SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Annual Report
for the Fiscal Year Ended June 30, 2020

Relating to:

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$107,285,000 Senior Airport Revenue Bonds, Series 2013A (Non-AMT)

$272,300,000 Senior Airport Revenue Bonds, Series 2013B (AMT)

$29,390,000 Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014A (Tax-Exempt Non-AMT)

$275,895,000 Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014B (Federally Taxable)

$146,040,000 Subordinate Airport Revenue Bonds, Series 2017A (Non-AMT)

$145,170,000 Subordinate Airport Revenue Bonds, Series 2017B (AMT)

$338,775,000 Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (Governmental/Non-AMT)

$124,905,000 Subordinate Airport Revenue Bonds, Series 2019B (Private Activity/AMT)

$26,145,000 Subordinate Airport Revenue Refunding Bonds, Series 2020A (Governmental/Non-AMT)

$189,090,000 Subordinate Airport Revenue Refunding Bonds, Series 2020B (Private Activity/Non-AMT)

$26,405,000 Subordinate Airport Revenue Refunding Bonds, Series 2020C (Private Activity/AMT)

Dated as of:

December 26, 2020

This Annual Report (this "Report") is being furnished by the San Diego County Regional Airport Authority (the "Authority") to provide updated financial and operating information of the Authority of the type included in the final official statements for the:

- $107,285,000 aggregate principal amount of Senior Airport Revenue Bonds, Series 2013A (the "Series 2013A Bonds");
- $272,300,000 aggregate principal amount of Senior Airport Revenue Bonds, Series 2013B (the "Series 2013B Bonds" and, collectively with the Series 2013A Bonds, the "Series 2013 Bonds");
- $29,390,000 Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014A (the "Series 2014A Bonds");
- $275,895,000 Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014B (the "Series 2014B Bonds" and collectively with the Series 2014A Bonds, the "Series 2014 Bonds");
- $146,040,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2017A (the "Series 2017A Bonds");
- $145,170,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and, collectively with the Series 2017A Bonds, the "Series 2017 Bonds");
- $338,775,000 aggregate principal amount of Subordinate Airport Revenue and Revenue Refunding Bonds, Series 2019A (the "Series 2019A Bonds");
- $124,905,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2019B (the "Series 2019B Bonds", and collective with the Series 2019A Bonds, the "Series 2019 Bonds");

- $26,145,000 aggregate principal amount of Subordinate Airport Revenue Refunding Bonds, Series 2020A (the "Series 2020A Bonds");
- $189,090,000 aggregate principal amount of Subordinate Airport Revenue Refunding Bonds, Series 2020B (the "Series 2020B Bonds"); and
- $26,405,000 aggregate principal amount of Subordinate Airport Revenue Refunding Bonds, Series 2020C (the "Series 2020C Bonds" and collectively with the Series 2020A Bonds and the Series 2020B Bonds, the Series 2020 Bonds", and together with the Series 2013 Bonds, the Series 2014 Bonds, the Series 2017 Bonds, and the Series 2019 Bonds, the "Bonds").

This Report is provided pursuant to covenants made by the Authority in connection with the issuance of: (i) Series 2013 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated January 30, 2013 (the "Series 2013 Continuing Disclosure Certificate"), (ii) the Series 2014 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated February 19, 2014 (the "Series 2014 Continuing Disclosure Certificate"), (iii) the Series 2017 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated August 3, 2017 (the "Series 2017 Continuing Disclosure Certificate"), (iv) the Series 2019 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated December 11, 2019, (the "Series 2019 Continuing Disclosure Certificate"), and (v) the Series 2020 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated April 8, 2020 (the "Series 2020 Continuing Disclosure Certificate" and together with the Series 2013 Continuing Disclosure Certificate, the Series 2014 Continuing Disclosure Certificate, and the Series 2017 Continuing Disclosure Certificate, and the Series 2019 Continuing Disclosure Certificate, the "Continuing Disclosure Certificates").

Official Statements and Prior Reports

For further information and a more complete description of the Authority and the Bonds, reference is made to the Official Statements (defined below) for the Bonds and the Authority's previous Continuing Disclosure Reports beginning with the report for the Fiscal Year ended June 30, 2011 (the "Prior Reports"), respectively, each of which are incorporated by reference in this Report and all of which speak only as of their respective dates. Capitalized terms used but not defined in this Report have the meanings given to them in the Official Statements or the Continuing Disclosure Certificates.

This Report contains financial and operating information updating certain information contained in the Official Statements issued in conjunction with the Bonds (the "Official Statements"). Reference is made to the Authority's Financial Report and Independent Auditor's Report for the Fiscal Year ended June 30, 2020 (the "Audited Financial Statements"), a copy of which is filed with and hereby made part of this Report. Due to its date of publication, certain information contained in this Report, including information concerning prior years, has been updated and is more current than some of the information contained in the Audited Financial Statements, previous audited financial statements and Prior Reports of the Authority, including, but not limited to, the unaudited information therein.

Pursuant to the Continuing Disclosure Certificates, the Authority is obligated to provide only the information specified therein. The tables contained in this Report reference and update tables in the Official Statements. To the extent the Authority provides information in this Report that the Authority is not obligated under the Continuing Disclosure Certificates to present or update, such as that contained in the section hereof entitled "Recent Developments," the Authority may not be obligated to present or update such information in future annual reports.

By providing and incorporating the information in this Report, the Authority does not imply or represent (a) that all information provided and incorporated in this Report is material to investors' decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational or other information not included or incorporated in this Report or in the Official Statements, (c) that no changes, circumstances or events have occurred since the end of the Fiscal Year ended June 30, 2020 (other than as contained in this Report), or (d) that no other information exists which may have a bearing on the Authority's financial condition, the security for the Bonds or an investor's decision to buy, sell or hold the Bonds.

No statement contained or incorporated in this Report should be construed as a prediction or representation about future financial performance of the Authority. Historical results presented and incorporated in this Report, including the historical financial and enplanement figures contained in this Report, may not be indicative of future operating results.

Recent Developments

Since the date of the Authority's last Prior Report, the Authority has filed or caused to be filed the following notices with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access website, which notices may be obtained at www.emma.msrb.org:

- Voluntary Statement Regarding Impacts of COVID-19, dated July 22, 2020.
- Notice of Ratings Change regarding the Series 2013 Bonds, the Series 2017 Bonds, the Series 2019 Bonds and the Series 2020 Bonds, dated August 4, 2020.

COVID-19 Related Developments

The worldwide outbreak of the novel coronavirus SARA-CoV-2 ("COVID-19") has caused significant disruptions to domestic and international air travel, including both passenger and cargo operations, as well as the conduct of day-to-day business in the United States and internationally. The World Health Organization has characterized COVID-19 as a pandemic. The U.S. government and governments of other countries have closed borders to certain non-essential travel and issued other travel restrictions and warnings. On January 31, 2020, the United States Secretary of Health and Human Services declared COVID-19 a public health emergency and on March 13, 2020, the President of the United States declared COVID-19 a national emergency. On March 16, 2020, the President of the United States issued the Coronavirus Guidelines for America, calling upon Americans to take actions to slow the spread of COVID-19 in the United States, including, among other things, avoiding discretionary travel. Various state and local governments and agencies and others have imposed restrictions on travel, and have restricted public gatherings and large group events, ordered residents to stay at home, promoted or required working from home, and ordered closure of schools, restaurants, bars, and other public venues.

Governmental Orders and Restrictions

The Airport is subject to certain federal, state and local public health orders directed to limit the spread of COVID-19. The Governor of the State of California (the "Governor") has issued numerous executive orders to, among other things (a) declare a public health state of emergency; (b) issue a statewide shelter in place to stop the spread of COVID-19, and (c) mandate that all individuals wear a face covering when they are in high risk situations. Likewise, the Health Officer of the County of San Diego has declared a public health emergency and issued county-wide health orders that mandate, among other things, (i) a shelter in place; (ii) face coverings for all individuals in high risk situations; (iii) social distancing and sanitation protocols for reopened businesses; (iv) temperature screenings for employees of reopened businesses; (v) telecommuting for workforces, when practicable; and (vi) a 14-day self-quarantine for individuals who have been diagnosed with COVID-19, or been in close contact with an individual who has been diagnosed with COVID-19.

On March 19, 2020, the Governor issued Executive Order N-33-20 ordering all individuals living in California to stay home or at their place of residence except as needed to maintain continuity of operations of critical infrastructure sectors. Since that date, the Governor has lifted and then reinstated various restrictions on a statewide, regional and county-specific basis. The County of San Diego has the discretion to limit the reopening of businesses to a degree more strict than that of the State. At this time, certain concessions in the terminals at the Airport remain open and, subject to the State restrictions on indoor businesses, are providing travelers with options for retail and food and beverage services.

On August 28, 2020, the Governor released the "Blueprint for a Safer Economy" plan to permit the gradual reopening of certain businesses and activities. Under this plan, every county is assigned to a tier based on its test positivity and adjusted case rate. The tier levels range from the least restrictive (yellow) to the most restrictive (purple). On November 10, 2020, the County of San Diego fell into the most restrictive "purple" tier, which mandated the closure of many non-essential indoor business operations. As of the date of this Report , the County of San Diego remains in the purple tier.

On November 13, 2020, the California Department of Public Health issued a travel advisory for non-essential travel (the "Travel Advisory"), which advises – but does not require – all persons traveling to California to self-quarantine for 14 days after arrival and encourages California residents to avoid non-essential travel out of the State. The Travel Advisory defines "non-essential travel" to include travel that is considered tourism or recreational in nature.

On December 3, 2020, the Governor announced a statewide Regional Stay at Home Order ("Regional Order") that goes into effect the day after a region reaches 15% or less hospital adult Intensive Care Unit ("ICU") availability. The Regional Order shall remain in place for at least three weeks from the date the order takes effect in a region and shall continue until the California Department of Public Health's four-week projections of the region's total available adult ICU bed capacity is greater than or equal to 15%. The County of San Diego is grouped into the Southern California Region, which also includes 10 other counties in Southern California. Since December 7, 2020, the Southern California Region has been subject to the restrictions detailed in the Regional Order.

In response to the implementation of the Regional Order, on December 10, 2020, the Health and Human Services Agency of the County of San Diego implemented a Health Order (the "December 10th Order") that requires all persons to remain in their homes or place of residence except for certain employees or customers traveling for essential business purposes as defined in the order. The December 10th Order prohibits gatherings with members of other households and violations of the order are subject to fine and/or imprisonment.

Authority Response

Since April 16, 2020, the board of directors of the Authority (the "Board") has continued to declare the existence of a state of local emergency as a result of the COVID-19 pandemic. This emergency declaration empowers the President/CEO of the Authority to, among other things, (a) promulgate written orders and regulations necessary to maintain operations and ensure compliance with applicable federal, state and local guidelines; (b) obtain vital supplies and equipment, such as personal protective equipment, needed for the protection of life and property; (c) waive any policy to the extent such waiver is prudent in responding to COVID-19; and (d) represent the Authority in all dealing with public and private agencies on matters pertaining to the local emergency.

The COVID-19 pandemic and the related restrictions have had an adverse effect on both international and domestic travel and travel-related industries, including airlines, concessionaires and rental car companies serving the Airport. Passenger airlines have experienced a significant downturn in demand, causing the cancellation of numerous flights and a dramatic reduction in network capacity. Currently, this reduction in demand and capacity is expected to continue in the near term, although with modest incremental improvement. Retail, food and other service concessionaires located in terminal facilities at the Airport have reported significant declines in sales and 40 of the 85 locations remain temporarily closed as a result of reduced passenger levels. In addition, the reduction in air travel has had an adverse effect on parking, ground transportation companies and rental car activity and, consequently, the revenues of the Authority.

Enplanements

During the first two months of Calendar Year 2020, enplanements at the Airport continued the trend of the first two quarters of Fiscal Year 2020 and increased at an average rate of approximatley 6.3% as compared with the first two months of Calendar Year 2019. Beginning in March 2020, as a result of the impact of the COVID-19 pandemic, enplanements at the Airport decreased significantly compared to the same period in 2019. From March 2020 through November 2020, enplanements at the Airport have been on average approxiamtely 76% lower than during the same period in Calendar Year 2019. As shown in the table below, the lowest point occurred in April 2020 which saw approximately 96.5% lower enplanements than April 2019. Since April 2020, the rate of enplanements increased gradually through October 2020, which experienced 67.5% lower enplanements than October 2019. As COVID-19 cases began increasing again in November 2020, enplanements experienced a slight reduction in the year-over-year growth rate and decreased by approxiamtely 70.2% as compared with November 2019.

The following table shows the total enplanements at the Airport for for each month from January through November in Calender Years 2019 and 2020.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL ENPLANEMENTS FOR THE ELEVEN MONTH
PERIOD ENDED NOVEMBER 30
IN CALENDAR YEARS 2019 AND 2020*

Month	Calendar Year 2019	Calendar Year 2020	Percent Change
January	$ 895,359	$ 953,280	6.4%
February	847,912	899,877	6.1
March	1,056,861	486,659	(54.0)
April	1,052,524	36,839	(96.5)
May	1,070,628	95,386	(91.1)
June	1,147,974	210,238	(81.7)
July	1,210,061	305,716	(74.7)
August	1,171,905	333,490	(71.6)
September	1,034,475	311,244	(69.9)
October	1,070,451	348,206	(67.5)
November	1,147,974	341,782	(70.2)

* This information is not required pursuant to the Authority's continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports.
Source: San Diego County Regional Airport Authority

Airline Activity

The Authority is experiencing and expects to continue to experience a significant decrease in airline and non-airline revenues as a result of the COVID-19 pandemic. The Authority's revenues depend on aviation activity and passenger traffic at the Airport, and the financial health of the airlines, concessionaires and rental car companies serving the Airport and the airline and travel industries as a whole.

In March 2020, the Authority took the following actions, among others, in accordance with its Financial Resilience Plan: (i) the Authority instituted a hiring freeze on all Authority positions; the CEO's approval is required for all new hires; (ii) Capital Program – the Authority delayed or reduced in scope or is phasing in at a slower spend rate certain projects not included in the Airport Development Plan (the "ADP") and non-mission critical project spending (such projects have an estimated cost of approximately $220 million and include, among several other projects, the replacement of the baggage handling system, the replacement and refurbishment of passenger boarding bridges, and certain utility projects on the northside of the Airport) – see "Capital Program and ADP" below for a discussion of delayed capital projects; and (iii) the Authority delayed or reduced non-essential expenditures (i.e., travel, training, shuttle services, consulting services, certain major maintenance, equipment, supplies, marketing and landscaping). The Authority continues to closely monitor expenses for additional savings and restrict expenses to essential work only. In addition to the Financial Resilience Plan, with respect to the physical assets of the Authority, the Authority has been taking the following steps: (i) the Authority's custodial provider is providing cleaning services 24-hours a day. They are placing an additional emphasis on public touch points in all areas, including handrails, bathroom stalls, seating, door handles, chairs and tables, touchscreen directories, concessions and credit card machines; and (ii) in the parking lots and rental car shuttles, the Authority is sanitizing seats, rails, and other surfaces several times daily, in addition to performing a deep clean twice weekly.

Several proclamations by the President of the United States ("Presidential Proclamations") significantly restrict or prohibit entry of certain foreign nationals and restrict flights to the United States from certain other countries or regions. British Airways and Lufthansa are each operating under significant restrictions due to the Presidential Proclamations. British Airways has temporarily suspended their service to the Airport and Lufthansa terminated their non-signatory agreement. Because of the adverse impact of COVID-19, Japan Airlines, West Jet and Air Canada have also temporarily suspended service at the Airport.

Relief to Airlines and Concessionaires at the Airport

The Authority received numerous requests from the airlines, concessionaires and rental car companies operating at the Airport for rate relief. Some of the temporary relief programs that the Authority's Board approved in May 2020, include the following:

Airlines

- Three months of revenue deferrals and approximately $38 million of CARES Act (as defined below) funding used to offset Airline rates, fees, and charges (such deferrals and offsets are included in the Fiscal Year 2020 airline rates and charges settlement in November 2020)
- 16 months of Major Maintenance Fund deposit deferrals, totaling $40 million (such deferrals are expected to be repaid by the airlines over the remaining term (through June 30, 2029) of the Airline Operating and Lease Agreement, beginning in Fiscal Year 2022.

Concessionaires & Passenger Services

- 6 months of waivers totaling approximately $13 million, which includes waivers for:
    - Minimum Annual Guarantees
    - Cost Recovery (Receiving and Distribution, Pest Control, Grease Traps, Hood Cleaning, Common Area Maintenance)
    - Marketing Fees
    - Support Space Fees

Rental Car Companies

- 6 months of waivers totaling approximately $9 million, which includes waivers for:
    - Minimum Annual Guarantees
    - Small Market Operator Tenant Improvements

In October 2020, the Board approved further relief as follows:

Concessionaires & Passenger Services

- 3 months of waivers totaling approximately $4.6 million, which includes waivers for:
    - Minimum Annual Guarantees
    - Cost Recovery (Receiving and Distribution, Pest Control, Grease Traps, Hood Cleaning, Common Area Maintenance)
    - Marketing Fees

Rental Car Companies

- 3 months of waivers totaling approximately $4.2 million, which includes waivers for:
    - Minimum Annual Guarantees
    - Small Market Operator Tenant Improvements

In Flight Services

- 9 months of waivers totaling approximately $0.5 million, which includes waivers for:
    - Minimum Annual Guarantees

In December 2020, the Board approved relief to certain international air carriers as follows:

International Carriers

- Waiver of 10% joint use fees and exclusive use rent due to Presidential Proclamations 9993 and 9996, beginning March 15, 2020 and March 17, 2020. As of November 2020, the Authority has waived approximately $303,000 in joint use fees and exclusive use rent for qualifying air carriers operating international flights to or from areas affected by the prohibited entry of foreign nationals. The waiver will continue through duration of the respective Presidential Proclamations.

In January 2021, the Board is expected to consider further extending the relief for non-airline tenants for the period of January 2021 through March 2021, similar to what has been provided as described above.

Federal Relief and CARES Act Grants

The United States government is taking legislative and regulatory actions and implementing measures to mitigate the broad disruptive effects of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), approved by the United States Congress and signed by the President on March 27, 2020 is one of those legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines.

Provisions of the CARES Act, which provide $10 billion of grant assistance to airports, generally include: (a) $3.7 billion to be allocated among all U.S. commercial service airports based on number of enplanements in Calendar Year 2018, (b) $3.7 billion to be allocated among all U.S. commercial service airports based on formulas that consider Fiscal Year 2018 debt service relative to other airports, and cash-to-debt service ratios, (c) $2 billion to be apportioned in accordance with the Airport Improvement Program ("AIP") entitlement formulas, subject to CARES Act formula revisions, (d) $500 million to increase the federal share to 100% for grants awarded in federal fiscal year 2020 under certain grant programs including the AIP, and (e) $100 million reserved for general aviation airports.

The Authority was awarded approximately $91.2 million in CARES Act grants (the "CARES Act Funds"), not including additional amounts (of approximately $4.8 million) representing the increase in the federal share for federal Fiscal Year 2020 AIP grants. Additionally, the Authority continues to evaluate and seek other available sources of State and federal aid as they become available. The Authority drew approximately $36.9 million of the CARES Act grant in Fiscal Year 2020. Through November 2020, the Authority drew a further approximately $50.6 million and expects to draw the remaining $3.7 million of CARES Act grant in January 2021. The Authority used approximately $47.5 million of the CARES Act Funds to make debt service payments and approximately $40.0 million of the CARES Act Funds to fund Operation and Maintenance Expenses of the Airport System.

As of the date of this Report, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("Second COVID Relief Act") which was passed by the United States House of Representatives and the United States Senate, has not been signed into law by the President of the United States. If the Second COVID Relief Act is enacted in its current form, it would provide $2 billion in additional grant assistance to airports, which includes: (a) $1.75 billion allocated to airport sponsors for costs related to operations (including cleaning costs), personnel, and debt service payments, and (b) $200 million allocated to airport sponsors to provide relief from rent and minimum annual guarantees to airport car rental, on-airport parking, and in-terminal airport concessions. The Second COVID Relief Act specifies that grants from these appropriated amounts will be allocated based on entitlement formulas and the percentage of an airport's enplanements compared to the total number of United States enplanements in 2019. Under the Second COVID Relief Act grant allocation formulas, the Authority would receive approximately $15 to $20 million in early 2021. In order to be eligible for funds under the Second COVID Relief Act, the Authority must continue to employ, through February 15, 2021, at least 90 percent of individuals employed as of March 27, 2020. On December 22, 2020, the President of the United States made public statements requesting revisions to the Second COVID Relief Act and indicating that he may not sign the current draft into law. There can be no assurances that the Second COVID Relief Act will be enacted with the above described terms or in any other form.

On March 13, 2020, the President declared the ongoing COVID-19 pandemic of sufficient severity to warrant an emergency declaration for purposes of obtaining disaster assistance through the Request for Public Assistance program administered by the Federal Emergency Management Agency ("FEMA"). The Authority has taken appropriate measures to ensure it will be able to apply for FEMA funding at the appropriate time. It is not known at this time how much, if any, FEMA funding will be received.

Fiscal Year 2021 Results Through November 2020; Liquidity and Available Funds for Operations and Debt Service

The decrease in enplanements and airline activity, as well as the relief afforded to certain of the Airport's airlines and concessionaires in response to COVID-19 had a significant impact on the Authority's financial performance in Fiscal Year 2020. It is anticipated that there will be continued impact to the Authority's financial performance in Fiscal Year 2021. Through November 2020, both airline revenues and non-airline revenues continue to be impacted by the effects of the COVID-19 pandemic. For the period from July 1, 2020 through November 30, 2020, Airline revenues were down by $39.2 million (or 50.1%) and non-airline revenues were down by $42.1 million (or 60.1%) as compared with the same period in Calendar Year 2019.

Recoverable expenses were reduced in Fiscal Year 2020 due to activation of the Authority's Financial Resilience Plan which implemented a hiring freeze and limited expenses to essential spending only. These savings continue to carry over into Fiscal Year 2021. For the period from July 1, 2020 through November 30, 2020, Operating Expenses were $13.4 million less than the same period in Calendar Year 2019. Passenger Facility Charge

(“PFC’s) revenue from July 1, 2020 through November 30, 2020 totaled $5.6 million, which is $15.0 million below the same period in Calendar Year 2019.

Cash and Investments

As of November 30, 2020, the Authority had the following unrestricted funds and investments on hand that could be used for all operating expenses of the Authority and to pay debt service on the Senior Bonds and Subordinate Bonds.

The following table shows unrestricted cash and investments as of November 30, 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
UNRESTRICTED CASH AND INVESTMENTS
AS OF NOVEMBER 30, 2020*

Cash and investments	$	64,873,335
Cash designated for capital projects		142,247,943
Operation and Maintenance Reserve Subaccount		43,308,755
Operation and Maintenance Subaccount		14,436,251
Renewal and Replacement Account		5,400,000
Small Business Bond Guarantee		2,000,000
Investments – long-term portion		194,567,745
Total Unrestricted Cash and Investments	$	466,843,029
Discretionary Cash[1]	$	403,689,023

* This information is not required pursuant to the Authority’s continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports. All Fiscal Year 2021 balances are unaudited.

1 Excludes Operation and Maintenance Reserve Subaccount, Operation and Maintenance Subaccount, and Renewal and Replacement Account.

Source: San Diego County Regional Airport Authority

In addition to the unrestricted cash and investments, the Authority had the following restricted cash and investments on hand (or held by the bond trustees) as of November 30, 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
RESTRICTED CASH AND INVESTMENTS
(EXCLUDING CFCs)
AS OF NOVEMBER 30, 2020*

Passenger Facility Charges	$	47,792,216
Bond proceeds held by Trustee – Construction		200,044,932
Bond proceeds held by Trustee – Capitalized Interest		10,561,912
Bond proceeds held by Trustee – Costs of Issuance		55,807
Debt Service Funds held by Trustee		37,941,950
Debt Service Reserve Funds held by Trustee – Senior Bonds		34,215,597
Debt Service Reserve Funds held by Trustee – Subordinate Bonds		74,733,848
Total Restricted Cash and Investments		$405,392,262

* This information is not required pursuant to the Authority’s continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports. All Fiscal Year 2021 balances are unaudited.

Source: San Diego County Regional Airport Authority

CFC Collections and Other Moneys Available to Pay Debt Service on Series 2014 Bonds

The Series 2014 Bonds are secured by, among other things, a pledge of the Customer Facility Charges (“CFCs”) collected by the rental car companies operating at the Airport and submitted to the trustee for the Series

2014 Bonds and certain funds and accounts. The following table shows monthly CFC collections for Calendar Years 2019 and 2020.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL CFC COLLECTIONS FOR THE ELEVEN MONTH PERIOD ENDED NOVEMBER 30
IN CALENDAR YEARS 2019 AND 2020*

Month	Calendar Year 2019	Calendar Year 2020	Percent Change
January	$ 3,234,805	$ 2,995,081	(1.2)%
February	3,234,805	3,149,632	(2.6)
March	3,753,278	746,342	(80.1)
April	3,508,240	1,378,474	(60.7)
May	3,511,349	174,853	(95.0)
June	4,071,263	875,057	(78.5)
July	3,784,988	923,036	(75.6)
August	4,079,792	1,058,104	(74.1)
September	3,326,281	1,027,327	(69.1)
October	3,714,445	1,388,492	(62.6)
November	3,269,545	1,324,044	(59.5)

* This information is not required pursuant to the Authority's continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports. All Fiscal Year 2021 balances are unaudited.
Source: San Diego County Regional Airport Authority

In addition to the CFCs, the Series 2014 Bonds are secured by certain funds and accounts held by the trustee for the Series 2014 Bonds. The following table sets forth the funds and accounts held by the trustee for the Series 2014 Bonds that secure the repayment of the Series 2014 Bonds and the balances in each fund and account as of November 30, 2020.

SAN DIEGO INTERNATIONAL AIRPORT
BALANCES OF FUNDS AND ACCOUNTS THAT SECURE REPAYMENT OF THE SERIES 2014 BONDS
AS OF NOVEMBER 30, 2020*

CFC Debt Service Fund held by Trustee	$ 9,284,848
CFC Debt Service Reserve Fund held by Trustee	22,294,844
Rolling Coverage Fund held by Trustee	7,167,248
Renewal and Replacement Reserve Fund held by Trustee	8,276,023
CFC Surplus Fund	37,798,498
Total	$ 82,821,461

* This information is not required pursuant to the Authority's continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports. All Fiscal Year 2021 balances are unaudited.
Source: San Diego County Regional Airport Authority

In Fiscal Year 2020, the Authority drew approximately $3.6 million from the CFC Surplus Fund to meet debt service and reserve funding requirements. Through November 2020, the Authority has further drawn approximately $2.8 million from the CFC Surplus Fund to meet debt service and reserve funding requirements.

Capital Program and ADP

In light of the COVID-19 pandemic, the Authority continues to evaluate its entire Capital Program, including the ADP. Certain capital projects not included in the ADP totaling approximately $220 million were delayed or reduced in scope or will be phased in at a slower spend rate. To date in Fiscal Year 2021, the Authority advanced six of the delayed projects, totaling approximately $40 million to meet critical infrastructure requirements, ensure the ADP schedule can be maintained and to utilize available Series 2019 Bonds funds.

During Fiscal Year 2020, the Board approved, and the airlines supported a $3 billion budget for the ADP. Work on the ADP continues in a deliberative way. In January 2020, the Board awarded the design contract for the ADP airfield improvements to Jacobs Engineering for an amount not to exceed $35 million. In September 2020, the Board approved a Validation Phase Services Agreement with Turner Flatiron, a Joint Venture, for validation phase services, design concept and documentation, early procurement work and early construction for the terminal and roadway improvements, in an amount not to exceed $80 million. The selection process for the design/build team for replacement of the Administration Building is underway with Board action anticipated in the second quarter of Calendar Year 2021. By the middle of Calendar Year 2021, the validation stage is expected to be completed and the Maximum Contract Price for the terminal and roadway improvements should be established, at which time the Authority will determine how to best proceed with design and construction of ADP.

Bankruptcy Filings

On May 22, 2020, the Hertz Corporation and its affiliated U.S. entities (including Thrifty Car Rental and Doller Rent-A-Car) (collectively "Hertz") filed for Chapter 11 bankruptcy protection in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). Hertz continues to operate at the Airport during the bankruptcy proceedings. On December 14, 2020, the Bankruptcy Court issued an order approving Hertz's assumption of the agreements with the Authority. Hertz has indicated that it will pay the Authority's pre-petition claims. Additional information regarding the bankruptcy proceedings related to Hertz can be found at the Bankruptcy Court's website at: https://www.deb.uscourts.gov/case-info. The Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information regarding the bankruptcy proceedings of Hertz available on the Bankruptcy Court's website or links to other Internet sites accessed through the Bankruptcy Court's website.

On May 27, 2020, Advantage Holdco, the parent company of Advantage Rent A Car and EZ Rent a Car (collectively "Advantage") filed for Chapter 11 bankruptcy protection in the Bankruptcy Court. Advantage has informed the Authority that it does not intend to continue to operate at the Airport and, effective June 30, 2020, it rejected the Rental Car Lease Agreements it entered into with the Authority. The Authority filed a proof of claims in the bankruptcy proceeding asserting a claim of approximately $2.1 million in rejection damages, which includes unpaid rent and concession fees of over the balance of the terms (to the extent allowable under the Bankruptcy Code and the agreements), as well as the make-ready costs of Advantages' vacated space. Advantage's pre-petition obligations were paid by drawing down their letter of credit. Advantage has for the most part liquidated its assets and, over the next several months, will be preparing a plan for the bankruptcy that identifies, among other things, how unsecured creditors such as the Authority will be paid. To the extent there are funds available for unsecured claims, they will be paid to all unsecured creditors on a pro rata basis. Additional information regarding the bankruptcy proceedings related to Advantage can be found at the Bankruptcy Court's website at: https://www.deb.uscourts.gov/case-info. The Authority undertakes no responsibility for and makes no representations as to the accuracy or completeness of the content of information regarding the bankruptcy proceedings of Advantage available on the Bankruptcy Court's website or links to other Internet sites accessed through the Bankruptcy Court's website.

Notwithstanding anything in this Report to the contrary, the Authority cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) the duration or expansion of travel restrictions and warnings; (iii) whether additional countries or destinations will be added to the travel restrictions or warnings; (iv) what long- and short-term effect the COVID-19 pandemic-related travel restrictions or warnings may have on demand for air travel, including to and from the Airport, and on the Authority's costs or revenues; (v) to what extent the COVID-19 pandemic will disrupt the local or global economy, manufacturing or supply chain, or and the extent to, which any such disruption will adversely impact construction or other operations at the Airport; (vi) the extent to which the COVID-19 pandemic, may result in changes in demand for travel, or may have an impact on the airlines serving the Airport's concessionaires or the airline and travel industry, generally; (vii) whether or to what extent the Authority may provide any further deferrals, forbearances, adjustment or other changes to the Authority's arrangements with its counterparties and whether its counterparties will fully perform their obligations under the temporary relief programs described herein; or (viii) whether any of the foregoing may have a material adverse effect on the finances and operations of the Authority.

Updated Tables

Following are updated tables provided pursuant to the Continuing Disclosure Certificates.

As of December 1, 2020, the Authority had outstanding the following principal amounts of the Senior Bonds, the Subordinate Obligations and Senior Special Facility Bonds.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUTSTANDING PRINCIPAL BOND AMOUNTS
OF THE SENIOR BONDS, THE SUBORDINATE OBLIGATIONS AND THE SENIOR SPECIAL FACILITY BONDS AS OF DECEMBER 1, 2020*
(000's)

	Outstanding Principal Amount
Outstanding Senior Bonds	
Series 2013 Bonds	$360,825
Subtotal	$360,825
Outstanding Subordinate Obligations	
Series 2017 Bonds	$276,985
Series 2019 Bonds	$462,445
Series 2020 Bonds	$240,820
Subtotal	$980,250
Outstanding Senior Special Facility Bonds	
Series 2014 Bonds	$288,095
Subtotal	$288,095
TOTAL	$1,629,170

* Required to be provided pursuant to the Series 2013 Continuing Disclosure Certificate, the Series 2017 Continuing Disclosure Certificate, the Series 2019 Continuing Disclosure Certificate, and the Series 2020 Continuing Disclosure Certificate. Not shown as a table in Official Statements for the Bonds.

Source: San Diego County Regional Airport Authority

As of June 30, 2020, the Authority estimated future rental commitments under the Authority's lease agreements to be as follows.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FUTURE RENTAL COMMITMENTS
AS OF JUNE 30, 2020*

Fiscal Year Ending June 30	Rental Payment Amounts
2021	$ 10,176,660
2022	10,176,660
2023	10,176,660
2024	10,176,660
2025	10,176,660
2026-2030	50,883,300
2031-2035	50,883,300
2036-2040	50,883,300
2041-2045	50,883,300
2046-2050	50,883,300
2051-2055	50,883,300
2056-2060	50,883,300
2060-2065	50,883,300
2066-2068	35,618,310
Total	$ 493,568,010

* Shown as Table 4 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

Source: San Diego County Regional Airport Authority

The following table sets forth the air carriers serving the Authority as of November 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT
AIR CARRIERS SERVING
SAN DIEGO INTERNATIONAL AIRPORT
AS OF NOVEMBER 2020*

U.S. Carriers	Foreign Flag Carriers[6]	All-Cargo Carriers
Alaska Airlines[1]	Air Canada[5]	ABX Air, Inc.
American Airlines[2]	British Airways	Ameriflight, Inc.
Delta Air Lines[3]	Japan Airlines	Atlas Air, Inc.
Frontier Airlines	WestJet Airlines	Federal Express Corporation
Hawaiian Airlines		United Parcel Service Company
JetBlue Airways		West Air, Inc.
Southwest Airlines		
Spirit Airlines		
Sun Country Airlines		
United Airlines[4]		

* Shown as Table 5 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 Operated by Alaska Airlines and Horizon Air, separately certificated airlines owned by Alaska Air Group, Inc. ("Alaska Air Group") and regional affiliate, SkyWest Airlines.

2 Operated by American Airlines and regional affiliates, Compass Air and SkyWest Airlines. Compass Air ceased operations in April 2020.

3 Operated by Delta Air Lines and regional affiliates, Compass Air and SkyWest Airlines. Compass Air ceased operations in April 2020.

4 Operated by United Airlines and regional affiliate, SkyWest Airlines.

5 Operated by affiliates, Air Canada Jazz and Air Canada Jazz Rouge.

6 Foreign flag carriers have temporarily suspended service due to restrictions related to COVID-19.

Source: San Diego County Regional Airport Authority

The following table sets forth the total domestic and international enplanements at the Airport for the last five Fiscal Years and the total enplanements and deplanements at the Airport for the last five Fiscal Years.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL ENPLANEMENTS AND DEPLANEMENTS
FISCAL YEARS 2016-2020*

	Enplanements						Deplanements			
Fiscal Year	**Domestic Enplanements**	**Percent of Total**	**International Enplanements**	**Percent of Total**	**Total Enplanements**	**Percent Change**	**Total Deplanements**	**Percent Change**	**Total Enplanements and Deplanements**	**Percent Change**
2016	9,848,924	96.5	357,298	3.5	10,206,222	5.1	10,190,948	5.1	20,397,170	5.1
2017	10,194,718	96.2	401,765	3.8	10,596,483	3.8	10,543,584	3.5	21,140,067	3.6
2018	11,257,939	96.0	473,894	4.0	11,731,833	10.7	11,702,560	11.0	23,434,393	10.9
2019	11,832,512	95.8	523,774	4.2	12,356,286	5.3	12,335,387	5.4	24,691,673	5.4
2020	8,865,028	96.0	370,431	4.0	9,235,459	(25.3)	9,215,140	(25.3)	18,450,599	(25.3)

* Shown as Table 6 and Table 7 in the Official Statement for the Series 2013 Bonds. Shown as Table 5 in the Official Statement for the Series 2014 Bonds. Shown as Table 6 in the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds.

The following table includes the total domestic and international enplanements at the Airport and the total enplanements and deplanements at the Airport for the five-month period ended November 30 in each of Fiscal Years 2019, 2020 and 2021. This information is not required pursuant to the Authority's continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL ENPLANEMENTS AND DEPLANEMENTS
FIVE-MONTH PERIOD ENDED NOVEMBER 30 IN EACH OF
FISCAL YEARS 2019, 2020 AND 2021

	Enplanements						Deplanements			
Fiscal Year	**Domestic Enplanements**	**Percent of Total**	**International Enplanements**	**Percent of Total**	**Total Enplanements**	**Percent Change**	**Total Deplanements**	**Percent Change**	**Total Enplanements and Deplanements**	**Percent Change**
2019	5,072,771	95.7	227,616	4.29%	5,300,387	-- %	5,322,312	--%	10,622,699	--%
2020	5,266,265	95.9	226,784	4.12	5,493,049	3.63	5,482,439	3.01	10,975,488	3.32
2021	1,623,011	98.9	17,427	1.06	1,640,438	(70.14)	1,545,775	(69.98)	3,286,213	(70.06)

Source: San Diego County Regional Airport Authority

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the last five Fiscal Years.

SAN DIEGO INTERNATIONAL AIRPORT
AIR TRAFFIC DATA
FISCAL YEARS 2016-2020*

Fiscal Year	Total Operations[1]	Operations Growth
2016	194,151	(0.6)%
2017	201,011	3.5
2018	218,671	8.8
2019	227,931	4.2
2020	190,746	(16.4)

* Shown as Table 7 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 For revenue-related departures and arrivals.

Source: San Diego County Regional Airport Authority

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the five-month period ended November 30 in each of Fiscal Years 2019, 2020 and 2021. This information is not required pursuant to the Authority's continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports.

SAN DIEGO INTERNATIONAL AIRPORT
AIR TRAFFIC DATA
FIVE-MONTH PERIOD ENDED NOVEMBER 30 IN EACH OF
FISCAL YEARS 2019, 2020 AND 2021

Fiscal Year	Total Operations[1]	Operations Growth
2019	97,139	--%
2020	99,750	2.7
2021	50,822	(49.1)

1 For revenue-related departures and arrivals.

Source: San Diego County Regional Airport Authority

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the last five Fiscal Years.

SAN DIEGO INTERNATIONAL AIRPORT
HISTORICAL ENPLANED AND DEPLANED
FREIGHT AND U.S. MAIL CARGO
(IN TONS)
FISCAL YEARS 2016-2020*

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2016	165,046	5.0%	20,609	(3.6)%	185,656	3.9%
2017	166,446	0.8	22,161	7.5	188,606	1.6
2018	167,357	0.5	24,198	9.2	191,550	1.6
2019[1]	162,231	(3.1)	24,238	1.0	186,469	(2.5)
2020[2]	146,030	(10.0)	8,350	(65.5)	154,380	(17.2)

* Shown as Table 8 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 In October 2018, Amazon opened a new "air gateway" near Ontario International Airport. Amazon transports cargo through Ontario International Airport and then uses ground transportation to delivery items into the San Diego area.

2 In accordance with new rules imposed by the U.S. Postal Service, as of August 2019, FedEx ceased reporting U.S. Mail tonnage. Over the last several years, FedEx carried approximately two-thirds of all U.S. Mail out of the Airport.

Source: San Diego County Regional Airport Authority.

The following table sets forth information concerning cargo traffic (enplaned and deplaned cargo) over the five-month period ended November 30 in each of Fiscal Years 2019, 2020 and 2021. This information is not required pursuant to the Authority's continuing disclosure obligations and investors should not expect to see updates to this information in future annual reports.

SAN DIEGO INTERNATIONAL AIRPORT
HISTORICAL ENPLANED AND DEPLANED
FREIGHT AND U.S. MAIL CARGO
(IN TONS)
FIVE-MONTH PERIOD ENDED NOVEMBER 30 IN EACH OF
FISCAL YEARS 2019, 2020 AND 2021

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2019	70,477	--%	10,201	--%	80,678	--%
2020[1]	63,947	(9.3)	4,633	(54.6)	68,579	(15.0)
2021	60,751	(5.0)	3,253	(29.8)	64,003	(6.7)

1 In accordance with new rules imposed by the U.S. Postal Service, as of August 2019, FedEx ceased reporting U.S. Mail tonnage. Over the last several years, FedEx carried approximately two-thirds of all U.S. Mail out of the Airport.

Source: San Diego County Regional Airport Authority

The following table presents total enplanements for each air carrier serving the Airport for the last five Fiscal Years. For those airlines that (i) were a party to a completed merger or acquisition, (ii) have received a single FAA certificate, and (iii) have completed operational integration, only the surviving entity is presented and the activity for the airlines that are now a part of the surviving airlines are included in the information presented.

SAN DIEGO INTERNATIONAL AIRPORT
ENPLANEMENTS BY AIR CARRIERS
(RANKED ON 2020 RESULTS)[*1]

Air Carrier	Fiscal Year 2016	2016 Percent Share	Fiscal Year 2017	2017 Percent Share	Fiscal Year 2018	2018 Percent Share	Fiscal Year 2019	2019 Percent Share	Fiscal Year 2020	2020 Percent Share
Southwest	3,840,455	37.6%	3,967,487	37.4%	4,457,984	38.0%	4,656,029	37.7%	3,474,860	37.6%
Alaska[2]	1,249,548	10.9	1,326,087	10.7	1,578,470	13.5	1,702,289	13.8	1,325,147	14.3
Delta[4]	1,234,034	10.4	1,268,737	10.3	1,362,135	11.6	1,504,544	12.2	1,168,462	12.7
American[5]	1,495,078	13.4	1,454,495	12.6	1,492,627	12.7	1,467,899	11.9	1,128,443	12.2
United[3]	1,347,650	11.4	1,396,671	11.9	1,501,572	12.8	1,593,244	12.9	1,105,820	12.0
Spirit	327,183	3.2	287,208	2.7	318,201	2.7	323,623	2.6	225,279	2.4
Frontier	118,990	1.2	180,235	1.7	254,760	2.2	277,320	2.2	201,280	2.2
JetBlue	182,605	1.8	224,700	2.1	248,325	2.1	230,909	1.9	195,279	2.1
Hawaiian	102,462	1.0	107,776	1.0	108,971	0.9	149,744	1.2	102,759	1.1
Air Canada[6, 7]	48,985	0.5	93,274	0.9	110,684	0.9	130,404	1.1	90,425	1.0
British Airways[7]	89,723	0.9	90,200	0.9	82,543	0.7	83,492	0.7	57,998	0.6
Japan Airlines[7]	59,647	0.6	59,916	0.6	62,034	0.5	66,688	0.5	43,596	0.5
Sun Country Airlines	34,886	0.3	40,109	0.4	41,466	0.4	40,167	0.3	37,073	0.4
Lufthansa[7]	0	0.0	0	0.0	13,037	0.1	49,974	0.4	34,654	0.4
WestJet[7]	34,516	0.3	41,043	0.4	39,285	0.3	42,939	0.3	28,905	0.3
Allegiant	16,825	0.2	49,480	0.5	44,934	0.4	30,750	0.2	13,162	0.1
Others[8]	23,635	0.2	9,065	0.0	14,805	0.1	6,271	0.1	2,317	0.0
Total Enplanements	10,206,222	100.0%	10,596,483	100.0%	11,731,833	100.0%	12,356,286	100.0%	9,235,459	100.0%

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* Shown as Table 9 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 Totals may not add due to rounding.

2 In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Enplanements are for Alaska, Virgin America and Alaska's regional carrier service provided by Horizon and SkyWest.

3 Enplanements are for United and its regional carrier service provided by SkyWest.

4 Enplanements are for Delta and its regional carrier service provided by Compass and SkyWest. Compass Air ceased operations in April 2020.

5 Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Enplanements are for both American and US Airways and American's regional carrier service provided by Compass. Compass Air recently announced that it would cease operating in April 2020.

6 Enplanements are for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.

7 British Airways, Air Canada, West Jet, Japan Airlines and Lufthansa have temporarily ceased operating at the Airport in connection with international flight restrictions instituted as a result of the COVID-19 outbreak.

8 "Others" includes airlines that ceased operating at SDIA during the period shown in the table, and airlines with a Fiscal Year 2020 market share of less than 0.1%.

Source: San Diego County Regional Airport Authority.

The following table sets forth the total revenue landed weight for the 15 largest air and cargo carriers serving the Airport for the last five Fiscal Years, ranked on Fiscal Year 2020 results.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL REVENUE LANDED WEIGHT
FISCAL YEARS 2016-2020
(TOP 15 RANKED ON FISCAL YEAR 2020 RESULTS)
(IN THOUSANDS OF LBS.)*[1]

Airline/Cargo Carrier	2016	2017	2018	2019	2020	2020% of Total
Southwest	4,257,162	4,470,104	4,924,451	5,180,064	4,422,096	36.7%
Alaska[2]	1,360,980	1,545,488	1,828,522	1,995,130	1,672,207	13.9
Delta[3]	1,361,671	1,416,839	1,484,342	1,616,827	1,373,938	11.4
American[4]	1,620,768	1,576,026	1,627,081	1,566,041	1,298,505	10.8
United[5]	1,461,056	1,515,672	1,611,065	1,701,559	1,285,393	10.7
FedEx	451,756	398,017	396,143	382,879	401,386	3.3
JetBlue	199,232	244,364	293,160	281,715	260,940	2.2
Spirit	351,977	286,162	328,424	331,366	230,911	1.9
Frontier	115,238	167,590	232,794	247,145	204,924	1.7
Hawaiian	147,406	147,568	161,486	237,560	155,345	1.3
United Parcel Service	135,318	146,778	143,678	138,860	146,624	1.2
British Airways[6]	183,760	217,360	208,926	210,432	141,615	1.2
Japan Airlines[6]	139,080	139,626	138,745	138,700	104,500	0.9
Air Canada[6]	57,375	101,552	116,381	138,417	100,851	0.8
Lufthansa[6]	--	--	29,727	103,322	72,466	0.6
Subtotal	11,842,779	12,373,146	13,524,925	14,166,695	11,799,235	98.5
Others[8]	210,136	242,920	245,020	211,213	181,380	1.5
Total	12,018,022	12,611,555	13,769,945	14,481,230	12,053,081	100.0%
Annual % Change	(0.3)%	4.9	9.2	5.2%	(16.8)%	

* Shown as Table 10 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 Totals may not add due to rounding.

2 In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Landed weight is for Alaska, Virgin America and Alaska's regional carrier service provided by Horizon and SkyWest.

3 Landed weight is for Delta and its regional carrier service provided by Compass and SkyWest. Compass Air ceased operations in April 2020.

4 Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Landed weight is both American and US Airways and American's regional carrier service provided by Compass. Compass Air ceased operations in April 2020.

5 Landed weight is for United and its regional carrier service provided by SkyWest.

6 British Airways, Air Canada, Japan Airlines and Lufthansa have temporarily ceased operating at the Airport in connection with the international flight restrictions instituted as a result of the COVID-19 outbreak.

7 Landed weight is for Air Canada Rouge and Jazz Aviation, both affiliates for Air Canada.

8 "Others" includes airlines/cargo carriers that ceased operating at the Airport during the period shown in the table, and airlines/cargo carriers with a Fiscal Year 2020 market share of less than 0.5%.

Source: San Diego County Regional Airport Authority

The following table sets forth a summary of the Authority's investments as of June 30, 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
INVESTMENTS
(AS OF JUNE 30, 2020)*

Security Type	Market Value as of June 30,2020	Percentage of Portfolio
U.S. Agency Securities	$ 159,938,785	27.4%
U.S. Treasuries	152,849,426	26.2
Medium Term Notes	65,393,093	11.2
San Diego County Investment Pool	58,759,941	10.1
Collateralized Bank Demand Deposits	58,593,064	10.0
Local Area Investment Fund (LAIF)	20,123,943	3.4
Money Market Fund	17,435,951	3.0
Cal Trust	16,362,862	2.8
Certificates of Deposit	16,225,928	2.8
Supra Nationals	9,873,360	1.7
Negotiable Certificates of Deposit	8,051,153	1.4
Total	$ 583,607,506	100.0%

* Shown as Table 12 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

Source: San Diego County Regional Airport Authority June 30, 2020 Investment Report.

The following table summarizes the financial results from operations for the Authority for the last five Fiscal Years (derived from audited financial statements).

SAN DIEGO INTERNATIONAL AIRPORT
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
(DOLLARS IN THOUSANDS)[1]
FISCAL YEARS 2016-2020[*]

	2016[2]	2017	2018[3]	2019	2020
Operating revenue:					
Aviation revenue					
Landing fees	$ 23,985	$ 24,612	$ 23,900	$ 24,816	$ 33,242
Aircraft parking fees	2,701	2,927	3,236	3,471	8,354
Building rentals	53,536	56,575	62,241	70,912	82,453
Security surcharge	29,223	29,468	32,303	33,559	--
Other aviation revenue	2,760	2,799	1,476	1,596	7,789
Concession revenue	56,274	61,256	65,610	71,256	57,243
Parking and ground transportation revenue	48,106	49,407	53,254	62,818	50,751
Ground rentals	16,226	20,053	22,109	22,810	21,386
Other operating revenue	1,183	1,750	1,949	2,440	1,818
Total operating revenue	233,994	248,847	266,079	293,679	263,036
Operating expenses:					
Salaries and benefits	42,025	46,874	47,866	49,578	51,667
Contractual services	38,215	44,372	45,249	49,903	37,694
Safety & security	28,721	28,422	30,733	31,397	29,457
Space rental	10,367	10,190	10,190	10,191	10,207
Utilities	11,480	10,736	12,509	13,194	12,748
Maintenance	14,122	14,270	12,603	13,436	11,584
Equipment and systems	708	506	598	375	336
Material and supplies	536	611	656	657	651
Insurance	949	956	1,098	1,200	1,308
Employee development & support	1,242	1,347	1,248	1,045	967
Business development	2,390	2,347	3,246	2,630	2,033
Equipment rental and repair	2,852	3,095	3,124	3,614	3,598
Total operating expenses before depreciation and amortization	153,608	163,726	169,120	177,219	162,250
Income from operations before depreciation and	80,386	85,121	96,959	116,460	100,786
Depreciation and amortization	87,821	95,229	105,532	124,329	131,587
Operating (loss)	(7,435)	(10,108)	(8,573)	(7,869)	(30,801))
Non-operating revenues (expenses):					
Passenger facility charges	40,258	42,200	46,953	49,198	34,393
Customer facility charges	33,208	36,528	41,037	41,919	30,240
CARES Grant Act					36,895
Quieter Home Program, net	(3,698)	(785)	(2,747)	(3,192)	(3,295)
Joint Studies Program	(101)	--	(114)	(99)	--
Interest income	5,999	5,689	9,426	25,533	32,430
Interest expense	(50,636)	(58,179)	(68,411)	(74,501)	(73,612)
"Build America Bond" rebate	4,656	4,651	4,666	4,686	--
Other revenues (expenses), net	2,247	(14,676)	(9,281)	(510)	1,442
Non-operating revenue, net	31,933	15,428	21,529	43,033	58,493
Income before capital grant contributions	24,498	5,321	12,956	35,164	27,692
Capital grant contributions	10,477	1,904	13,079	8,213	4,072
Change in net position	34,975	7,224	26,035	43,378	31,764
Prior Period Adjustment	(1,767)	-	717	-	-
Net position, beginning of year	742,740	775,949	783,173	809,925	853,302
Net position, end of year	$775,949	$783,173	$809,925	$853,302	$885,066

* Shown as Table 13 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate. Footnotes on following page.

1 Totals may not add due to rounding.
2 Certain amounts for Fiscal Year 2016 were restated in accordance with Governmental Accounting Standards Board Statement No. 68.
3 Certain amounts for Fiscal Year 2018 were restated in accordance with Governmental Accounting Standards Board Statement No.75.
Source: Derived from the audited financial statements of the Authority.

The following table sets forth the top ten operating revenue providers at the Airport for Fiscal Year 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TOP TEN OPERATING REVENUE PROVIDERS*
FISCAL YEAR 2020

	Revenue Provider	Revenues	Percent of Total Operating Revenue
1.	Southwest Airlines	$ 44,940,626	17.1%
2.	Delta Airlines	22,063,736	8.4
3.	Alaska Airlines	20,633,199	7.8
4.	United Airlines	20,240,377	7.7
5.	American Airlines	17,150,267	6.5
6.	Enterprise Rent-A-Car	12,238,158	4.7
7.	Hertz Rent-A-Car	10,829,239	4.1
8.	Avis Budget Rent-A-Car Group[1]	8,446,736	3.2
9.	Uber Technologies, Inc.	7,555,874	2.9
10.	SSP America	6,914,430	2.6

* Shown as Table 14 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.
1 On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC acquiring all agreements at SAN. Data for BW-Budget and Avis have been combined on this table.
Source: San Diego County Regional Airport Authority

The following table sets forth the top ten revenue sources at the Airport for Fiscal Year 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TOP TEN OPERATING REVENUE SOURCES*
(FISCAL YEAR 2020)

	Source	Revenue	Percent of Total Operating Revenue
1.	Terminal Rent-Airlines	$ 82,250,298	31.1%
2.	Landing Fees	36,780,266	13.9
3.	Parking	35,742,813	13.5
4.	Terminal Concessions	24,704,838	9.4
5.	Car Rental License Fees[1]	23,634,786	9.0
6.	Ground Rent	18,971,823	7.2
7.	Ground Transportation Fees	13,608,358	5.2
8.	Aircraft Parking Fees	9,236,486	3.5
9.	Common Use System Support	7,980,356	3.0
10.	Ground Handling Services	3,380,701	1.3

* Shown as Table 15 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.
1 Excludes CFC revenues, of which the Authority recorded the receipt of $30,239,698 in Fiscal Year 2020.
Source: San Diego County Regional Airport Authority

The following table shows historical debt service coverage for the last five Fiscal Years.

SAN DIEGO INTERNATIONAL AIRPORT
HISTORICAL SENIOR AND SUBORDINATE DEBT SERVICE COVERAGE*
FISCAL YEARS 2016-2020

	2016	2017	2018	2019	2020
Net Revenues					
Revenues[1]	$238,640,326	$255,540,858	$276,983,726	$306,683,097	$280,572,989
Operating and Maintenance Expenses	(151,327,219)	(151,455,699)	(157,246,523)	(165,925,555)	(136,297,647)
Net Revenues Available for Debt	$87,313,106	$101,085,159	$119,737,204	$140,757,542	$144,275,342
Senior Debt Service[2]					
Senior Bonds[3]					
Principal	$ 2,090,000	$ 2,155,000	$ 2,240,000	$ 2,320,000	$ 7,925,000
Interest	18,414,600	18,349,950	18,263,750	18,174,150	18,081,350
Less: PFCs Applied to Senior Debt Service	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,262)	(11,260,741)
CARES Act Applied to Senior Debt Service					(6,501,585)
Total Senior Debt Service	$11,014,274	$10,956,324	10,956,268	10,949,889	8,244,024
Senior Debt Service Coverage	7.93x	9.23x	10.93x	12.85x	17.50x
Subordinate Debt Service[4]					
Subordinate Net Revenues Available for Debt Service	$76,298,832	$90,128,835	$108,780,936	$129,807,653	$136,031,318
Subordinate Bonds[5]					
Principal	$ 9,000,000	$ 9,430,000	$14,830,000	$15,895,000	$17,745,000
Interest[6]	26,495,600	26,085,029	37,197,656	37,917,500	39,404,449
Variable Rate Debt[7]	6,760,189	7,000,066	7,335,123	7,497,649	1,894,813
Less: PFCs Applied to Subordinate Debt Service	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,071)	(18,744,592)
CARES Act Applied to Subordinate Debt Service					(14,313,843)
Total Subordinate Debt Service	$21,924,115	$22,058,389	$38,904,928	$40,849,078	$25,985,827
Subordinate Debt Service Coverage	3.48x	4.09x	2.80x	3.18x	5.23x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt	$87,313,106	$101,085,159	$119,737,204	$140,757,542	$144,275,342
Aggregate Debt Service (Bonds)					
Principal	11,090,000	11,585,000	17,070,000	18,215,000	25,670,000
Interest	44,910,200	44,434,979	55,461,406	56,091,650	57,485,799
Variable Rate Debt	6,760,189	7,000,066	7,335,123	7,497,649	1,894,813
Less: PFCs Applied to Senior and Subordinate Debt Service	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)
CARES Act Applied to Subordinate Debt Service					(20,815,428)
Total Aggregate Debt Service	$32,938,389	$33,014,712	$49,861,196	$51,798,966	$34,229,851
Aggregate Debt Service Coverage	2.65x	3.06x	2.40x	2.72x	4.21x

* Shown as Table 16 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 Does not include grants which are otherwise included in the definition of Revenues. Grants which are not otherwise restricted by their terms to the payment of debt service on Senior Bonds and/or Subordinate Obligations are included in the definition of Revenues.

2 Senior Debt Service is calculated pursuant to the provisions of the Master Senior Indenture.

3 Includes principal of and interest paid on the Senior Series 2013 Bonds.

4 Subordinate Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.

5 Includes principal of and interest paid on the Subordinate Airport Revenue Bonds, Series 2010A (the "Subordinate Series 2010A Bonds"), Subordinate Airport Revenue Bonds, Series 2010B (the "Subordinate Series 2010B Bonds," and together with the Subordinate Series 2010A Bonds the "Subordinate Series 2010 Bonds"), Series 2017 Bonds, Series 2019 Bonds and Series 2020 Bonds.

6 Net of interest paid with proceeds of the Series 2017 Bonds and Series 2019 Bonds and the Federal Direct Payments received by the Authority with respect to the Subordinate Airport Revenue Bonds, Series 2010C (the "Subordinate Series 2010C Bonds").

7 Includes principal and interest paid on the Subordinate Revolving Obligations, and commitment fees paid on the Subordinate Revolving Obligations.

Source: San Diego County Regional Airport Authority

The following table presents the historical airline costs (landing fees, terminal building rentals and airport police/security reimbursement fees) of operating at the Airport for the past five Fiscal Years.

SAN DIEGO INTERNATIONAL AIRPORT
AIRLINE DERIVED REVENUE PER PASSENGER*
FISCAL YEARS 2016-2020

Airline Revenues	2016	2017	2018	2019	2020
Landing Fees[1]	$ 24,073,489	$ 24,856,800	$ 24,001,147	$ 24,973,853	$ 31,605,811
Aircraft Parking Fees[2]	2,701,219	2,926,972	3,235,788	3,471,363	6,800,018
Terminal Rentals[1,3]	51,389,765	54,235,615	59,578,125	65,821,092	28,107,630
Common Use Charges	1,152,458	1,181,660	1,292,569	1,407,707	3,261,820
Joint Use Fees					49,426,560
FIS Use Charges	735,034	845,360	997,616	3,532,491	7,627,629
Security Surcharge	29,223,097	29,468,089	32,303,267	33,558,621	33,558,621
Total Airline Revenue	$109,275,061	$113,514,496	$121,410,530	$132,765,126	$126,829,468
Enplaned Passengers	10,206,222	10,596,483	11,728,880	12,356,286	9,235,459
Airline Derived Revenue Per Passenger	$10.71	$10.71	$10.35	$10.74	$13.73

* Shown as Table 17 in the Official Statement for the Series 2013 Bonds, the Official Statement for the Series 2017 Bonds, the Official Statement for the Series 2019 Bonds, and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 Excludes rebates.

2 Amount excludes general aviation remote overnight parking.

3 Excludes Executive Lounge rent of approximately $1.4 million in Fiscal Year 2016, $1.5 million in Fiscal Year 2017, $1.7 million in Fiscal Year 2018, $1.8 million in Fiscal Year 2019 and $1.7 million in Fiscal Year 2020.

Source: San Diego County Regional Airport Authority

The following table sets forth a summary of the Authority's approved PFC applications through June 30, 2020.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVED PFC APPLICATIONS
AS OF JUNE 30, 2020

PFC Applications	Approval Date	Amended Approval Amount[1,2]
1-5, 7[3] and 11[4]	Various	$ 357,703,762
8	2010	1,118,567,229
10[5]	2012	29,227,174
12	2016	43,795,768
13	2019	51,100,000
Total		$1,600,393,933

* Shown as Table 21 in the Official Statement for the Series 2013 Bonds and the Official Statement for the Series 2017 Bonds. Shown as Table 18 in the Official Statement for the Series 2019 Bonds and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate

1 Includes the amount of PFCs the FAA has authorized the Authority to collect and use at the Airport.

2 Authorization to collect PFCs under all of the applications and amendments expires on November 1, 2039, however, such authorization to collect PFCs could expire earlier if the total authorized amount is collected prior to November 1, 2039.

3 The Authority withdrew PFC Application #6.

4 The Authority has closed PFC Applications 1-5, 7 and 11; these applications having been fully funded and the projects they financed having been completed

5 PFC Application #9 was skipped due to internal FAA system processing.

Source: San Diego County Regional Airport Authority

The following table sets forth the amount of PFCs received by the Authority in the last five Fiscal Years.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY ANNUAL RECEIPT OF PFCS*[1] FISCAL YEARS 2016-2020

Fiscal Year	PFCs Collected
2016	$40,257,993
2017	42,199,763
2018	46,952,755
2019	49,197,716
2020	34,392,981

* Shown as Table 22 in the Official Statement for the Series 2013 Bonds and the Official Statement for the Series 2017 Bonds. Shown as Table 19 in the Official Statement for the Series 2019 Bonds and the Official Statement for the Series 2020 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

1 The information in this table is presented on an accrual basis. Does not include interest earnings.

Source: San Diego County Regional Airport Authority

The following table sets forth the market share of rental car companies operating at the Airport for Fiscal Year 2020.

SAN DIEGO INTERNATIONAL AIRPORT MARKET SHARE OF RENTAL CAR BRANDS* FISCAL YEAR 2020

Corporate Entity	Rental Car Brands	Fiscal Year 2020 Share by Gross Revenues
Enterprise Holdings, Inc.	Enterprise, Alamo and National	35.1%
Hertz Global Holdings, Inc.[1]	Hertz, Dollar and Thrifty	28.9
Avis Budget Group, Inc.	Avis, Budget[2], and Payless[2]	22.4
Others	Advantage/EZ[3], Economy, FastTrack (NuCar), Fox, Mex/Ace, Silvercar, Sixt and RLZ (Pacific)	13.6

* Shown as Table 2 in the Official Statement for the Series 2014 Bonds. Not required to be provided pursuant to the Series 2013 Continuing Disclosure Certificate, the Series 2017 Continuing Disclosure Certificate, the Series 2019 Continuing Disclosure Certificate or the Series 2020 Continuing Disclosure Certificate.

1 Hertz filed bankruptcy on May 22, 2020. For a further discussion see "COVID-19 Related Developments – *Bankruptcy Filings*" above.

2 Operated as a franchise at the Airport.

3 Advantage filed bankruptcy on May 27, 2020. For a further discussion see "COVID-19 Related Developments – *Bankruptcy Filings*" above.

Source: San Diego County Regional Airport Authority

SAN DIEGO REGIONAL AIRPORT AUTHORITY
HISTORICAL DEBT SERVICE COVERAGE ON THE SERIES 2014 BONDS*

Fiscal Year	CFC Rate	CFCs Collected	Interest Earnings[1]	Transfers from CFC Surplus Account	Total CFCs Available	Balance in Rolling Coverage Fund[2]	Series 2014 Debt Service Requirement	Total Debt Service Coverage[3]
2016	$7.50	$33,207,946	$332,761	$ --	$33,540,707	$2,451,182	$8,170,605	4.41x
2017	9.00[4]	36,527,853	466,134	--	36,993,987	4,902,363	16,341,210	2.56x
2018	9.00	41,036,526	919,740	--	41,956,266	6,576,363	21,921,210	2.21x
2019	9.00	41,918,554	1,544,474	--	43,463,028	6,575,894	21,919,646	2.28x
2020	9.00	30,239,698	1,502,382	3,563,874	35,305,954	6,575,637	21,918,789	1.91x

* Shown as Table 6 in the Official Statement for the Series 2014 Bonds. Not required to be provided pursuant to the Series 2013 Continuing Disclosure Certificate, the Series 2017 Continuing Disclosure Certificate, the Series 2019 Continuing Disclosure Certificate or the Series 2020 Continuing Disclosure Certificate.

1 Includes earnings on investments in the Senior Reserve Fund, the Rolling Coverage Fund and the CFC Surplus Fund.

2 Includes amount on deposit in the Rolling Coverage Fund at the beginning of each Fiscal Year, up to an amount not to exceed 30% of the Series 2014 Debt Service Requirements for each Fiscal Year.

3 Calculated by dividing (a) the sum Total CFCs Collected, Interest Earnings, transfers from the CFC Surplus Account and Balance in Rolling Coverage Fund by (b) Series 2014 Debt Service Requirements.

4 CFC Rate increased to $9.00 on January 1, 2017.

Source: San Diego County Regional Airport Authority

Further Information

For additional information about the Authority, please see the Official Statements for the Bonds available from EMMA. For further information regarding this Report, you may contact:

Mr. Scott Brickner, Vice President, CFO
San Diego County Regional Airport Authority
3225 North Harbor Drive
San Diego, California 92101

San Diego County Regional Airport Authority

Financial Statements

For the Fiscal Years Ended

June 30, 2020 and 2019

San Diego County Regional Airport Authority

June 30, 2020 and 2019

Contents

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Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

We have audited the accompanying financial statements of the San Diego County Regional Airport Authority (Airport Authority) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKD, LLP

Dallas, Texas
October 20, 2020

Management's Discussion and Analysis

For The Years Ended June 30, 2020 and 2019

INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority.

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

SAN DIEGO INTERNATIONAL AIRPORT

History of Ownership

The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission). The Commission was established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional decision-making process should address the future development of airport facilities in San Diego County. In October 2001, the enabling legislation, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

Legislative Background

AB 93 was signed into California State law in October 2001. The AB 93 Act established the Airport Authority on January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego. Subsequent legislative changes to AB 93 were introduced and passed in *California Senate Bill 1896* (Act). The amendment addresses several points pertaining to the transfer of aviation employees, date of transfer, property leases, property acquisition and purchase of services from the District.

On January 1, 2008, Senate Bill 10 (SB 10), the *San Diego County Regional Airport Authority Reform Act*, was enacted into law expanding the responsibilities of the Airport Authority. The Airport Authority is vested with five principal responsibilities:

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;

4. Serving as the region's Airport Land Use Commission; and

5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

In August 2013, Assembly Bill 1058 was signed into law. This bill made minor clarifying and technical changes to the *Airport Authority Act*.

Airport Activities Highlights (2018 – 2020)

After experiencing strong growth the prior two fiscal years, the Airport Authority experienced a decline in activities in fiscal year 2020 as did most commercial airports across the country due to the downturn in the economy caused by the COVID-19 pandemic that hit in March 2020.

The changes in the SDIA's major activities for the three years are as follows:

	FY 2018	FY 2019	**FY 2020**
Enplaned passengers	11,731,559	12,356,286	**9,235,459**
% change from prior year	10.7%	5.3%	**-25.3%**
Total passengers	23,433,018	24,691,673	**18,450,599**
% change from prior year	10.8%	5.4%	**-25.3%**
Aircraft operations	218,671	228,092	**190,746**
% change from prior year	8.8%	4.3%	**-16.4%**
Freight and mail (in tons)	191,347	186,469	**154,380**
% change from prior year	1.5%	-2.5%	**-17.2%**
Landed weight (in thousands)	13,770	14,481	**12,053**
% change from prior year	9.1%	5.2%	**-16.8%**

SDIA is an origin and destination airport and is not a hub for any airlines. Further, there is a balanced mixture of leisure and business travelers at SDIA. These factors generally add to the stability of SDIA enplanements in comparison to most airports. However, SDIA realized a 25.3 percent enplanement reduction in fiscal year 2020 compared to 2019 as the global pandemic forced many travelers to stay home. Prior to the pandemic, SDIA showed healthy growth of 10.8 percent and 5.4 percent in passenger enplanements in fiscal year 2018 and 2019, respectively. Fiscal Year 2020 enplanement growth was also strong until the pandemic drastically reduced activity in March 2020. Initially, passenger enplanements fell over 96 percent from Fiscal Year 2019 levels with slight recovery to approximately 82 percent of prior year levels in June 2020.

Statement of Revenues, Expenses and Changes in Net Position (in thousands)

The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year. Net position increased 3.40 percent in 2018, 5.40 percent in 2019, followed by a solid increase of 3.7 percent in 2020 despite the negative effects on operating revenues due to the pandemic. The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2018	FY 2019	**FY 2020**
Operating revenues	$ 266,079	$ 293,679	**$ 263,036**
Operating expenses	(274,651)	(301,548)	**(293,837)**
Nonoperating revenues, net	21,528	43,033	**58,493**
Capital contributions and grants	13,079	8,213	**4,072**
Increase in net position	26,035	43,377	**31,764**
Net position, beginning of year	783,173	809,925	**853,302**
Prior-period adjustment GASB 75	717	-	**-**
Net position, end of year	$ 809,925	$ 853,302	**$ 885,066**

Detailed descriptions of the components of operating revenues and expenses, and nonoperating revenues and expenses are described in the sections that follow. The implementation of GASB 75 caused prior-period adjustments in fiscal year 2018. The cumulative changes in accounting for post-retirement benefits liabilities are reflected in these adjustments.

FINANCIAL HIGHLIGHTS

Operating Revenues (in thousands)

			From 2019 to 2020	
	FY 2019	**FY 2020**	Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 24,816	**$ 33,242**	$ 8,426	34.0%
Aircraft parking fees	3,471	**8,354**	4,883	140.7%
Building rentals	70,912	**82,453**	11,541	16.3%
Security surcharge	33,559	**-**	(33,559)	(100.0%)
Other aviation revenue	1,597	**7,789**	6,192	387.7%
Total airline revenue	134,355	**131,838**	(2,517)	(1.9%)
Concession revenue	71,256	**57,243**	(14,013)	(19.7%)
Parking and ground transportation revenue	62,818	**50,751**	(12,067)	(19.2%)
Ground rentals	22,810	**21,386**	(1,424)	(6.2%)
Other operating revenue	2,440	**1,818**	(622)	(25.5%)
Total operating revenue	$ 293,679	**$ 263,036**	$ (30,643)	(10.4%)

	FY 2018	FY 2019	From 2018 to 2019 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 23,900	$ 24,816	$ 916	3.8%
Aircraft parking fees	3,236	3,471	235	7.3%
Building rentals	62,241	70,912	8,671	13.9%
Security surcharge	32,303	33,559	1,256	3.9%
Other aviation revenue	1,477	1,597	120	8.1%
Total airline revenue	123,157	134,355	11,198	9.1%
Concession revenue	65,610	71,256	5,646	8.6%
Parking and ground transportation revenue	53,254	62,818	9,564	18.0%
Ground rentals	22,109	22,810	701	3.2%
Other operating revenue	1,949	2,440	491	25.2%
Total operating revenue	$ 266,079	$ 293,679	$ 27,600	10.4%

Fiscal year 2020 compared to 2019*:* Total airline revenues decreased by $2.5 million, or 1.90 percent, primarily due to the global economic downturn that started in March 2020 which resulted in lower cost recovery from airline tenants. Recoverable expenses were reduced due to activation of the Airport Authority's Financial Resilience Plan which implemented a hiring freeze and limited expenses to essential spending only. In addition, the Airport Authority received a $91.2 million CARES Act stimulus grant award and used a portion of the proceeds to pay for certain expenses charged to airline cost centers.

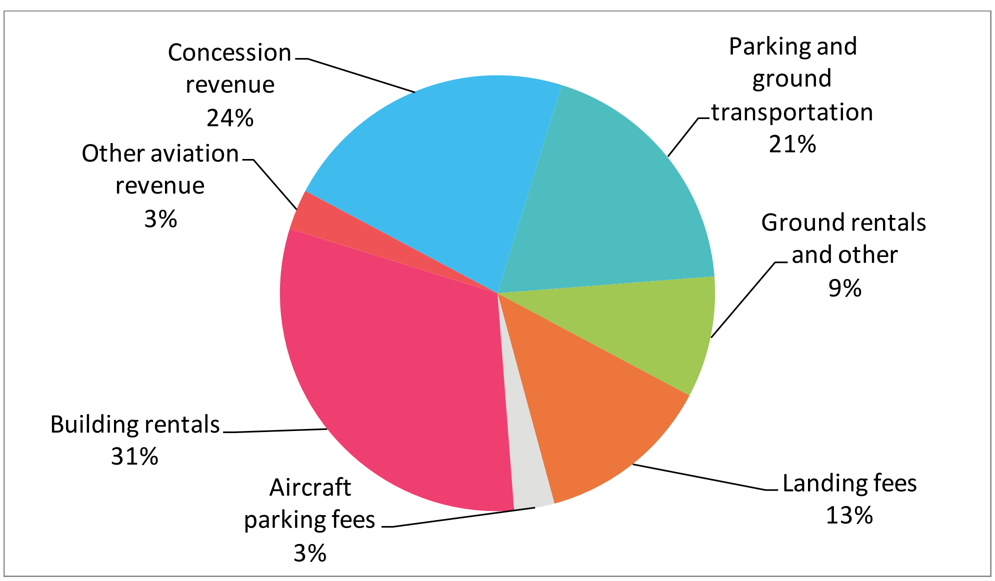
The Airport Authority has entered into Airline Operating and Lease Agreements (AOLAs) with passenger airlines and cargo carriers operating at SAN. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. The term commenced on July 1, 2019 and terminates on June 30, 2029. Pursuant to the AOLA, the landing fees at SAN are calculated based on a residual rate-setting methodology and the terminal rental rates are calculated based on a compensatory rate-setting methodology. The AOLA includes signatory and non-signatory rate structures. Air Carriers that signed non-signatory agreement are charged a 120 percent premium on all signatory rates, fees and charges, except for the FIS fee. The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a $350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the ADP.

Landing fees increased by $8.4 million or 34.0 percent due to airfield security costs being recovered under landing fees pursuant to the new AOLA. Aircraft parking fees increased by $4.9 million or 140.7 percent. Building rentals increased by $11.5 million or 16.30 percent due to terminal security costs being recovered under building rentals pursuant the new AOLA. Security surcharges decreased by $33.6 million or 100 percent, reflecting the new AOLA classification of security expenses in landing fees and building rental categories. Other aviation revenue increased by $6.2 million or 388.0 percent, due to the recovery of common use space costs under the new AOLA.

Concession and rental car revenue decreased by $14.0 million or 19.70 percent, reflecting decreased concessionaire sales for March through June and fee abatements granted due to the decline in passenger traffic caused by the pandemic. Parking and ground transportation decreased by $12.1 million or 19.20 percent, also due to lower enplanements reflecting an impact of the pandemic. Ground and non-airline terminal rentals decreased by $1.4 million or 6.20 percent. This is primarily due to transferring cargo carriers' apron rent to landing fees based on the terms of the new AOLA and the completion of cost recovery for the Fuel Farm. This decrease was partially offset by scheduled CPI rent increases. Other operating revenue decreased by $623 thousand or 25.5 percent, primarily due to a decrease in curfew violations and service charges.

Fiscal year 2019 compared to 2018*:* Total airline revenues increased by $11.2 million, or 9.10 percent, primarily due to increased cost recovery from the airlines in fiscal year 2019. Landing fees increased by $916 thousand or 3.8 percent due to higher airfield-related costs. Aircraft parking fees increased by $235 thousand or 7.3 percent due to additional overnight aircraft parking positions. Building rentals increased by $8.7 million or 13.9 percent due to increased cost recovery from airline rents, higher exclusive use square footage, and higher employee shuttle services expenses. Security surcharge increased by $1.3 million or 3.9 percent, primarily due to increased terminal security charges. Other aviation revenue increased by $119 thousand or 8.1 percent, mostly due to the recovery of higher common use cost charges. Concession revenue increased by $5.6 million or 8.6 percent, reflecting increased enplanements. Parking and ground transportation increased by $9.6 million or 18 percent, due to higher enplanements, a full year of our new Terminal 2 Parking Plaza and higher trip fees from transportation network companies. Ground and non-airline terminal rentals increased by $701 thousand or 3.2 percent. This increase was primarily due to scheduled CPI rent increases. Other operating revenue increased by $492 thousand or 25.2 percent, primarily due to two new revenue sources; telecom services offered to terminal tenants and revenue generated by the Innovation Lab.

San Diego County Regional Airport Authority
Fiscal Year Ended June 30, 2020
Operating Revenues



Operating Expenses (in thousands)

	FY 2019	**FY 2020**	From 2019 to 2020 Increase (Decrease)	% Change
Salaries and benefits	$ 49,578	**$ 51,667**	$ 2,089	4.2%
Contractual services	49,903	**37,694**	(12,209)	(24.5%)
Safety and security	31,397	**29,457**	(1,940)	(6.2%)
Space rental	10,191	**10,207**	16	0.2%
Utilities	13,194	**12,748**	(446)	(3.4%)
Maintenance	13,436	**11,584**	(1,852)	(13.8%)
Equipment and systems	375	**336**	(39)	(10.4%)
Materials and supplies	656	**651**	(5)	(0.8%)
Insurance	1,200	**1,308**	108	9.0%
Employee development and support	1,045	**967**	(78)	(7.5%)
Business development	2,630	**2,033**	(597)	(22.7%)
Equipment rentals and repairs	3,614	**3,598**	(16)	(0.4%)
Total operating expenses before depreciation	177,219	**162,250**	(14,969)	(8.4%)
Depreciation	124,329	**131,587**	7,258	5.8%
Total operating expense	$ 301,548	**$ 293,837**	(7,711)	(2.6%)

	FY 2018	FY 2019	From 2018 to 2019 Increase (Decrease)	% Change
Salaries and benefits	$ 47,866	$ 49,578	$ 1,712	3.6%
Contractual services	45,249	49,903	4,654	10.3%
Safety and security	30,733	31,397	664	2.2%
Space rental	10,190	10,191	1	0.0%
Utilities	12,509	13,194	685	5.5%
Maintenance	12,603	13,436	833	6.6%
Equipment and systems	598	375	(223)	(37.3%)
Materials and supplies	655	656	1	0.2%
Insurance	1,098	1,200	102	9.3%
Employee development and support	1,248	1,045	(203)	(16.3%)
Business development	3,246	2,630	(616)	(19.0%)
Equipment rentals and repairs	3,124	3,614	490	15.7%
Total operating expenses before depreciation	169,119	177,219	8,100	4.8%
Depreciation	105,532	124,329	18,797	17.8%
Total operating expense	$ 274,651	$ 301,548	$ 26,897	9.8%

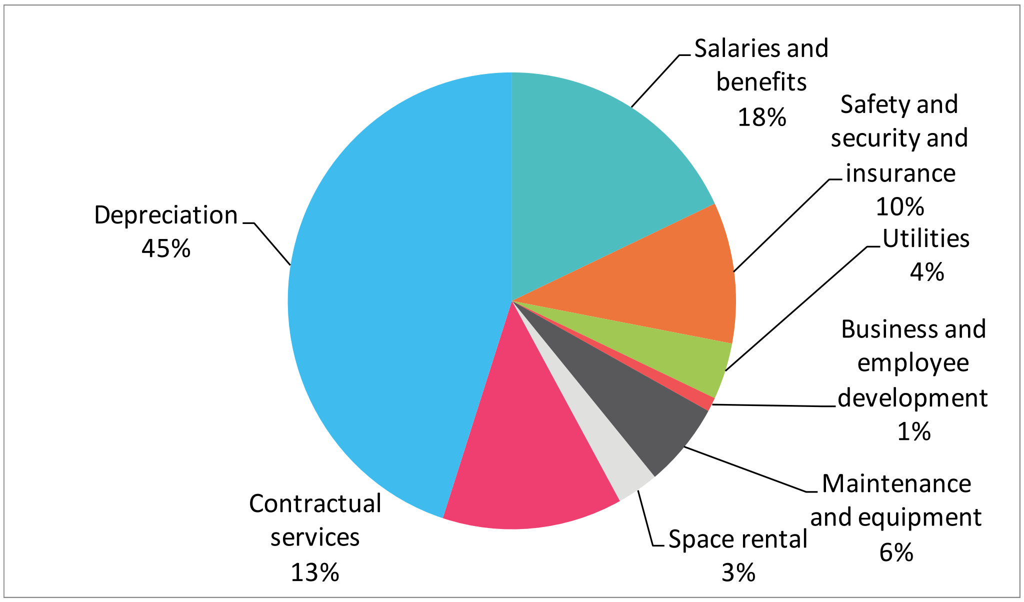
Fiscal year 2020 compared to 2019: Total fiscal year 2020 operating expenses decreased by $7.7 million or 2.6 percent. In March 2020, the Airport Authority took action to implement its Financial Resilience Plan, eliminating, delaying, or reducing non-essential operating and capital expenditures.

Contractual services decreased by $12.2 million or 24.50 percent, mainly due to lower expenses in shuttle services, planning, and environmental services, terminal operation services, legal services, and IT services. Safety and security decreased by $1.9 million or 6.20 percent due to decreased rates and overhead for law enforcement and emergency services. Maintenance expenses decreased by $1.9 million, or 13.80 percent, due to a decrease in annual and major maintenance.

Partially offsetting the decrease in operating expenses described above were increases in salaries and benefits, increasing by $2.1 million or 4.20 percent, due to additional pension expense. Depreciation also increased by $7.3 million or 5.80 percent, due to additional depreciation for capital projects placed in service in fiscal years 2020 and 2019.

Fiscal year 2019 compared to 2018: Total fiscal year 2019 operating expenses increased by $26.9 million or 9.8 percent. Salaries and benefits increased by $1.7 million or 3.6 percent, due to planned wage and benefit increases, higher overtime and increased head count. Contractual services increased by $4.7 million or 10.3 percent, mainly due to higher expenses in shuttle services, janitorial services, and temporary services. Depreciation increased by $18.8 million or 17.8 percent, due to a full year of deprecation for the Parking Plaza and the international passenger arrival processing area (FIS) being placed in service.

San Diego County Regional Airport Authority
Fiscal Year Ended June 30, 2020
Operating Expenses



Nonoperating Revenues (Expenses) (in thousands)

	FY 2019	FY 2020	From 2019 to 2020 Increase (Decrease)	% Change
Passenger facility charges	$ 49,198	**$ 34,393**	$ (14,805)	(30.1%)
Customer facility charges	41,918	**30,240**	(11,678)	(27.9%)
CARES Act Grant	-	**36,895**	36,895	0.0%
Quieter Home Program, net	(3,192)	**(3,295)**	(103)	(3.2%)
Joint studies program	(99)	**-**	99	100.0%
Investment income	25,533	**32,430**	6,897	27.0%
Interest expense, net	(69,815)	**(73,612)**	(3,797)	(5.4%)
Other nonoperating income (expenses)	(510)	**1,442**	1,952	382.7%
Nonoperating revenues, net	$ 43,033	**$ 58,493**	$ 15,460	35.9%

	FY 2018	FY 2019	From 2018 to 2019 Increase (Decrease)	% Change
Passenger facility charges	$ 46,953	$ 49,198	$ 2,245	4.8%
Customer facility charges	41,036	41,918	882	2.1%
Quieter Home Program, net	(2,747)	(3,192)	(445)	(16.2%)
Joint studies program	(114)	(99)	15	13.2%
Investment income	9,426	25,533	16,107	170.9%
Interest expense, net	(63,745)	(69,815)	(6,070)	(9.5%)
Other nonoperating income (expenses)	(9,281)	(510)	8,771	94.5%
Nonoperating revenues, net	$ 21,528	$ 43,033	$ 21,505	99.9%

Passenger Facility Charges (PFCs) were established by Congress in 1990 as part of the *Aviation Safety and Capacity Expansion Act of 1990*. The Airport Authority collects a $4.50 PFC from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a $0.11 administration fee.

Customer Facility Charges (CFCs) are authorized under Section 1949 of the California Civil Code and approved by legislation under Senate Bill 1510. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies remit to the Airport Authority collection of the fee monthly. In January 2017, the fee was increased from $7.50 to $9.00 per day, up to five days for rental car transactions. This fee applies to transactions that originated at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate was increased from $2.42 to $3.41 per day, up to five days for rental car transactions.

CARES Act grant is the *Coronavirus Aid, Relief, and Economic Security Act* approved by the United States Congress and signed into law by the President on March 27, 2020. It was a legislative action to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Airport Authority was awarded $91.2 million in CARES Act grant funds. The Airport Authority drew $36.9M of the CARES Act grant in FY 2020.

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings located in the Year 2014 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP) which awards grants for certain eligible Airport Authority expenditures. From inception through the end of fiscal year 2019, the Airport Authority has spent $229.6 million and received reimbursement for $185.9 million.

Investment income is derived from interest earned by the Airport Authority on investments and notes receivable, and also includes unrealized gain (loss) on investments.

Interest expense includes interest paid and accrued on the Bonds, Variable Debt, and Lease Interest. As of June 30, 2020 and 2019 interest expense was $75.7 and $74.5 million, respectively. The 2010 Series C Bonds were issued as Build America Bonds and, as such, the Airport Authority received a cash subsidy from the U.S. Treasury equal to 32.7 percent of the interest payable. The interest subsidy for the fiscal years ended June 30, 2020 and 2019, was $2.1 million and $4.7 million, respectively. These Built America Bonds were defeased in December 2019.

Other nonoperating income (expense) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

Fiscal year 2020 compared to 2019: Nonoperating revenues (net) increased by $15.5 million or 35.9 percent. CARES Act Grant income in fiscal year 2020 was $36.9 million. Investment income increased by $6.9 million or 27.0 percent, due to higher investment returns. Other nonoperating income (expense) increased by $1.9 million or 382.7 percent, primarily due to legal settlement income.

The increase in nonoperating revenue was partially offset by decreases in PFCs and CFCs due to reduced enplaned passengers caused by the pandemic. PFCs decreased by $14.8 million or 30.10 percent, and CFCs decreased by $11.7 million or 27.90 percent.

Fiscal year 2019 compared to 2018: Nonoperating revenues (net) increased by $21.5 million or 99.90 percent. PFCs increased by $2.2 million or 4.8 percent, due to a 5.2 percent increase in enplaned passengers. Investment income increased by $16.1 million or 170.9 percent, due to higher investment returns. Other nonoperating expense decreased by $8.8 million or 94.5 percent, primarily due to a nonrecurring loss on disposal of capital assets related to the Terminal 2 construction projects in 2018.

The increase in nonoperating income was offset by a Quieter Home Program expense (net) increase of $445 thousand or 16.2 percent, due to higher sound attenuation activity. Interest expense (net) was higher by $6 million or 9.5 percent, due to a full year of interest from the series 2017 bond issuance.

Capital Grant Contributions (in thousands)

			From 2019 to 2020	
	FY 2019	**FY 2020**	Increase (Decrease)	% Change
Federal grants	$ 8,213	**$ 4,072**	$ (4,141)	(50.4%)

			From 2018 to 2019	
	FY 2018	FY 2019	Increase (Decrease)	% Change
Federal grants	$ 13,079	$ 8,213	$ (4,866)	(37.2%)

Capital Grant Contributions are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. In fiscal year 2020 capital grant contributions decreased by $4.1 million or 50.4 percent compared to fiscal year 2019. This was due to a delay in the Cross-Taxiway project that will push into fiscal year 2021. In fiscal year 2019, capital grant contributions decreased by $4.9 million or 37.2 percent compared to fiscal year 2018.

Assets, Liabilities and Net Position (in thousands)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets, liabilities, and net position at June 30, 2018, 2019 and 2020, is as follows:

	FY 2018	FY 2019	**FY 2020**
Assets and Deferred Outflows of Resources			
Current assets	$ 223,610	$ 244,592	**$ 349,617**
Capital assets, net	1,704,141	1,722,150	**1,788,601**
Noncurrent assets	643,474	598,156	**773,751**
Total assets	2,571,225	2,564,898	**2,911,969**
Deferred outflows of resources	24,196	26,681	**22,761**
Total assets and deferred outflows of resources	2,595,421	2,591,579	**2,934,730**
Liabilities and Deferred Inflows of Resources			
Current liabilities	145,942	131,085	**162,269**
Long-term liabilities	1,635,326	1,600,230	**1,875,514**
Total liabilities	1,781,268	1,731,315	**2,037,783**
Deferred inflows of resources	4,228	6,961	**11,881**
Total liabilities and deferred inflows of resources	1,785,496	1,738,276	**2,049,664**
Net Position			
Net investment in capital assets	294,937	281,491	**266,213**
Restricted	230,954	246,508	**211,329**
Unrestricted	284,034	325,303	**407,524**
Total net position	$ 809,925	$ 853,302	**$ 885,066**

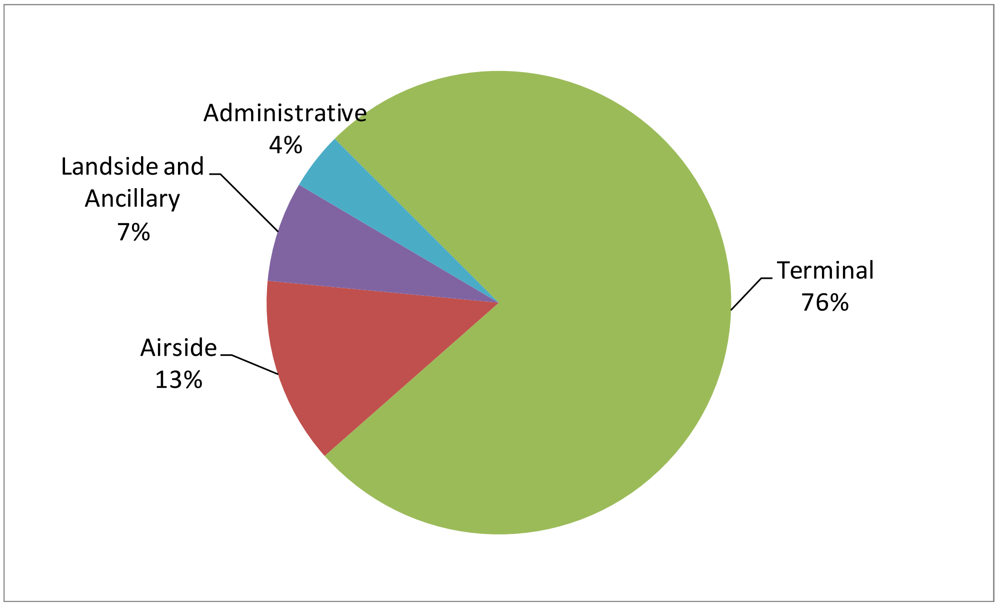
As of June 30, 2020, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $885.1 million. This reflects a $31.8 million or 3.7 percent increase in net position from June 30, 2019. The Airport Authority uses capital assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net position of $407.3 million as of June 30, 2020, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2020, 2019 and 2018, management has designated unrestricted funds in the amount of $43.4 million, $26.2 million, and $39.3 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake insurance, and operating contingency.

Capital Program

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security, environmental remediation, terminal upgrades, and development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit and drawdown bonds.

The current Capital Program, which includes projects through 2025, consists of $488.9 million for airside projects, $235 million for landside and ancillary projects, $2.8 billion for terminal projects, and $162 million for administrative projects.

Capital Program Projects by Type



Additional information of the Airport Authority's capital assets can be found in *Note 4* to the financial statements.

Capital Financing and Debt Management

On October 5, 2010, the Airport Authority issued $572.6 million of Subordinate Airport Revenue Bonds Series 2010 A, B and C (Series 2010 Bonds). The Subordinate Series 2010 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the Subordinate Series 2010 Bonds, refund $142.2 million of the Airport Authority's outstanding commercial paper notes, fund the subordinate bond reserve fund and pay the costs of issuance of the Subordinate Series 2010 Bonds.

The Subordinate Series 2010 C Bonds were refunded and defeased on December 11, 2019, when the Airport Authority issued Subordinate Series 2019A Revenue Refunding Bonds. The proceeds of the Series 2019 Bonds included an amount to fund the escrow which will be used to pay the principal and interest of the Series 2010C Bonds. As of June 30, 2020, the balance of the 2010C escrow fund was $220.5 million. Subordinate Series 2010 A and B (except series maturing July,1 2020) were refunded and defeased on April 8, 2020, when the Airport Authority Issued Series 2020A, 2020B, and 2020C Revenue Refunding Bonds. The proceeds of the Subordinate Series 2020 Bonds included an amount to fund the escrow which will be used to pay the principal and interest of the Series 2010A and 2010B Bonds. As of June 30, 2020, the balance of the 2010A escrow fund was $265.9 million and the balance of the 2010B escrow fund was $32.0 million. Amount on deposit in the escrow funds will be used to pay the redemption price and interest on the Refunded Series 2010 Bonds on July 1, 2020.

Interest for the fiscal year ended June 30, 2020 amounted to $17.9 million, including accrued interest of $407 thousand. As of June 30, 2020, the principal balance on the subordinate Series 2010 Bonds was $10.9 million.

On January 30, 2013, the Airport Authority issued $379.6 million of Senior Airport Revenue Bonds Series 2013 A and B (Series 2013 Bonds). The Senior Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accrued on the senior Series 2013 Bonds, fund the senior reserve fund, and pay the costs of issuance of the Senior Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of $55.9 million, which is being amortized over the life of the bonds. Interest on the Senior Series 2013 Bonds is payable semiannually on January 1 and July 1 of each year. Interest expense for the fiscal year ended June 30, 2020, amounted to $18.17 million, including accrued interest of $9.04 million. The principal balance on the Series 2013 Bonds as of June 30, 2020 was $368.8 million.

The Senior Series 2013 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2013 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2013 Bonds require the Airport Authority to maintain a reserve account with the bond trustee and to reserve certain amounts in the Airport Authority's books, as shown in *Note 2*.

On February 19, 2014, the Airport Authority issued $305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent and mature in fiscal years 2019 to 2045. Interest expense for the fiscal year ended June 30, 2020, amounted to $16.0 million, including accrued interest of $8.0 million. As of June 30, 2020, the principal balance on the Series 2014 Bonds was $294.0 million.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of $48.4 million, which is being amortized over the life of the bonds. Interest on the senior Series 2017 Bonds is payable semiannually on January 1 and July 1, of each year. Interest expense for the fiscal year ended June 30, 2020, amounted to $14.0 million, including accrued interest of $7.05 million. As of June 30, 2020, the principal balance on the Series 2017 was $281.8 million.

The Airport Authority issued $338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and $124.9 million of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the subordinate Series 2019 Bonds, refund $34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of $96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2020, amounted to $12.4 million, including accrued interest of $12.4 million. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2020, was $463.7 million.

The Airport Authority issued $241.6 million of Series A, B, and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019 and delivered the 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts and pay the costs of issuance of the subordinate Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.00 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of $49.4 million , which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2020, amounted to $2.8 million, including accrued interest of $2.8 million. The principal balance on the subordinate Series 2020 Bonds as of June 30, 2020, was $241.6 million.

During fiscal year 2015, the Airport Authority established a $125.0 million Revolving Line Of Credit issued by US Bank. The Revolving Line of Credit was a three-year agreement that took effect on September 5, 2014. The agreement was amended on June 29, 2017, to extend the commitment through June 29, 2020. The Airport Authority terminated the agreement on June 29, 2020.

At June 30, 2020 and 2019, the outstanding principal balances of the Series B Revolving Obligations were $0 and $13.7 million , respectively. The Series B Revolving Obligations bore interest at the tax-exempt rate which is based on a spread to LIBOR.

In April of 2017, the Airport Authority established a Subordinate Drawdown Bond program with RBC Municipal Products of up to $100.0 million. On April 1, 2017, the Airport Authority and RBC Municipal Products agreed upon a Bondholders Agreement and on April 19, 2017, the Airport Authority and RBC Capital Markets LLC agreed upon a Subordinate Drawdown Bond Purchase Agreement. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. This commitment expired on April 17, 2020.

Additional information of the Airport Authority's long-term debt can be found in *Note 5* to the financial statements.

The SDIA's PFC program was established in 1994, and currently authorizes the imposition of a $4.50 fee on enplaning passengers. There are currently four active applications which provide authority to impose and use PFC revenue through May 1, 2040.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately $119.9 million in grant awards for the federal fiscal year ended September 30, 2020, as compared to $24.8 million for 2019. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2807. A copy of the financial report is available at www.san.org

Statements of Net Position

June 30, 2020 and 2019

Assets and Deferred Outflows of Resources	**2020**	2019
Current Assets		
Unrestricted:		
Cash and cash equivalents (*Note 2*)	**$ 36,935,136**	$ 10,286,307
Investments (*Notes 2 and 11*)	**159,562,631**	124,558,161
Tenant lease receivables, net	**22,826,211**	12,491,101
Grants receivable	**25,467,263**	4,148,758
Note receivable, current portion (*Note 3*)	**2,123,843**	2,006,052
Other current assets	**9,216,212**	7,111,124
Total unrestricted current assets	**256,131,296**	160,601,503
Restricted cash, cash equivalents and investments with trustees (*Notes 2 and 5*)	**93,486,053**	83,990,603
Total current assets	**349,617,349**	244,592,106
Noncurrent Assets		
Restricted assets (*Notes 2 and 5*):		
Restricted cash, cash equivalents, and investments not with trustees	**174,924,058**	205,979,093
Restricted cash, cash equivalents and investments with trustees	**360,941,845**	162,164,029
Passenger facility charges receivable (*Note 1*)	**428,687**	6,959,982
Customer facility charges receivable (*Note 1*)	**1,135,327**	4,339,192
Other restricted assets	**5,519,914**	5,315,982
Total restricted assets	**542,949,831**	384,758,278
Other noncurrent assets:		
Investments, noncurrent (*Note 2*)	**137,429,307**	157,461,822
Note receivable, long-term portion (*Note 3*)	**27,208,867**	29,332,710
Cash and cash equivalents designated for specific capital projects and other commitments (*Notes 2 and 11*)	**64,026,034**	26,208,561
Net OPEB asset (*Note 9*)	**2,136,494**	394,547
Total other noncurrent assets	**230,800,702**	213,397,640
Capital assets (*Note 4*):		
Land and land improvements an nondepreciable assets	**136,757,114**	135,850,386
Buildings and structures	**1,747,847,784**	1,709,304,802
Machinery and equipment	**135,435,875**	131,172,225
Runways, roads and parking lots	**708,999,286**	698,595,118
Construction in progress	**288,353,299**	144,432,327
	3,017,393,358	2,819,354,858
Less accumulated depreciation	**(1,228,792,352)**	(1,097,205,313)
Capital assets, net	**1,788,601,006**	1,722,149,545
Total noncurrent assets	**2,562,351,539**	2,320,305,463
Total assets	**2,911,968,888**	2,564,897,569
Deferred outflows of resources		
Deferred pension outflows *(Notes 6 and 7)*	**21,647,509**	25,602,589
Deferred OPEB outflows *(Note 9)*	**1,113,811**	1,078,263
Total deferred outflows of resources	**22,761,320**	26,680,852
Total assets and deferred outflows of resources	**$ 2,934,730,208**	$ 2,591,578,421

(continued)

See Notes to Financial Statements.

Statements of Net Position, Continued
June 30, 2020 and 2019

Liabilities, Deferred Inflows of Resources and Net Position	2020	2019
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	$ 11,144,310	$ 5,671,003
Accrued liabilities	31,209,234	29,101,867
Compensated absences, current portion (*Note 5*)	2,847,306	2,978,157
Other current liabilities	23,312,345	9,020,385
Capital leases, current portion (*Note 5*)	269,427	323,242
Total payable from unrestricted assets	68,782,622	47,094,654
Payable from restricted assets:		
Accounts payable	6,595,678	7,093,105
Accrued liabilities	15,618,238	14,798,425
Long-term debt, current portion (*Note 5*)	31,560,000	22,865,000
Accrued interest on variable rate debt and bonds (*Note 5*)	39,712,137	39,234,073
Total payable from restricted assets	93,486,053	83,990,603
Total current liabilities	162,268,675	131,085,257
Long-Term Liabilities		
Compensated absences, net of current portion (*Note 5*)	1,241,278	572,054
Other noncurrent liabilities	668,290	648,372
Long-term debt, net of current portion (*Note 5*)	1,855,876,151	1,578,980,028
Net pension liability (*Notes 6 and 7*)	17,728,734	20,029,343
Total long-term liabilities	1,875,514,453	1,600,229,797
Total liabilities	2,037,783,128	1,731,315,054
Deferred inflows of resources		
Deferred pension inflows *(Notes 6 and 7)*	6,409,312	6,453,432
Deferred OPEB inflows *(Note 9)*	1,400,369	507,578
Deferred gain on refunding	4,071,732	-
Total deferred inflows of resources	11,881,413	6,961,010
Total liabilities and deferred inflows of resources	2,049,664,541	1,738,276,064
Net Position		
Net investment in capital assets	266,212,751	281,491,126
Restricted:		
Debt Service	75,586,323	71,952,864
Construction	109,650,020	150,466,640
OPEB	2,136,494	394,547
Operation and maintenance expenses	14,436,251	14,377,942
Small business bond guarantee	4,000,000	4,000,000
OCIP loss reserve	5,519,913	5,315,982
Total restricted net position	211,329,001	246,507,975
Unrestricted net position	407,523,915	325,303,256
Total net position	$ 885,065,667	$ 853,302,357

See Notes to Financial Statements.

Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Airline revenue:		
Landing fees	**$ 33,241,410**	$ 24,816,308
Aircraft parking fees	**8,354,052**	3,471,363
Building rentals (*Note 12*)	**82,453,273**	70,911,568
Security surcharge	**-**	33,558,621
Other aviation revenue	**7,788,791**	1,596,275
Concession revenue	**57,243,328**	71,256,293
Parking and ground transportation revenue	**50,750,966**	62,817,901
Ground and non-airline terminal rentals (*Note 12*)	**21,386,342**	22,810,139
Other operating revenue	**1,817,810**	2,440,464
Total operating revenues	**263,035,972**	293,678,932
Operating expenses before depreciation:		
Salaries and benefits (*Notes 6, 7 and 8*)	**51,666,850**	49,578,048
Contractual services (*Note 14*)	**37,693,633**	49,902,811
Safety and security	**29,456,872**	31,397,062
Space rental (*Note 13*)	**10,207,066**	10,190,910
Utilities	**12,747,899**	13,194,014
Maintenance	**11,584,303**	13,435,562
Equipment and systems	**336,469**	375,089
Materials and supplies	**650,975**	656,501
Insurance	**1,308,471**	1,199,555
Employee development and support	**966,575**	1,045,116
Business development	**2,033,120**	2,630,038
Equipment rentals and repairs	**3,598,348**	3,614,053
Total operating expenses before depreciation	**162,250,581**	177,218,759
Income from operations before depreciation	**100,785,391**	116,460,173
Depreciation expense	**131,587,039**	124,328,880
Operating loss	**(30,801,648)**	(7,868,707)

(Continued)

See Notes to Financial Statements.

Statements of Revenues, Expenses, and Change in Net Position, Continued
For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
Nonoperating revenues (expenses):		
Passenger facility charges	**$ 34,392,981**	$ 49,197,716
Customer facility charges	**30,239,698**	41,918,554
CARES Act Grant	**36,895,488**	-
Quieter Home Program grant revenue (*Note 1*)	**12,155,776**	11,550,178
Quieter Home Program expenses (*Note 1*)	**(15,450,983)**	(14,742,390)
Joint Studies Program	**-**	(98,601)
Investment Income	**32,429,489**	25,533,268
Interest expense (*Note 5*)	**(75,700,970)**	(74,501,336)
Build America Bonds subsidy (*Note 5*)	**2,089,397**	4,686,174
Other revenues (expenses), net	**1,442,102**	(510,440)
Nonoperating revenue, net	**58,492,978**	43,033,123
Income before federal grants	**27,691,330**	35,164,416
Federal grants (*Note 1*)	**4,071,980**	8,213,234
Change in net position	**31,763,310**	43,377,650
Net position, beginning of year	**853,302,357**	809,924,707
Net position, end of year	**$ 885,065,667**	$ 853,302,357

See Notes to Financial Statements.

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities		
Receipts from customers	$ 265,194,930	$ 286,895,333
Payments to suppliers	(103,828,307)	(107,008,045)
Payments to employees	(52,578,787)	(50,553,389)
Other receipts	1,699,331	2,555,497
Net cash provided by operating activities	110,487,167	131,889,396
Cash Flows From Noncapital Financing Activities		
Settlement receipts (payments)	1,442,102	(1,177,331)
Quieter Home Program grant receipts	7,252,520	14,204,701
Quieter Home Program payments	(15,450,983)	(14,742,390)
Joint Studies Program payments	-	(98,601)
Net cash used in noncapital financing activities	(6,756,361)	(1,813,621)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(197,716,114)	(172,486,803)
Proceeds on Build America Bonds subsidy	2,089,397	4,686,174
Proceeds from variable rate debt	34,040,000	-
Payment of variable rate debt	(47,759,000)	(6,444,000)
Federal grants received (excluding Quieter Home Program)	24,552,219	12,365,181
Proceeds from passenger facility charges	40,924,276	48,873,007
Proceeds from customer facility charges	33,443,563	41,677,119
Payment of principal on bonds	(528,735,000)	(22,650,000)
Proceeds from issuance of Series 2019 Bond	610,021,863	-
Proceeds from issuance of Series 2020 Bond	241,640,000	-
Payment of capital lease	(323,243)	(323,514)
Interest and debt fees paid	(94,444,671)	(80,694,774)
Net cash provided by (used in) capital and related financing activities	117,733,290	(174,997,610)
Cash Flows From Investing Activities		
Sales and maturities of investments	407,557,391	248,392,203
Purchases of investments	(599,747,577)	(240,504,726)
Interest received on investments and note receivable	33,186,340	25,088,046
Principal payments received on notes receivable	2,006,052	1,903,323
Net cash provided by (used in) investing activities	(156,997,794)	34,878,846
Net increase (decrease) in cash and cash equivalents	64,466,302	(10,042,989)
Cash and cash equivalents, beginning of year	36,494,868	46,537,857
Cash and cash equivalents, end of year	$ 100,961,170	$ 36,494,868

(Continued)

See Notes to Financial Statements.

Statements of Cash Flows, Continued
For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Unrestricted cash and cash equivalents	**$ 36,935,136**	$ 10,286,307
Cash and cash equivalents designated for specific capital projects and other commitments	**64,026,034**	26,208,561
Total cash and cash equivalents	**$ 100,961,170**	$ 36,494,868
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	**$ (30,801,648)**	$ (7,868,707)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	**131,587,039**	124,328,880
Change in pensions/OPEB liability/asset	**(4,042,556)**	(490,244)
Change in deferred outflows related to pensions/OPEB	**3,919,532**	(2,484,789)
Change in deferred inflows related to pensions/OPEB	**848,671**	2,733,503
Changes in assets and liabilities:		
Tenant lease receivables	**(10,335,110)**	(1,653,402)
Other assets	**(3,065,871)**	657,335
Accounts payable	**5,473,307**	18,489,317
Accrued liabilities	**2,107,367**	593,613
Compensated absences	**538,373**	273,623
Other liabilities	**14,258,063**	(2,689,733)
Net cash provided by operating activities	**$ 110,487,167**	$ 131,889,396
Supplemental Disclosure of Noncash Investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	***$ 22,213,916***	$ 21,891,530

See Notes to Financial Statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Reporting entity: The San Diego County Regional Airport Authority (Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the *San Diego County Regional Airport Authority Act* (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of December 31, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10 (SB 10), the *San Diego County Regional Airport Authority Reform Act*, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the Mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities, and north county inland cities. The Board members serve three year terms in accordance with California SB 10.

Measurement focus and basis of accounting: The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

Use of estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

Investments: Investments in the state and county investment pools are recorded net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

In May 2020, the Airport Authority approved a three-month deferral of airline revenue to provide airlines relief in response to the COVID-19 pandemic. As of June 30, 2020, the balance due on airline deferred revenues was approximately $8.3 million. Any remaining outstanding balances will be included in the fiscal year 2020 airline rates and charges reconciliation and settlement in November 2020.

Tenant lease receivables: Tenant lease receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant lease receivables are written off when deemed uncollectible. Recoveries of tenant lease receivables previously written off are recorded when received.

In May 2020, the Airport Authority approved a three-month deferral of airline revenue to provide airlines relief in response to the COVID-19 pandemic. As of June 30, 2020, airline deferred revenues were approximately $8.3 million. Any remaining outstanding balances will be included in the fiscal year 2020 airline rates and charges reconciliation and settlement in November 2020.

Federal grants: Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Airport Improvement Program (AIP): AIP grants are authorized and disbursed by the FAA under the *Airway Improvement Act of 1982*, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. As of June 30, 2020 and 2019, the Airport Authority recovered $4,071,980 and $8,213,234, respectively, for approved capital projects and $12,155,776 and $11,550,178, respectively, for the Quieter Home Program.

CARES Act: CARES Act grant is the *Coronavirus Aid, Relief, and Economic Security Act* approved by the United States Congress and signed into law by the President on March 27, 2020. It was a legislative action to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Airport Authority was awarded $91.2 million in CARES Act grant funds. The Airport Authority drew $36.9M of the CARES Act grant in FY 2020.

Passenger facility charges (PFC): The PFC program is authorized by the *Aviation Safety and Capacity Expansion Act of 1990* (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects contribute to the Airport Authority's noise mitigation (Quieter Home Program) or repay debt service issued to build eligible capital projects. As of June 30, 2020 and 2019, accrued PFC receivables totaled $428,687 and $6,959,982 respectively, and there were $65,034,830 and $96,034,369 PFC amounts collected but not yet applied for approved capital projects as of June 30, 2020 and 2019, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from $3.00 to $4.50, beginning August 1, 2003. Currently, there are four active applications that allow the Airport Authority to impose and use $1.2 billion in PFC revenue through November 1, 2037. The Airport Authority has formally closed five previously approved applications and withdrawn one pending application which has been integrated into a ninth application to impose and use approximately $32 million in PFC revenue. The latest application was approved by the FAA in October 2016 providing collection authority with a charge effective date through November 2037. In accordance with the *Aviation Investment Reform Act* (AIR-21), airports imposing a $4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 75 percent.

Customer facility charges (CFC): The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a $10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. Effective January 1, 2017, the CFC rate increased from $7.50 to $9.00 per day for a maximum of five days. As of June 30, 2020 and 2019, accrued CFC receivables totaled $1,135,327 and $4,339,192, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2020 and 2019, were $43,051,177 and $43,133,096 respectively.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements represent the consumption or addition to net position that applies to a future reporting period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB– These contributions are those made after the measurement date through the fiscal year-end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.

- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.

- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

Capital assets: Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs and interest cost associated with the construction of capital assets. Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater.

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Land improvements	30-40
Runways, roadways and parking lots	
Lighting, security, and minor improvements	3-10
Airfield and parking lots and improvements	12-25
Drainage systems, gas lines, and pedestrian bridges	30
Roadways, bridges, and infrastructure	40-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades, and remodels	3-10
Baggage handling systems, HVAC, structural improvements, fuel, and storage facility	12-20
Buildings and smart curb improvements	25-50
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	3-10
Communication and electronic systems	3-20
Works of art	15-30

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The Airport Authority no longer capitalizes interest due to the adoption of GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* that eliminated the requirement to capitalize interest.

Capital asset impairment: The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset, or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

Retentions payable: The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

Compensated absences: All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Bond discounts, premiums, and issuance costs: Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

Airport Authority net position: Net investment in capital assets 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 investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Unrestricted net position as of June 30, 2020 and 2019, includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2020	2019
Operating contingency	$ 2,000,000	$ 2,000,000
Insurance contingency	11,685,954	10,967,958
Capital projects and other commitments	29,675,668	13,240,603
Total designated net position	$ 43,361,622	$ 26,208,561

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Revenue and expense recognition: Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

Concentrations: A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

The five largest airlines in terms of enplaned passengers are as follows:

	2020	2019
Southwest Airlines	37.6%	37.7%
Alaska	14.3%	13.8%
United Airlines	12.7%	12.9%
Delta	12.2%	12.2%
American Airlines	12.0%	11.9%

Defined Benefit Pension Plan: The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Plan: The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting pronouncements adopted: The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2020:

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective for the Airport Authority's year ending June 30, 2020.

Accounting pronouncements issued but not yet adopted: GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 84, *Fiduciary Activities*, effective for the Airport Authority's year ending June 30, 2021
- GASB Statement No. 87, *Leases*, effective for the Airport Authority's year ending June 30, 2022
- GASB Statement No. 90, *Majority Equity Interests,* an amendment of GASB Statements No. 14 and No. 61, effective for the Airport Authority's year ended June 30, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for the Airport Authority's year ended June 30, 2023.

Note 2. Cash, Cash Equivalents, and Investments

Summary of cash, cash equivalents, and investments: Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30:

	2020	2019
Unrestricted and undesignated:		
Cash and cash equivalents	**$ 36,935,136**	$ 10,286,307
Current investments	**159,562,631**	124,558,161
Noncurrent investments	**137,429,307**	157,461,822
Total unrestricted and undesignated	**333,927,074**	292,306,290
Designated for specific capital projects and other commitments: cash and cash equivalents	**64,026,034**	26,208,561
Restricted:		
Current cash, cash equivalents, and investments, with trustees	**93,486,053**	83,990,603
Noncurrent cash, cash equivalents, and investments, not with trustees	**174,924,058**	205,979,093
Noncurrent cash, cash equivalents and investments, with trustees	**360,941,845**	162,164,029
Total restricted cash, cash equivalents, and investments	**629,351,956**	452,133,725
Total cash, cash equivalents and investments	**$ 1,027,305,064**	$ 770,648,576

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The components of restricted cash, cash equivalents, and investments at June 30 are summarized below:

	2020	2019
Restricted cash, cash equivalents, and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	**$ 43,308,755**	$ 43,133,828
Operation and maintenance subaccount	**14,436,251**	14,377,942
Renewal and replacement account	**5,400,000**	5,400,000
Total reserves	**63,145,006**	62,911,770
Passenger facility charges unapplied	**65,034,830**	96,034,369
Customer facility charges unapplied	**43,051,177**	43,133,096
Small business development bond guarantee	**4,000,000**	4,000,000
2010 Series debt service reserve fund	**30,146,892**	52,163,004
2010 Series debt service account	**11,344,678**	25,493,536
2013 Series construction fund	**87**	2,397
2013 Series debt service reserve fund	**34,260,842**	34,246,502
2013 Series debt service account	**16,981,079**	11,575,069
2014 Series construction fund	**3,031**	1,941
2014 Series debt service reserve fund	**22,796,477**	22,368,760
2014 Series debt service account	**14,130,702**	13,853,720
2014 Series rolling coverage fund	**7,133,754**	6,905,072
2014 Series renew and replace	**7,452,635**	5,431,585
2017 Series construction fund	**2,352,993**	47,288,403
2017 Series debt service reserve fund	**12,537,440**	14,993,717
2017 Series debt service account	**15,077,845**	11,730,784
2019 Series construction fund	**222,216,692**	-
2019 Series debt service account	**7,990,051**	-
2019 Series debt service reserve fund	**29,918,507**	-
2019 Series CAP interest fund	**16,110,292**	-
2019 Series cost of issuance	**3,224**	-
2020 Series cost of issuance	**57,969**	-
2020 Series debt services	**3,605,753**	-
Total restricted cash, cash equivalents and investments	**$ 629,351,956**	**$ 452,133,725**

Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy: The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Note 2. Cash, Cash Equivalents, and Investments (Continued)

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Supranationals	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$75 million
San Diego County Investment Pool	N/A	N/A	None	$75 million
Local Government Investment Pool	N/A	N/A	None	$75 million
U.S. State and California agency indebtedness	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None

* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

Investment in state investment pools: The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of each portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

Investment in county investment pool: The Airport Authority is a voluntary participant in the San Diego County Investment Pool (SDCIP) that is regulated by California Government Code Section 16429 under the oversight of the County Treasurer of San Diego. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by SDCIP for the entire SDCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by SDCIP.

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Investments authorized by debt agreements: Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	None	None
Negotiable certificates of deposit	None	AAA/Aaa	None	None
Long term and Medium-term notes	None	Two highest ratings	None	None
Money market mutual funds	None	Two highest ratings	None	None
Municipal bonds	None	Two highest ratings	None	None
Repurchase agreements	None	BBB*	None	None
Investment agreements	None	N/A	None	None
Local Agency Investment Fund	None	N/A	None	None
San Diego County Investment Pool	None	N/A	None	None
Deposit accounts	None	N/A	None	None

Any other investment which is a permitted investment of the Authority in accordance with the laws of the state.

*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

Investments held by Trustee: The Airport Authority has monies held by trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

Disclosures related to interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Custodial credit risk (deposits): Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first $250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

Custodial credit risk (investments): Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

Disclosures related to credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

Notes to Financial Statements
June 30, 2020 and 2019

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30 are presented in the following tables:

	2020				
		Investment Maturities (in Years)			
Investment Type	**Total**	**0 - 1**	**1 - 2**	**2 - 5**	**Ratings**
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 152,277,193	$ 38,947,897	$ 54,461,073	$ 58,868,224	N/A
U.S. agency securities	147,157,246	22,271,155	32,673,767	92,212,324	AA+
	6,810,765	-	-	6,810,765	Not rated
Supranationals	4,199,896	2,148,056	2,051,840	-	AAA
	5,610,140	-	-	5,610,140	Not rated
Commercial Paper	2,499,500	2,499,500	-	-	A-1
Negotiable certificates of deposit	4,028,440	4,028,440	-	-	A+
	4,000,000	4,000,000	-	-	A-1+
Medium-term notes	3,041,070	3,041,070	-	-	AAA
	22,040,080	4,048,800	4,115,480	13,875,800	AA
	39,801,962	5,335,102	13,705,980	20,760,880	A
Municipal Bonds	5,176,600	-	-	5,176,600	AA+
Money market mutual funds	17,435,951	17,435,951	-	-	AAA
Local Agency Investment Fund	146,314,756	146,314,756	-	-	Not rated
San Diego County Investment Pool	293,587,647	293,587,647	-	-	Not rated(1)
CalTrust Fund	16,362,863	16,362,863	-	-	AA
Total investments subject to credit and interest rate risk:	870,344,109	$ 560,021,237	$ 107,008,140	$ 203,314,732	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	16,271,235	16,271,235			
Total Investments	$ 886,615,344				

	2019				
		Investment Maturities (in Years)			
Investment Type	**Total**	**0 - 1**	**1 - 2**	**2 - 5**	**Ratings**
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 115,560,531	$ 25,307,938	$ 32,706,596	$ 57,545,997	N/A
U.S. agency securities	134,911,223	56,506,418	14,699,205	63,705,600	AA+
Supranationals	7,127,201	2,994,180	2,136,241	1,996,780	AAA
	5,485,835	-	-	5,485,835	Not rated
Negotiable certificates of deposit	3,988,200	-	3,988,200	-	AA
	14,763,063	14,763,063	-	-	A+
Medium-term notes	2,974,470	-	-	2,974,470	AAA
	22,796,245	7,490,315	-	15,305,930	AA
	40,834,801	5,498,975	6,333,965	29,001,861	A
Money market mutual funds	81,861	81,861	-	-	AAA
Local Agency Investment Fund	50,140,691	50,140,691	-	-	Not rated
San Diego County Investment Pool	211,235,432	211,235,432	-	-	Not rated(1)
CalTrust Fund	15,952,044	15,952,044	-	-	AA
Total investments subject to credit and interest rate risk:	625,851,597	$ 389,970,917	$ 59,864,207	$ 176,016,473	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	15,920,692				
Total Investments	$ 641,772,289				

Ratings per Standard and Poor's

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Concentration of credit risk: The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2020 and 2019.

Foreign currency risk: The Airport Authority's investment policy does not allow investments in foreign securities.

Note 3. Note Receivable

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a $50,000,000 unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carries a fixed interest rate of 5.5 percent per annum. At June 30, 2020 and 2019, the balance of the note receivable was $29,332,710 and $31,338,762, respectively.

The required principal payments owed from the District for note receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Amount
2021	$ 2,123,843
2022	2,243,644
2023	2,370,203
2024	2,500,653
2025	2,644,957
2026-2030	15,636,626
2031	1,812,784
	$ 29,332,710

Notes to Financial Statements
June 30, 2020 and 2019

Note 4. Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019, are as follows:

	Balance at June 30, 2019	Increases	Decreases	**Balance at June 30, 2020**
Nondepreciable assets:				
Land	$ 22,167,594	$ -	$ -	**$ 22,167,594**
Construction in progress	144,432,325	197,072,893	(53,151,919)	**288,353,299**
Intangible asset	440,000	-	-	**440,000**
Total nondepreciable assets	167,039,919	197,072,893	(53,151,919)	**310,960,893**
Depreciable assets:				
Land improvements	113,682,793	906,727	-	**114,589,520**
Buildings and structures (1)	1,708,864,802	38,542,982	-	**1,747,407,784**
Machinery and equipment	131,172,226	4,263,649	-	**135,435,875**
Runways, roads and parking lots	698,595,118	10,297,728	106,440	**708,999,286**
Total capital assets being depreciated	2,652,314,939	54,011,086	106,440	**2,706,432,465**
Less accumulated depreciation for:				
Land improvements	(28,301,823)	(7,639,888)	-	**(35,941,711)**
Building and structures	(670,750,529)	(81,974,091)	-	**(752,724,620)**
Machinery and equipment	(72,553,452)	(12,252,350)	-	**(84,805,802)**
Runways, roads and parking lots	(325,599,509)	(29,720,710)	-	**(355,320,219)**
Total accumulated depreciation	(1,097,205,313)	(131,587,039)	-	**(1,228,792,352)**
Total capital assets being depreciated, net	1,555,109,626	(77,575,953)	106,440	**1,477,640,113**
Capital assets, net	$ 1,722,149,545	$ 119,496,940	$ (53,045,479)	**$ 1,788,601,006**

(1) Includes capitalized lease of building with a net present value of future lease payments of $6,497,109

Notes to Financial Statements
June 30, 2020 and 2019

Note 4. Capital Assets (Continued)

	Balance at June 30, 2018	Increases	Decreases	Balance at June 30, 2019
Nondepreciable assets:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Construction in progress	110,520,200	141,915,811	(108,003,686)	144,432,325
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	133,127,794	141,915,811	(108,003,686)	167,039,919
Depreciable assets:				
Land improvements	112,918,996	763,797	-	113,682,793
Buildings and structures (1)	1,691,662,858	34,154,487	(16,952,543)	1,708,864,802
Machinery and equipment (2)	112,464,060	21,197,185	(2,489,019)	131,172,226
Runways, roads and parking lots	646,939,284	52,976,659	(1,320,825)	698,595,118
Total capital assets being depreciated	2,563,985,198	109,092,128	(20,762,387)	2,652,314,939
Less accumulated depreciation for:				
Land improvements	(20,695,006)	(7,606,817)	-	(28,301,823)
Building and structures	(610,550,433)	(77,152,640)	16,952,544	(670,750,529)
Machinery and equipment	(63,186,253)	(11,398,817)	2,031,618	(72,553,452)
Runways, roads and parking lots	(298,540,239)	(28,170,606)	1,111,336	(325,599,509)
Total accumulated depreciation	(992,971,931)	(124,328,880)	20,095,498	(1,097,205,313)
Total capital assets being depreciated, net	1,571,013,267	(15,236,752)	(666,889)	1,555,109,626
Capital assets, net	$ 1,704,141,061	$ 126,679,059	$ (108,670,575)	$ 1,722,149,545

(1) Includes capitalized lease of building with a net present value of future lease payments of $6,766,536

(2) Includes capitalized leases of office equipment with a net present value of future lease payments of $53,815

Note 5. Long-Term Liabilities

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2020 and 2019:

	Principal Balance at June 30, 2019	Additions/ New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2020**	Due Within One Year
Variable Rate Debt					
Series B tax-exempt	$ 13,719,000	$ -	$ (13,719,000)	**$ -**	$ -
Series C taxable	-	34,040,000	(34,040,000)	**-**	-
Total variable rate debt	13,719,000	34,040,000	(47,759,000)	**-**	-
Bonds payable:					
Series 2010 Bonds	527,100,000	-	(516,235,000)	**10,865,000**	10,865,000
Series 2013 Bonds	371,070,000	-	(2,320,000)	**368,750,000**	7,925,000
Series 2014 Bonds	299,705,000	-	(5,720,000)	**293,985,000**	5,890,000
Series 2017 Bonds	286,270,000	-	(4,460,000)	**281,810,000**	4,825,000
Series 2019 Bonds	-	463,680,000	-	**463,680,000**	1,235,000
Series 2020 Bonds	-	241,640,000	-	**241,640,000**	820,000
Bond premiums	97,483,919	146,341,863	(23,347,312)	**220,478,470**	-
Total bonds payable	1,581,628,919	851,661,863	(552,082,312)	**1,881,208,470**	31,560,000
Capital Leases	6,820,351	-	(323,243)	**6,497,108**	269,427
Total debt obligations	1,602,168,270	885,701,863	(600,164,555)	**1,887,705,578**	31,829,427
Compensated absences	3,550,211	3,385,678	(2,847,305)	**4,088,584**	2,847,306
Total long-term liabilities	$ 1,605,718,481	$ 889,087,541	$ (603,011,860)	**$ 1,891,794,162**	$ 34,676,733

	Principal Balance at June 30, 2018	Additions/ New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2019	Due Within One Year
Variable Rate Debt					
Series B tax-exempt	$ 14,794,000	$ -	$ (1,075,000)	$ 13,719,000	$ -
Series C taxable	5,369,000	-	(5,369,000)	-	-
Total variable rate debt	20,163,000	-	(6,444,000)	13,719,000	-
Bonds payable:					
Series 2010 Bonds	536,990,000	-	(9,890,000)	527,100,000	10,365,000
Series 2013 Bonds	373,310,000	-	(2,240,000)	371,070,000	2,320,000
Series 2014 Bonds	305,285,000	-	(5,580,000)	299,705,000	5,720,000
Series 2017 Bonds	291,210,000	-	(4,940,000)	286,270,000	4,460,000
Bond premiums	103,165,697	-	(5,681,778)	97,483,919	-
Total bonds payable	1,609,960,697	-	(28,331,778)	1,581,628,919	22,865,000
Capital Leases	7,143,865	-	(323,514)	6,820,351	323,242
Total debt obligations	1,637,267,562	-	(35,099,292)	1,602,168,270	23,188,242
Compensated absences	3,276,588	3,251,781	(2,978,158)	3,550,211	2,978,157
Total long-term liabilities	$ 1,640,544,150	$ 3,251,781	$ (38,077,450)	$ 1,605,718,481	$ 26,166,399

Note 5. Long-Term Liabilities (Continued)

Senior Lien Airport Revenue Bonds, Series 2005 and Refunded Series 1995: The California Maritime Infrastructure Authority issued $76,690,000 of Airport Revenue Bonds (Series 1995 Bonds) for the District, pursuant to a trust agreement dated December 1, 1995. The proceeds of the Series 1995 Bonds were used solely to pay a portion of the construction and installation of the West Terminal Expansion at SDIA, fund a Reserve Account, and pay certain expenses in connection with the issuance of the Series 1995 Bonds. In conjunction with the transfer of airport operations to the Airport Authority on January 1, 2003, these bond obligations were assumed by the Airport Authority.

On November 9, 2005, the Airport Authority issued $56,270,000 of senior lien Series 2005 bonds to refund all of the then-outstanding Series 1995 Bonds, fund a debt service reserve account and pay cost of issuance.

On December 21, 2012, the Airport Authority defeased all of its outstanding Series 2005 Bonds, by depositing proceeds of Subordinate CP Notes and certain other available monies into an irrevocable escrow fund. The amounts on deposit in the escrow fund will be used to pay the principal of and interest on the Series 2005 Bonds until their final maturity date of July 1, 2020. As of June 30, 2020 and 2019, the amount held in escrow by the trustee was $5,226,683 and $10,396,042, respectively, and the amount of the defeased Series 2005 Bonds still outstanding was $5,125,000 and $9,990,000, respectively.

Senior Lien Airport Revenue Bonds, Series 2013: On January 30, 2013, the Airport Authority issued $379,585,000 of Series A and B Senior Airport Revenue Bonds (Series 2013 Bonds). The Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the Series 2013 Bonds through and including July 1, 2015, fund the senior reserve fund and pay the costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of $55,934,101, which is being amortized over the life of the bonds. Interest on the senior Series 2013 Bonds is payable semiannually on January 1 and July 1, of each year. Interest for the fiscal years ended June 30, 2020 and 2019, was $18,174,150 and $18,081,350, respectively, including accrued interest of $9,040,675 and $9,087,075 for fiscal years ending June 30, 2020 and 2019, respectively. The principal balance on the Series 2013 Bonds as of June 30, 2020 and 2019, was $368,750,000 and $371,070,000, respectively.

The senior Series 2013 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system (b) certain funds and accounts held by the senior trustee under the senior indenture.

Note 5. Long-Term Liabilities (Continued)

As senior lien bonds, the Series 2013 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2013 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books, as shown previously in the notes. For the fiscal years ended June 30, 2020 and 2019, the amount held by the trustee was $51,242,009 and $45,823,968, respectively, which included the July 1 payment and the debt service reserve fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2020 and 2019 was $63,145,006 and $62,911,770, respectively. The public ratings of the Series 2013 Bonds as of June 30, 2020, are A+/A1/AA- by Standard & Poor's, Moody's Investors Service and Fitch Ratings. After June 30, 2020, Standard & Poor's decreased the rating on the Senior Debt to A.

The required debt service payments for the Series 2013 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	$ 7,925,000	$ 17,883,225	$ 25,808,225
2022	8,315,000	17,477,225	25,792,225
2023	8,725,000	17,051,225	25,776,225
2024	9,170,000	16,603,850	25,773,850
2025	9,625,000	16,133,975	25,758,975
2026-2030	55,740,000	72,904,350	128,644,350
2031-2035	32,225,000	61,481,750	93,706,750
2036-2040	41,165,000	53,463,625	94,628,625
2041-2044	195,860,000	23,077,000	218,937,000
	$ 368,750,000	$ 296,076,225	$ 664,826,225

Subordinate Lien Series 2010, 2017, 2019 and 2020 Bonds: On October 5, 2010, the Airport Authority issued $572,565,000 of Series A, B and C Subordinate Airport Revenue Bonds (Series 2010 Bonds). The subordinate Series 2010 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the subordinate Series 2010 Bonds through and including January 1, 2013, refund $142,176,000 of the Airport Authority's then outstanding commercial paper notes, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2010 Bonds.

Note 5. Long-Term Liabilities (Continued)

The Subordinate Series 2010 C Bonds were refunded and defeased on December 11, 2019, when the Airport Authority issued Subordinate Series 2019A Revenue Refunding Bonds. The proceeds of the Series 2019 Bonds included an amount to fund the escrow which will be used to pay the principal and interest of the Series 2010C Bonds. As of June 30, 2020, the balance of the 2010C escrow fund was $220,576,269. Subordinate Series 2010 A and B (except series maturing July 1, 2020) were refunded and defeased on April 8, 2020 when the Airport Authority Issued Series 2020A, 2020B, and 2020C Revenue Refunding Bonds. The proceeds of the Subordinate Series 2020 Bonds included an amount to fund the escrow which will be used to pay the principal and interest of the Series 2010A and 2010B Bonds. As of June 30, 2020, the balance of the 2010A escrow fund was $265,874,750 and the balance of the 2010B escrow fund was $31,965,994. Amount on deposit in the escrow funds will be used to pay the redemption price and interest on the Refunded Series 2010 Bonds on July 1, 2020.

Interest for the fiscal years ended June 30, 2020 and 2019, amounted to $17,869,205 and $29,780,849, respectively, including accrued interest of $407,438, and $14,890,425, respectively. The principal balance on the subordinate Series 2010 Bonds as of June 30, 2020 and 2019, was $10,865,000 and $527,100,000, respectively.

As a result of the refunding, the Airport Authority reduced its total debt services requirements by $142.7 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $100.0 million.

The required debt service payments for the Series 2010 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	$ 10,865,000	$ 407,438	$ 11,272,438
	$ 10,865,000	$ 407,438	$ 11,272,438

The Airport Authority issued $291,210,000 of Series A and B Subordinate Airport Revenue Bonds on August 3, 2017. The Subordinate Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund $32,550,000 of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of $48,423,688, which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2020 and 2019, amounted to $14,090,500 and $14,313,501, respectively, including accrued interest of $7,045,250 and $7,156,750, respectively. The principal balance on the subordinate Series 2017 Bonds as of June 30, 2020 and 2019, was $281,810,000 and $286,270,000, respectively.

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	$ 4,825,000	$ 13,969,875	$ 18,794,875
2022	5,070,000	13,722,500	18,792,500
2023	5,320,000	13,462,750	18,782,750
2024	5,585,000	13,190,125	18,775,125
2025	5,865,000	12,903,875	18,768,875
2026-2030	34,025,000	59,669,375	93,694,375
2031-2035	43,430,000	54,201,375	97,631,375
2036-2040	55,425,000	43,045,875	98,470,875
2041-2045	70,755,000	28,808,750	99,563,750
2045-2048	51,510,000	10,635,875	62,145,875
	$ 281,810,000	$ 263,610,375	$ 545,420,375

The Airport Authority issued $338,775,000 of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and $124,905,000 of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the subordinate Series 2019 Bonds, refund $34,321,000 of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of $96,927,688, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2020, amounted to $12,418,806, including accrued interest of $12,418,806. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2020, was $463,680,000.

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	$ 1,235,000	$ 12,418,806	$ 13,653,806
2022	3,420,000	22,292,100	25,712,100
2023	4,440,000	22,121,100	26,561,100
2024	6,095,000	21,899,100	27,994,100
2025	6,400,000	21,594,350	27,994,350
2026-2030	31,030,000	103,420,000	134,450,000
2031-2035	87,365,000	91,611,250	178,976,250
2036-2040	156,590,000	62,613,300	219,203,300
2041-2045	87,365,000	30,044,300	117,409,300
2046-2050	79,740,000	12,349,500	92,089,500
	$ 463,680,000	$ 400,363,806	$ 864,043,806

The Airport Authority issued $241,640,000 of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019 and delivered the 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the subordinate Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.00 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of $49,414,175, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2020, amounted to $2,785,572, including accrued interest of $2,785,572. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2020, was $241,640,000.

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	$ 820,000	$ 2,785,572	$ 3,605,572
2022	13,825,000	12,041,000	25,866,000
2023	14,520,000	11,349,750	25,869,750
2024	15,240,000	10,623,750	25,863,750
2025	16,005,000	9,861,750	25,866,750
2026-2030	62,285,000	39,383,000	101,668,000
2031-2035	64,075,000	23,085,000	87,160,000
2036-2040	44,565,000	9,478,500	54,043,500
2041	10,305,000	515,250	10,820,250
	$ 241,640,000	$ 119,123,572	$ 360,763,572

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2010, 2017, 2019 and 2020 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. At June 30, 2020 and 2019, the amount held by the trustee was $351,833,334 and $151,669,446, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series 2010, 2017, 2019 and 2020 Bonds as of June 30, 2020, are A/A2/A+ by Standard & Poor’s, Moody’s Investors Service and Fitch Ratings. After June 30, 2020, Standard & Poor’s reduced the rating on subordinate debt to A-.

Subordinate Variable Rate Debt Program: During fiscal year 2015, the Airport Authority established a $125,000,000 Revolving Line of Credit issued by US Bank. The Revolving Line of Credit was a three-year agreement that took effect on September 5, 2014. The agreement was amended on June 29, 2017, to extend the commitment through June 29, 2020. The Airport Authority terminated the agreement on June 29, 2020.

At June 30, 2020 and 2019, the outstanding principal balances of the Series B Revolving Obligations were $0 and $13,719,000, respectively. The Series B Revolving Obligations bore interest at the tax-exempt rate which is based on a spread to LIBOR.

Note 5. Long-Term Liabilities (Continued)

In April of 2017, the Airport Authority established a Subordinate Drawdown Bond program with RBC Municipal Products of up to $100,000,000. On April 1, 2017, the Airport Authority and RBC Municipal Products agreed upon a Bondholders Agreement and on April 19, 2017, the Airport Authority and RBC Capital Markets LLC agreed upon a Subordinate Drawdown Bond Purchase Agreement. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. This commitment expired on April 17, 2020.

The Revolving Line of Credit and Subordinate Drawdown Bonds are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's airport operations remaining after senior lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Senior Lien Special Facilities Revenue Bonds, Series 2014: On February 19, 2014, the Airport Authority issued $305,285,000 of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent. The bonds were issued at a premium of $594,226, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for fiscal years ended June 30, 2020 and 2019, was $16,028,789 and $16,199,645, respectively, including accrued interest of $8,014,395 and $8,099,823, respectively. The principal balance on the Series 2014 Bonds for fiscal years ended June 30, 2020 and 2019 was $293,985,000 and $299,705,000, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds. The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2020 and 2019, the amount held by the trustee was $51,516,600 and $48,561,078, respectively, which included the July 1 payment, the debt service reserve fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2019, are A/A3 by Standard & Poor's and Moody's Investors Service. After June 30, 2020 Standard & Poor's reduced the rating to BBB+.

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2021	$ 5,890,000	$ 15,928,365	$ 21,818,365
2022	6,090,000	15,714,362	21,804,362
2023	6,320,000	15,424,013	21,744,013
2024	6,670,000	15,060,682	21,730,682
2025	7,045,000	14,874,122	21,919,122
2026-2030	41,600,000	69,100,925	110,700,925
2031-2035	54,610,000	56,433,452	111,043,452
2036-2040	71,690,000	39,804,447	111,494,447
2041-2045	94,070,000	12,987,625	107,057,625
	$ 293,985,000	$ 255,327,993	$ 549,312,993

Line of credit: In fiscal year 2020, the Airport Authority maintained a $4,000,000 line of credit held with US Bank, which is collateralized with a bank certificate of deposit. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2020, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2020 and 2019:

	June 30, 2020		June 30, 2019	
	Used	Unused	Used	Unused
Revolving line of credit	$ -	$ -	$ 13,719,000	$ 111,281,000
Drawdown bonds	-	-	-	100,000,000
Line of Credit	-	4,000,000	-	4,000,000
	$ -	$ 4,000,000	$ 13,719,000	$ 215,281,000

Event of Default: In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.00-7.00 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a $4,000,000 negotiable certificate of deposit held with US Bank. Excluding general airport revenue bonds, special facility bonds, and capital leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFC's, CFC's or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

Note 5. Long-Term Liabilities (Continued)

Capital Leases

Office equipment leases: The Airport Authority has entered into five year capital lease agreements for office equipment that require monthly lease payments of $6,849. These leases were paid off in 2020.

Receiving distribution center lease: The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a capital lease and requires monthly lease payments of $73,108. The Airport Authority will become the owner of the RDC at the conclusion of the 20 year installment purchase agreement.

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, the office equipment capital leases, and the net present value of the future lease payments at June 30, 2020:

Years Ending June 30,	Amount
2021	$ 877,298
2022	877,298
2023	877,298
2024	877,298
2025	877,298
2026-2030	4,386,489
2031-2033	2,120,136
Total Lease Payments	10,893,115
Less amount representing interest	(4,396,007)
Present value of future lease payments	$ 6,497,108

Note 6. Defined Benefit Plan

Introduction: The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability and related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of June 30, 2020 and 2019:

	Defined Benefit Plan (GASB 68)	Preservation of Benefits Trust Plan (GASB No. 73)	Total
Balances as of June 30, 2019			
Pension Expense	$ 9,905,772	$ 314,006	$ 10,219,778
Net pension liability	15,961,502	1,767,232	17,728,734
Deferred outflows of resources	21,105,307	542,202	21,647,509
Deferred inflows of resources	6,190,685	218,627	6,409,312
Balances as of June 30, 2018			
Pension Expense	$ 7,774,562	$ 347,712	$ 8,122,274
Net pension liability	18,373,281	1,656,062	20,029,343
Deferred outflows of resources	25,046,571	556,018	25,602,589
Deferred inflows of resources	6,235,495	217,937	6,453,432

Plan description: The Airport Authority's defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits, and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003 through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the *California Public Employees' Pension Reform Act* (PEPRA) are subject to pensionable compensation caps.

Note 6. Defined Benefit Plan (Continued)

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board. The Airport Authority contributes to the Federal Social Security Program. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at www.sdcers.org.

Benefits provided: The Airport Authority provides retirement, disability, and death benefits.

There are two types of participants, the classic participants and the PEPRA participants. A classic participant means any member who is not a PEPRA participant. A PEPRA participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous 26 bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRA participant's benefit is calculated by using monthly salary amounts based on the highest 36 consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRA participants begins at age 52 with five years of service.

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse, or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner or dependent child under 21 years of age.

Note 6. Defined Benefit Plan (Continued)

As of the measurement dates June 30, 2019 and June 30, 2018, Plan membership was as follows:

	2019	2018
Active employees	407	405
Inactive employees entitled to but not yet receiving benefits	143	139
Inactive employees or beneficiaries currently receiving benefits	117	101
Total	667	645

Contributions: SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2020, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2018, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2020 and 2019, employees contributed $3,285,722 and $3,178,464 respectively, and the Airport Authority contributed $8,423,955 and $7,848,712, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant’s contribution, referred to as the “off-set”. The off-set is equal to 7.00 percent or 8.50 percent of the general classic members’ base compensation and 9.55 percent of the executive classic members’ base compensation. These contributions are included in the employee contribution. There is no off-set for PEPRA participants.

Net Pension Liability: The Airport Authority’s net pension liability as of June 30, 2020, is measured as the total pension liability, less the pension plan’s fiduciary net position. The total pension liability as of June 30, 2020, is measured as of June 30, 2019. The annual valuation used is as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

Note 6. Defined Benefit Plan (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2019 and 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2019	June 30, 2018
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Actuarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return (1)	6.50%	6.50%
Projected salary increase (2)	3.05%	3.05%
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate (3)	3.0% - 11.0%	3.0% - 11.0%
Disability rate (4)	0.01% - 0.30%	0.01% - 0.30%
Mortality (5)	0.02% - 13.54%	0.02% - 13.54%

(1) Net of investment expense

(2) Net plus merit component based on employee classification and years of service

(3) Based on years of service

(4) Based on age

(5) All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study
Further details about the actuarial assumptions can be found in the SDCERS June 30, 2018 and June 30 , 2017 actuarial reports.

Discount Rate: For the June 30, 2019 and 2018 actuarial valuations, the discount rates used to measure the total pension liability were 6.50 percent and 6.50 percent, respectively. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

Note 6. Defined Benefit Plan (Continued)

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams. Best estimates of geometric long-term real rates and nominal rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	18.0%	4.3%	6.7%
International equity	15.0%	5.5%	7.9%
Global equity	8.0%	5.1%	7.5%
Domestic fixed income	22.0%	1.2%	3.5%
Emerging market debt	5.0%	3.7%	6.1%
Real estate	11.0%	3.5%	5.9%
Private equity and infrastructure	13.0%	6.3%	8.8%
Opportunity fund	8.0%	4.5%	6.9%
	100.0%		

Changes in the Net Pension Liability: Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 6/30/19	$ 204,875,919	$ 186,502,638	$ 18,373,281
Changes for the year:			
Service cost	7,632,696	-	7,632,696
Interest on total pension liability	13,355,418	-	13,355,418
Difference between expected and actual experience	(645,462)	-	(645,462)
Changes in assumptions	-	-	-
Employer contributions	-	7,848,712	(7,848,712)
Member contributions	-	3,178,464	(3,178,464)
Net investment income	-	12,086,349	(12,086,349)
Benefit payments	(6,429,660)	(6,429,660)	-
Administrative expense	-	(359,094)	359,094
Net changes	13,912,992	16,324,771	(2,411,779)
Balances as of 6/30/20	$ 218,788,911	$ 202,827,409	$ 15,961,502

Note 6. Defined Benefit Plan (Continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2019, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 6/30/18	$ 185,541,212	$ 166,797,759	$ 18,743,453
Changes for the year:			
Service cost	7,390,428	-	7,390,428
Interest on total pension liability	12,621,227	-	12,621,227
Difference between expected and actual experience	(2,630,285)	-	(2,630,285)
Changes in assumptions	6,416,088	-	6,416,088
Employer contributions	-	7,318,546	(7,318,546)
Member contributions	-	3,162,781	(3,162,781)
Net investment income	-	14,036,710	(14,036,710)
Benefit payments	(4,462,751)	(4,462,751)	-
Administrative expense	-	(350,407)	350,407
Net changes	19,334,707	19,704,879	(370,172)
Balances as of 6/30/19	$ 204,875,919	$ 186,502,638	$ 18,373,281

Sensitivity of the Net Pension Liability to Discount Rate Changes: The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2020:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Total pension liability	$ 249,327,648	$ 218,788,911	$ 193,677,125
Plan fiduciary net position	202,827,408	202,827,409	202,827,408
Net pension liability (asset)	$ 46,500,240	$ 15,961,502	$ (9,150,283)
Plan fiduciary net position as a percentage of the total pension liability (asset)	81.3%	92.7%	104.7%

Note 6. Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan: For the years ended June 30, 2020 and 2019, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 68, of $9,905,772 and $7,774,562, respectively. At June 30, 2019 and 2018, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,045,125	$ 2,996,068
Net difference between projected and actual earnings	-	3,194,617
Changes in assumptions	10,704,298	-
Employer contributions made subsequent to June 30, 2019 measurement date	8,355,884	-
Total	$ 21,105,307	$ 6,190,685

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,765,239	$ 3,281,160
Net difference between projected and actual earnings	-	2,954,335
Changes in assumptions	14,497,834	-
Employer contributions made subsequent to June 30, 2018 measurement date	7,783,498	-
Total	$ 25,046,571	$ 6,235,495

The deferred outflows of resources, at June 30, 2020 and 2019, related to pensions resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net pension liability at June 30, 2021 and 2020, respectively.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2020, will be recognized in pension expense as follows:

Fiscal Year-end	
2021	$ 3,039,794
2022	1,248,666
2023	1,709,191
2024	561,087
	$ 6,558,738

Note 7. Preservation of Benefits Trust Plan (GASB No. 73)

POB description: The Airport Authority's single-employer defined benefit pension plan under the provisions of GASB 73 established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in *Note 6*.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

Benefits provided: The Airport Authority provides retirement benefits.

Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2020 and 2019, were $47,081 and $31,329, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS.

As of the measurement dates of June 30, 2019 and 2018, Plan membership was as follows:

	2019	2018
Inactive employees or beneficiaries currently receiving benefits	2	1
Active employees	2	2
	4	3

Total Pension Liability: The Airport Authority's total pension liability as of June 30, 2020 and 2019, was $1,767,232 and $1,656,062, respectively. The pension liability as of June 30, 2020, is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

Note 7. Preservation of Benefits Trust Plan (GASB No. 73) (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2019 and 2018, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2019	June 30, 2018
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.50%	3.87%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases	3.05%	3.05%

Changes in the Total Pension Liability: Changes in the total pension liability through the year ended June 30, 2020, was as follows:

	Total Pension Liability
Balances as of 6/30/19	$ 1,656,062
Changes for the year:	
Service cost	49,343
Interest on total pension liability	64,133
Difference between expected and actual experience	(64,295)
Changes in assumptions	109,070
Benefit payments	(47,081)
Net changes	111,170
Balances as of 6/30/20	$ 1,767,232

Note 7. Preservation of Benefits Trust Plan (GASB No. 73) (Continued)

Changes in the total pension liability through the year ended June 30, 2019, was as follows:

	Total Pension Liability
Balances as of 6/30/18	$ 1,479,005
Changes for the year:	
Service cost	51,775
Interest on total pension liability	53,311
Difference between expected and actual experience	193,013
Changes in assumptions	(89,713)
Benefit payments	(31,329)
Net changes	177,057
Balances as of 6/30/19	$ 1,656,062

Sensitivity of the Total Pension Liability to Discount Rate Changes: The following presents the resulting total pension liability calculated using the discount rate of 3.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2020:

	1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total Pension Liability	$ 2,114,822	$ 1,767,232	$ 1,492,635

Note 7. Preservation of Benefits Trust Plan (GASB No. 73) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB: For the year ended June 30, 2020 and 2019, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 73, of $314,006 and $347,712. At June 30, 2020 and 2019, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 322,838	$ 51,436
Change of assumptions	178,115	167,191
Employer contributions subsequent to June 30, 2019 measurement date	41,249	-
Total	$ 542,202	$ 218,627

June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	$ 419,729	$ -
Change of assumptions	136,289	217,937
Total	$ 556,018	$ 217,937

Note 7. Preservation of Benefits Trust Plan (GASB No. 73) (Continued)

The deferred outflows of resources, at June 30, 2020, related to pensions resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end that will be recognized as a reduction of the net pension liability at June 30, 2021.

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

Years Ending June 30	Amount
2021	$ 100,530
2022	100,529
2023	55,096
2024	26,171
	$ 282,326

Note 8. Employees' Deferred Compensation Plan

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees.

Employee assets to be held in the IRC Section 457 plans are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

Note 9. Other Postemployment Benefits

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

Note 9. Other Postemployment Benefits (Continue)

Plan description: As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for approximately 2 million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States, managing more than $370 billion in assets for more than 2,890 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding policy: CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. During the fiscal years ended June 30, 2020 and 2019, the Airport Authority's contributions were $784,845 and $339,003, respectively.

A measurement date of June 30, 2019 and 2018, was used for the June 30, 2020 and June 2019, OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2019 and July 1, 2018, respectively. Assumptions used in the July 1, 2018, valuation were rolled forward from the July 1, 2017 valuation.

Membership in the OPEB by membership class at June 30, 2020 and 2019, is as follows:

	2019	2018
Active employees	151	161
Inactive employees or beneficiaries currently receiving benefits	79	69
Total	230	230

Note 9. Other Postemployment Benefits (Continued)

Actuarial Assumptions: The total OPEB liability in the July 1, 2019 and 2018, actuarial valuations was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	2.75%
Projected salary increase	3.00%
Investment rate of return	6.75% at June 30, 2019; 7.28% at June 30, 2018; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
Actuarial cost method	Entry Age Normal, with amortization of 7/1/2017 unfunded liability over the period ending 6/30/2037 and amortization of subsequent unanticipated changes in liability over 15-year periods.
Asset valuation method	5 year asset smoothing
Retirement age	Rates used are the same as used in the June 30, 2016, San Diego City Employees' Retirements System actuarial valuation.
Mortality	CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076; Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Healthcare Participation of Future Retirees	90%
Spousal Assumption for Future Retirees	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 80% cover spouses at retirement

Note 9. Other Postemployment Benefits (Continued)

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations, and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
REITs	8%	3.76%
TIPS	5%	1.29%
Commodities	3%	0.84%
	100%	

Discount Rate: The discount rate used to measure the total OPEB liability (asset) at June 30, 2019 and June 30, 2018, was 6.75 percent and 7.28 percent, respectively. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability (Asset): Changes in the total OBEP liability, plan fiduciary net position and the net OPEB asset through the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances as of 6/30/19	$ 25,804,494	$ 26,199,041	$ (394,547)
Changes for the year:			
Service cost	449,596	-	449,596
Interest on total OPEB liability	1,883,080	-	1,883,080
Difference between expected and actual experience	(169,582)	-	(169,582)
Changes in assumptions	(1,531,369)	-	(1,531,369)
Employer contributions	-	775,225	(775,225)
Member contributions	-	-	-
Net investment income	-	1,604,058	(1,604,058)
Benefit payments	(775,225)	(775,225)	-
Administrative expense	-	(5,611)	5,611
Net changes	(143,500)	1,598,447	(1,741,947)
Balances as of 6/30/20	$ 25,660,994	$ 27,797,488	$ (2,136,494)

Note 9. Other Postemployment Benefits (Continued)

Changes in the total OBEP liability, plan fiduciary net position, and the net OPEB liability (asset) through the year ended June 30, 2019, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balances as of 6/30/18	$ 24,217,840	$ 24,315,258	$ (97,418)
Changes for the year:			
Service cost	436,501	-	436,501
Interest on total OPEB liability	1,772,578	-	1,772,578
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	622,425	(622,425)
Member contributions	-	-	-
Net investment income	-	1,896,351	(1,896,351)
Benefit payments	(622,425)	(622,425)	-
Administrative expense	-	(12,568)	12,568
Net changes	1,586,654	1,883,783	(297,129)
Balances as of 6/30/19	$ 25,804,494	$ 26,199,041	$ (394,547)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Health Care Cost Trend Rates: The net OPEB liability (asset) of the Airport Authority has been calculated using a discount rate of 6.75 percent. The following presents the net OPEB liability (asset) using a discount rate 1.00 percent higher and 1.00 percent lower than the current discount rate.

	1% Decrease 7.75%	Current Rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	$ 1,580,429	$ (2,136,494)	$ (5,195,525)

The net OPEB liability (asset) of the Airport Authority has been calculated using health care cost trend rates of 7.25 percent decreasing to 4.00 percent in 2076 and thereafter for non-Medicare and 6.30 percent decreasing to 4.00 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1.00 percent higher and 1.00 percent lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	$ (5,355,870)	$ (2,136,494)	$ 1,787,127

Note 9. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB: For the years ended June 30, 2020 and 2019, the Airport Authority recognized OPEB expense, as measured in accordance with GASB Statement No. 75, of $71,854 and $436,990, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 129,205
Net difference between projected and actual earnings	-	104,407
Changes in assumptions	329,475	1,166,757
Employer contributions subsequent to June 30, 2019 measurement date	784,336	-
Total	$ 1,113,811	$ 1,400,369

For June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 507,578
Changes in assumptions	475,260	-
Employer contributions subsequent to June 30, 2018 measurement date	603,003	-
Total	$ 1,078,263	$ 507,578

The deferred outflows of resources at June 30, 2020 related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as an addition to the net OPEB asset at June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2020, related to the OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	Amount
2021	$ (359,347)
2022	(359,348)
2023	(331,808)
2024	(20,391)
Total	$ (1,070,894)

Note 10. Risk Management

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

Commercially issued insurance:

- The Airport Authority maintains a minimum of $500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of $750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

Self-insurance: Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the *California Disaster Assistance Act*. As of June 30, 2020 and 2019, the Airport Authority has designated $11,685,954 and $10,967,958, respectively, from its net position, as an insurance contingency.

A $2,000,000 reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

Loss prevention: The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2020, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

Note 11. Disclosures About Fair Value of Assets

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Note 11. Disclosures About Fair Value of Assets (Continued)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020 and 2019:

June 30, 2020	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	$ 152,277,193	$ 152,277,193	$ -	$ -
U.S. agency securities	153,968,011	-	153,968,011	-
Non-U.S Securities	9,810,036	9,810,036	-	-
Commercial paper	2,499,500	-	2,499,500	-
Negotiable certificates of deposit	8,028,440	-	8,028,440	-
Municipal bonds	5,176,600	-	5,176,600	-
Medium-term notes	64,883,112	-	64,883,112	-
Total investments by fair value level	396,642,892	$ 162,087,229	$ 234,555,663	$ -
Investments measured at amortized cost				
Money market mutual funds	17,435,951			
Non-negotiable certificate of deposit	16,271,235			
Investment measured at net asset value				
CalTrust Fund	16,362,863			
Local Agency Investment Fund	146,314,756			
San Diego County Investment Pool	293,587,647			
Total investments	$ 886,615,344			

June 30, 2019	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	$ 115,560,531	$ 115,560,531	$ -	$ -
U.S. agency securities	134,911,223	-	134,911,223	-
Non-U.S Securities	12,613,036	12,613,036	-	-
Commercial paper	-	-	-	-
Negotiable certificates of deposit	18,751,263	-	18,751,263	-
Medium-term notes	66,605,516	-	66,605,516	-
Total investments by fair value level	348,441,569	$ 128,173,567	$ 220,268,002	$ -
Investment measured at amortized cost				
Money market mutual funds	81,861			
Non-negotiable certificate of deposit	15,920,692			
Investment measured at net asset value				
CalTrust Fund	15,952,044			
Local Agency Investment Fund	50,140,691			
San Diego County Investment Pool	211,235,432			
Total investments	$ 641,772,289			

Note 12. Lease Revenues

Substantially all capital assets held by the Airport Authority are for the purpose of rental and related use.

Certain capital assets, such as loading bridges, airfield, and building space, are leased to signatory and non-signatory airlines under the Airline Operating Lease Agreement (AOLA). The Airport Authority's AOLA is governed by a policy statement issued by the Federal Aviation Administration and as such rates are determined each year based upon a combination of residual and compensatory rate setting methodologies, which do not exceed actual costs of operating the airport. Such costs are allocated to each signatory airline based upon factors such as landed weights, enplanements, square footage, acres, etc. Costs are offset by payments from non-signatory airlines for the usage of those assets.

The Airport Authority finalized a new ten year AOLA effective July 1, 2019 through June 30, 2029. This new agreement is substantially similar to the expired agreement.

Other capital assets are leased to terminal and rental care concessionaires. Concession lease payments for space within the terminals are typically based on the greater of the percentage of tenant sales or an agreed upon minimum guarantee. Prior to the start of the economic downturn brought on by the COVID pandemic, the Airport Authority had 85 retail and dining concessions open, all designed to provide a world class shopping and dining experience for the millions of passengers who use SDIA..

In April 2020, as enplanements dropped to 96 percent below prior year numbers, many shops and restaurants were forced to temporarily closed. The Airport Authority received numerous requests for rate relief from concessionaires and rental car companies. In response, in May 2020, the Board approved and authorized the President/CEO to execute agreements to provide abatement of certain rents and fees to qualifying concessionaires and rental car companies, for a period beginning April 1, 2020 and ending September 30, 2020. The waivers will total an estimated $13 million for terminal concessions and passenger services, and approximately $9 million for rental car companies. As of June 30, 2020, enplanements had recovered to 82 percent below April 2019, and there were 24 terminal food service and retail concession locations open.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to Land Rent, the rental care operators will also pay Facility Rent.

Note 12. Lease Revenues (Continued)

The minimum future lease payments to be received under the Airport Authority's non-cancelable lease agreements, including known minimum escalations, as of June 30, 2020, are as follows:

Years Ending June 30,	Amount
2021	$ 32,439,999
2022	31,081,274
2023	28,198,218
2024	24,918,494
2025	18,230,922
2026-2030	79,542,914
2031-2035	86,379,616
2036-2040	94,499,472
2041-2045	104,143,316
2046-2050	68,946,492
2051-2055	724,440
2056-2060	724,440
2061-2065	724,440
2066-2070	507,108
	$ 571,061,145

Airline regulated lease payments, amounts exceeding the minimum guarantee, and the lease abatements mentioned in the preceding paragraphs are not reflected in this schedule.

Note 13. Lease Commitments

Operating Leases

General Dynamics lease: The Airport Authority is required, by legislation mandating the transfer of airport operations from the District, to lease from the District 89.75 acres of the former General Dynamics property on Pacific Highway adjacent to SDIA for 66 years commencing January 1, 2003. The lease agreement as amended calls for rent payments of $6,750,000 annually through December 31, 2068. A portion of the land is leased back to the District for employee parking at the same fair market value rent paid by the Airport Authority.

SDIA lease: The Airport Authority is leasing from the District 480 acres of land on North Harbor Drive for an annual rent of $1 per year under a lease that expires December 31, 2068.

Teledyne Ryan lease: The Airport Authority is leasing from the District 46.88 acres on North Harbor Drive referred to as the Teledyne Ryan lease that commenced on January 1, 2005 and expires December 31, 2068, for $3 million in annual rent.

Under current law, in the event SDIA is relocated and the District leases are no longer used by the Airport Authority for airport purposes, all District leases will terminate and use of the property will revert to the District.

Note 13. Lease Commitments (Continued)

The future rental commitment under the above operating lease agreements as of June 30 are due as follows:

Years Ending June 30,	Amount
2021	$ 10,176,660
2022	10,176,660
2023	10,176,660
2024	10,176,660
2025	10,176,660
2026-2030	50,883,300
2031-2035	50,883,300
2036-2040	50,883,300
2041-2045	50,883,300
2046-2050	50,883,300
2051-2055	50,883,300
2056-2060	50,883,300
2061-2065	50,883,300
2066-2068	35,618,310
	$ 493,568,010

The total rental expense charged to operations for the years ended June 30 consists of the following:

	2020	2019
Rental payments made	**$ 10,207,066**	$ 10,190,910

Note 14. Commitments and Contingencies

Commitments: As of June 30, 2020 and 2019, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

i. The Airport Authority has funds which have been classified as non-current assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2020 and 2019, these funds totaled approximately $ 29.7 million and $13.2 million, respectively, and are classified on the accompanying statements of net position as cash and investments designated for specific capital projects and other commitments.

Note 14. Commitments and Contingencies (Continued)

ii. Support services. As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a Police Services Agreement and a Communications Services Agreement with the District, which described the services that the Airport Authority could purchase and the manner of calculating the payments for such services. The largest amount that became payable under any of these agreements is under the Police Services Agreement, which is for Harbor Police services. The District provides monthly billings to the Airport Authority, with payment generally due 30 days after the date of the invoice, and provision of appropriate supporting documentation. During the years ended June 30, 2020 and 2019, the Airport Authority expensed $19,435,429 and $19,291,981 respectively for these services.

iii. In fiscal year 2019, the Board approved two new contracts with Ace Parking Management Inc., for parking management services in the amount of $38 million and airport shuttle services in the amount of $45 million. As of June 30, 2020, $11.2 million has been spent for parking management services and $11.8 million for shuttle services.

iv. In fiscal year 2015, the Board approved a $29.2 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management and maintenance of the shuttle vehicles. In fiscal year 2016, the Board approved an additional $1.2 million. In fiscal year 2019 the Board approved an additional $14.6 million. As of June 30, 2020, $37 million had been spent and the contract is due to be completed in fiscal year 2021.

v. In fiscal year 2019, the Board approved a $19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support and consulting services. In fiscal year 2020, the board approved an additional $134.8 million. As of June 30, 2020, $14.5 million has been spent and the contract is due to be completed in fiscal year 2024.

vi. In fiscal year 2017, the Board approved a $186.6 million contract with Turner-PCL, A Joint Venture for Terminal 2 West Federal Inspection Station build out. In fiscal year 2018 and 2019, the Board approved an additional $1.6 million and $5.3 million respectively. As of June 30, 2020, $186 million had been spent and the contract was completed in fiscal year 2020.

vii. In fiscal year 2019, the Board approved a $40.9 million contract with Granite Construction Company to provide a new hydrant fueling infrastructure on the north side of the runway. As of June 30, 2020, $29.5 million had been spent and is due to be completed in fiscal year 2021.

viii. In fiscal year 2019, the Board approved a $152.9 million contract with Sundt Construction, Inc. for the design and construction of Airport Support Facilities. As of June 30, 2020, $103.1 million had been spent and the contract is scheduled for completion in early fiscal year 2021.

ix. In fiscal year 2019, the Board approved a $11.7 million contract with Pacific Rim Mechanical for HVAC repair and maintenance services. As of June 30, 2020, $4.1 million had been spent and the contract is due to be completed in fiscal year 2021.

Note 14. Commitments and Contingencies (Continued)

x. In fiscal years 2012 thru 2018, the Board had approved a total of $9.4 million with Leighfisher for a SDIA development plan consultant. In fiscal year 2019 and 2020 the Board approved an additional $2.3 million and $800k. As of June 30, 2020, $11 million had been spent and the contract is due to be completed in fiscal year 2021.

xi. In fiscal year 2020, the Board approved a $35 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2020, $1.5 million had been spent and the contract is due to be completed in fiscal year 2025.

xii. In fiscal year 2020, the Board approved a $2.45 million contract with Velocity Technology Solutions, Inc. to provide Oracle JD Edwards Enterpriseone hosting and management consulting services. As of June 30, 2020, $176 thousand has been spent and the contract is due to be completed in fiscal year 2023.

Contingencies: As of June 30, 2020, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market risks, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of net position.

The dynamic nature of the COVID-19 pandemic is the cause of numerous uncertainties, some of which include the ultimate duration or extent of the pandemic; the duration or expansion of travel restrictions and warnings; to what extent the COVID-19 pandemic will disrupt the local or global economy; the extent to which such disruption will adversely impact construction, or other operations at the Airport Authority; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; and duration or extent to which any of the foregoing may have a material adverse effect on the financial position, results of operations and cash flows of the Airport Authority, including reduction in the overall investment position and declines in passenger traffic. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 15. Subsequent Events

For the first quarter of fiscal year 2021, enplanements levels were 72 percent lower compared to the first quarter of fiscal year 2020. The profound decline in enplanements resulted in continued severe decline in sales for all Non-Airline Tenants, whose gross revenues continue to be 70 percent to 90 percent below prior year levels. To address the continued impact and provide significant relief of rents and fees, on October 26, 2020, Airport Authority management will forward the recommendation for Board approval to extend rent forbearance and abatement agreements mentioned in *Note 12*, as modified, to qualifying non-airline tenants for an additional three month period beginning October 1, 2020 and ending December 31, 2020. The Airport Authority intends to use funds from the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) to reimburse certain operating expenses and debt service in order to offset the financial impact.

On July 22, 2020, the Airport Authority filed a “Voluntary Statement Regarding Impacts of COVID-19” (Statement) relating to the Airport Authority Senior Revenue Bonds, Subordinate Revenue Bonds, and Special Facilities Revenue Bonds with the Municipal Securities Rule Making Board. The document describes some of the impacts that the COVID-19 pandemic has had, and will continue to have, on passenger traffic at San Diego International Airport and the Airport Authority’s finances, and to describe some of the actions that the Airport Authority has taken, and is taking, in response to the pandemic.

Notes to Financial Statements
June 30, 2020 and 2019

Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2020

Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)

Defined Benefit Plan

	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service cost	**$ 7,632,696**	$ 7,390,428	$ 6,996,180	$ 6,205,263	$ 6,154,579	$ 6,099,481
Interest (includes interest on service cost)	**13,355,418**	12,621,226	11,416,679	10,277,610	9,327,538	8,465,485
Differences between expected and actual experience	**(645,462)**	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	**-**	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	**(6,429,659)**	(4,462,751)	(4,669,787)	(3,023,391)	(2,482,523)	(2,913,221)
Net change in total pension liability	**13,912,993**	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	**204,875,918**	185,541,212	161,951,893	140,197,048	126,851,793	115,200,048
Total pension liability - ending	**$ 218,788,911**	$ 204,875,918	$ 185,541,212	$ 161,951,893	$ 140,197,048	$ 126,851,793
Plan Fiduciary Net Position:						
Contributions - employer	**$ 7,848,712**	$ 7,318,546	$ 5,480,984	$ 4,047,780	$ 3,897,545	$ 3,924,988
Contributions - employee	**3,178,464**	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	**12,086,349**	14,036,710	19,480,875	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	**(6,429,659)**	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	**(359,094)**	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	**16,324,772**	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	**186,502,637**	166,797,759	143,840,411	138,516,287	130,203,134	108,456,250
Plan fiduciary net position - ending	**$ 202,827,409**	$ 186,502,637	$ 166,797,759	$ 143,840,411	$ 138,516,287	$ 130,203,134
Net pension liability (asset) - ending	**$ 15,961,502**	$ 18,373,281	$ 18,743,453	$ 18,111,482	$ 1,680,761	$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	**92.70%**	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	**$ 31,584,841**	$ 31,628,301	$ 31,131,795	$ 29,189,357	$ 27,955,455	$ 26,380,323
Net pension liability as a percentage of covered payroll	**50.54%**	58.09%	60.21%	62.05%	6.01%	(12.70%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net pension liability. Until such time has elapsed after implementing GASB Statement No. 68, this schedule will only present information from those years that are available.

Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2020

Schedule of Contributions (Pensions), Last 10 Fiscal Years (Dollars in Thousands):

Defined Benefit Plan

	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 6,159**	$ 5,740	$ 5,416	$ 3,765	$ 3,666
Contributions in relation to the actuarially determined contribution	**8,424**	7,848	7,247	5,421	3,948
Contribution deficiency (excess)	**$ (2,265)**	$ (2,108)	$ (1,831)	$ (1,656)	$ (282)
Covered payroll	**$ 33,091**	$ 31,864	$ 30,848	$ 31,506	$ 29,189
Contributions as a percentage of covered payroll	**25.46%**	24.63%	23.49%	17.21%	13.53%

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 3,823	$ 2,900	$ 2,600	$ 3,800	$ 4,300
Contributions in relation to the actuarially determined contribution	3,823	3,728	2,600	3,800	4,300
Contribution deficiency (excess)	$ -	$ (828)	$ -	$ -	$ -
Covered payroll	$ 27,955	$ 26,380	$ 24,840	$ 25,148	$ 25,596
Contributions as a percentage of covered payroll	13.68%	14.13%	10.47%	15.11%	16.80%

* This schedule is presented for the fiscal year.

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Notes to Financial Statements
June 30, 2020 and 2019

Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2020

Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)

Preservation of Benefits Trust Plan

	2020	2019	2018	2017
Total Pension Liability				
Service cost	$ 49,343	$ 51,774	$ 60,994	$ 29,270
Interest cost	64,133	53,311	35,323	34,173
Differences between expected and actual experience	(64,295)	193,013	388,329	-
Changes of assumptions	109,070	(89,712)	(214,765)	272,579
Benefit Payments	(47,081)	(31,329)	-	-
Net Change in Total Pension Liability	111,170	177,057	269,881	336,022
Total pension liability -beginning	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	$ 1,767,232	$ 1,656,062	$ 1,479,005	$ 1,209,124
Covered payroll	31,584,841	31,628,301	31,131,795	29,189,357
Total Pension Liability as a percentage of covered payroll	5.6%	5.2%	4.8%	4.1%

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from those years that are available.

Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2020

Schedule of Contributions (Pensions), Last 10 Fiscal Years:

Preservation of Benefits Trust Plan

	2020	2019	2018
Actuarially determined contribution	**$ -**	$ -	$ -
Contributions in relation to the actuarially determined contribution	**41,249**	45,353	56,513
Contribution deficiency (excess)	**$ (41,249)**	$ (45,353)	$ (56,513)
Covered payroll	**$ 33,090,880**	$ 31,584,841	$ 31,628,301
Contributions as a percentage of covered payroll	**0.12%**	0.14%	0.18%

*** This schedule is presented for the fiscal year.**

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from those years that are available.

Notes to Financial Statements
June 30, 2020 and 2019

Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2020

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)

Other Postemployment Benefits

	2020	2019	2018
Total OPEB Liability			
Service Cost	$ 449,596	$ 436,501	$ 411,052
Interest Cost	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	(169,582)	-	-
Changes of Assumptions	(1,531,369)	-	766,830
Benefit Payments	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	$ 25,660,994	$ 25,804,494	$ 24,217,840
Plan Fiduciary Net Position			
Contributions—Employer	$ 775,225	$ 622,425	$ 2,012,419
Net Investment Income	1,604,058	1,896,351	2,175,582
Benefit Payments	(775,225)	(622,425)	(451,189)
Administrative Expense	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	$ 27,797,488	$ 26,199,041	$ 24,315,258
Net OPEB Asset	(2,136,494)	(394,547)	(97,418)
Net Position as a Percentage of OPEB Liability	108.33%	101.53%	100.40%
Covered Payroll	14,608,940	16,625,857	16,141,609
Net OPEB Liability as a Percentage of Covered Payroll	(14.62%)	(2.37%)	(0.60%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net OPEB liability (asset). Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from those years that are available.

Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2020

Schedule of Contributions (OPEB), Last 10 Fiscal Years (Dollars in Thousands):

Other Postemployment Benefits

	2020	2019	2018
Actuarially determined contribution	**$ 427**	$ 486	$ 472
Contributions in relation to the actuarially determined contribution	**785**	339	462
Contribution deficiency (excess)	**$ (358)**	$ 147	$ 10
Covered payroll	**$ 14,609**	$ 13,869	$ 15,674
Contributions as a percentage of covered payroll	**5.37%**	2.44%	2.95%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from those years that are available.