<u>\$ 25,028,320</u>

**SONOMA COUNTY AIRPORT
ENTERPRISE FUND
Notes to the Basic Financial Statements
June 30, 2007**

X. Changes in Restricted Cash and Investments

	Beginning Balance	Increase	Decrease	Ending Balance
Customer deposits	\$ 57,986	\$ 8,103	\$ (2,630)	\$ 63,459
Decrease in customer deposits:				
Deposits - hangar rentals		\$ 8,103	\$ (300)	
Returned deposits - keys		0	(30)	
Returned deposits - building leases		0	(2,300)	
		\$ 8,103	\$ (2,630)	

XI. Prior Period Adjustment

A prior period adjustment was made to beginning fund balance to adjust for prior period costs associated with a capital lease on equipment for which payments were expensed in previous years.