SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2020 & 2019

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2020 & 2019

PREPARED BY

ACCOUNTING DEPARTMENT OF THE
SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Scott Brickner
Vice President/Chief Financial Officer

Elizabeth Stewart
Senior Manager, Accounting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 & 2019

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SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
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SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

October 20, 2020
To the Public:

We are pleased to present the Comprehensive Annual Financial Report of the San Diego County Regional Airport Authority ("Airport Authority") for the fiscal years ended June 30, 2020 and 2019. The purpose of this report is to provide the Airport Authority Board, the public and other interested parties with reliable information concerning the financial condition and results of the operations of the Airport Authority. The Airport Authority's Accounting Department prepared this report following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy, completeness and fairness of the presented data, including all disclosures, rests with the Airport Authority management.

To the best of our knowledge and belief, this report fairly presents and fully discloses the Airport Authority's financial position, changes in financial position, results of operations and cash flows in accordance with generally accepted accounting principles (GAAP) in the United States of America.

The Airport Authority has established and maintains a comprehensive framework of internal controls to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and the financial statements are free from material misstatement.

The Airport Authority engaged the Certified Public Accounting firm BKD, LLP to perform the annual independent audit of the basic financial statements contained in this report. The auditors issued an unmodified (or clean) opinion on the Airport Authority's financial statements for the fiscal years ended June 30, 2020 and 2019.

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the Financial Section of this report.

PROFILE OF AIRPORT AUTHORITY AND ORGANIZATIONAL STRUCTURE

The Airport Authority began operations on January 1, 2003, as an independent agency to manage the operations of San Diego International Airport (SAN) and address the region's long-term air transportation needs. The legislation that created the Airport Authority mandates three main responsibilities:

- Operate San Diego International Airport
- Plan for the future air transportation needs of the region
- Serve as the region's Airport Land Use Commission – and ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the county's airports

The Airport Authority is governed by an appointed Board of Directors of nine members representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members serve as the Executive Committee consisting of one Board member from each of the following "defined jurisdictions": the City of San Diego, the County of San Diego, and one Board member from among the east county cities, south county cities, north county coastal or north county inland cities. The Board members serve three-year terms.

The management and operations of SAN are carried out by a staff headed by the President/ Chief Executive Officer, who is appointed by and reports directly to the Airport Authority Board of Directors ("Board").

ECONOMIC CONDITION

Economic and industry trends drive passenger traffic and airline operations at SAN, directly impacting our operating environment and airport finances. The worldwide outbreak of novel coronavirus SARS-CoV-2 ("COVID-19") had an immediate and dramatic impact on both international and domestic travel and travel-related industries, including airlines, concessionaires and rental car companies serving the airport. With the rapid spread of the virus and the resulting containment measures implemented in response, by April, passenger traffic volumes had declined by more than 90 percent across the globe.

The region's economy is diverse and benefits greatly with a strong tourism sector, a large defense industry and a bustling technology cluster. San Diego County had enjoyed a relatively stable economic climate during the past five years, however, the impact from the COVID-19 pandemic was pervasive and substantial. The U.S. Bureau of Labor Statistics notes that the county's average unemployment rate for June 2020 was 13.8 percent compared to June 2019, at 3.3 percent. California's unemployment rate was 13.7 percent in June 2020 and 4.2 percent in June 2019, and the national unemployment rate was 10.5 percent as of June 2020 compared to 3.8 percent as of June 2019. See the Statistical Section for additional economic information.

The Air Trade Area for SAN includes San Diego County and portions of neighboring Orange and Riverside Counties and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3.34 million as of January 1, 2020. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (43 percent), Chula Vista (8 percent), Oceanside (5 percent), Escondido (4 percent), Carlsbad (3 percent), El Cajon (3 percent), and Vista (3 percent). The combined San Diego/Tijuana metropolitan population is estimated to be approximately 5.4 million inhabitants.

Air traffic continues to be significantly impacted by the COVID-19 pandemic. SAN's enplaned passengers declined sharply in the last quarter in fiscal year 2020. Total passengers were down 81.7% in June on a 70.5% decrease in scheduled seats. Total enplaned passengers for fiscal year 2020 were 9.2 million, compared to 12.4 million in fiscal year 2019. See the Management Discussion and Analysis section of the Financial Section of this report for further discussion of the current year activity. By the end of the fiscal year, international service resumed to certain locations in Mexico but the remaining international destinations continue to be temporarily suspended due to mandated travel restrictions.

By the end of the second quarter in 2020, US Gross Domestic Product (GDP) declined at an annual rate of 32.9%. A fairly strong rebound in consumer spending and overall economic activity is forecast in the second half of 2020, although there is growing concern of a potential second wave of COVID-19 which could potentially derail an economic recovery.

SAN DIEGO INTERNATIONAL AIRPORT IMPLEMENTS COVID-19 HEALTH AND SAFETY MODIFICATIONS

During unprecedented times, San Diego International Airport (SAN) continued to adjust to the impacts of COVID-19. The airport remained open as a critical piece of the nation's transportation infrastructure, helping to move much-needed supplies and cargo, and assisting those with essential travel needs.

SAN put in place a series of modifications and protocols to help ensure the health and safety of passengers and employees, which include:

- Added plexiglas sneeze guards in certain public spaces
- Placed floor decals and seat separation signage to queue the six-foot social distancing consideration
- Increased signage throughout the terminals to serve as a reminder to practice preventive health measures
- As directed by the California Department of Public Health, required facial coverings be worn by all passengers, visitors, tenants, contractors and employees while on airport property, excluding those with a medical or mental health condition or developmental disability that prevents wearing a face covering.
- Continued increased cleaning of high touch points.
- Conducted public announcements throughout the terminals that remind everyone of the facial covering and social distancing requirements.
- As directed by San Diego County Health, required employees to do a personal health screening and not come to work if they have any of the listed Center for Disease Control and Prevention COVID-19 symptoms.

The health and safety of all who work and travel through San Diego International Airport is the Airport Authority's top priority. It is in accordance with the recommendations of the Center for Disease Control and Prevention and San Diego County Health that these various modifications and protocols were implemented.

In addition, the Authority quickly implemented its Financial Resilience Plan in February 2020 to counteract anticipated negative financial impacts from the pandemic and ensure the financial stability of the Authority. Among other measures, the Authority eliminated non-essential expenses and reduced or delayed approximately $220 million of capital expenditures.

SAN DIEGO INTERNATIONAL AIRPORT BREAKS PASSENGER TRAFFIC RECORD FOR SIXTH CONSECUTIVE YEAR

Although the COVID-19 pandemic greatly reduced passenger totals in the latter part of Fiscal Year 2020, SAN served 25 million passengers in calendar year 2019, a record-high total and a four percent increase over the previous year. Of the 25 million passengers, more than one million were international passengers - also a record for the airport.

In January 2020, the Airport had nonstop flights to 70 destinations, including 11 international destinations with two new Canadian markets slated to begin in the summer. In March, enplanements significantly decreased as the COVID-19 pandemic and related restrictions brought both international and domestic travel to a virtual halt. Passenger airlines experienced a significant downturn in demand, causing the cancellation of numerous flights.

By end of May 2020, the Airport was down to 27 nonstop destinations. All international service was lost, as well as nonstop service to key domestic markets. As of September, service has been restored to 56 destinations including limited service to Mexico. Many state, county and city travel restrictions as well as the presidential proclamation restricting passengers from entering the U.S. from the Schengen area has precluded SAN from restoring service to domestic and international destinations including England, Germany and Japan. This reduction in demand and capacity is expected to continue in the near term, although with modest incremental improvement. Detailed reports of SAN air traffic statistics are available at www.san.org/News/Air-Traffic-Reports.

AIRPORT AUTHORITY BOARD CERTIFIES ENVIRONMENTAL STUDY FOR TERMINAL 1 REPLACEMENT PROJECT

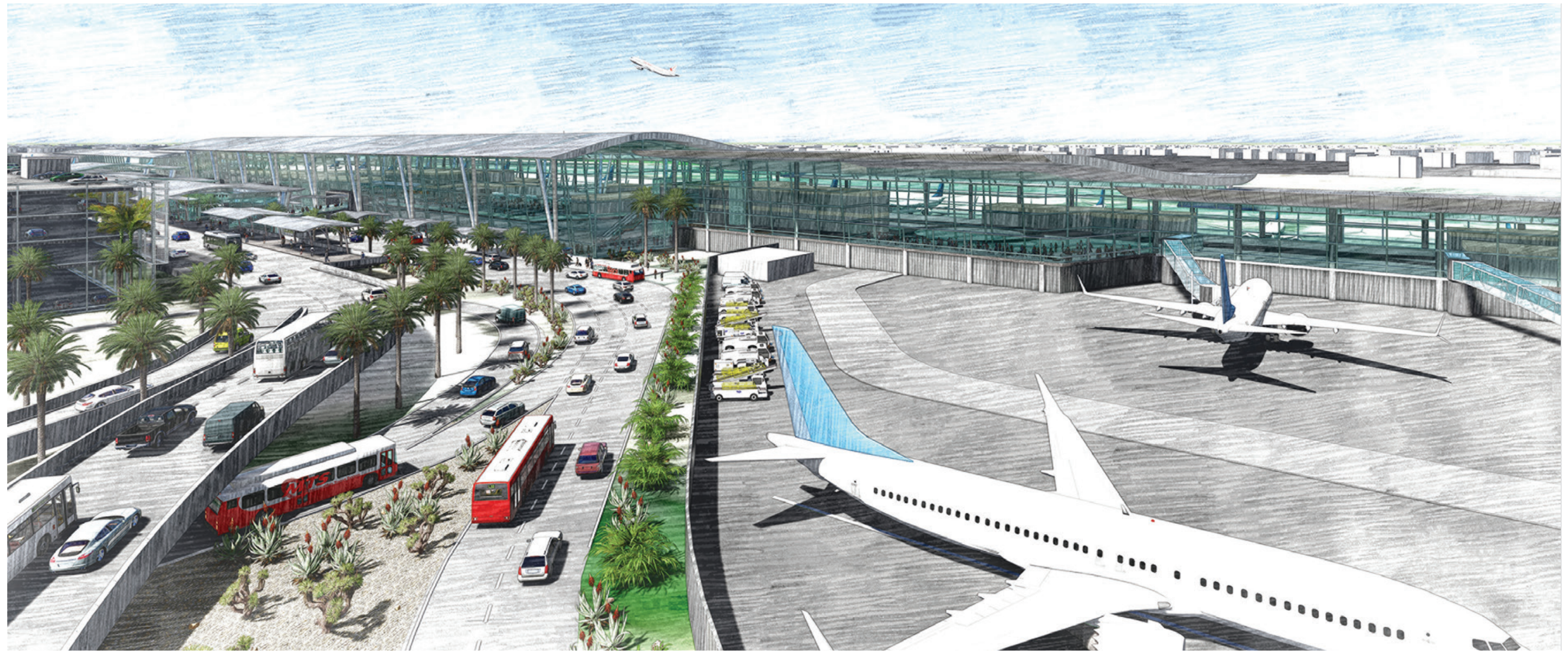
A little more than two months before the COVID-19 pandemic caused a nationwide shut-down, the Authority Board of Directors certified the Final Environmental Impact Report for the Airport Development Plan (ADP), the major component of which will provide the replacement of the 53-year-old Terminal 1 at SAN. The ADP will also include other airfield enhancements, major improvements to roadways serving the airport, and a designated transit station area on airport property that will allow the airport to connect to any regional transportation solution ultimately identified by our regional partners. The ADP will optimize the 661-acre airport site to accommodate demand while maintaining high levels of passenger satisfaction.

While the Airport Authority plans are to continue to advance the ADP, in light of the COVID-19 pandemic, plans will proceed in a prudent, deliberative manner. Built into the process are options to slow down, speed up, or even stop work completely so the impacts of moving forward can be carefully evaluated at multiple stages throughout the process to ensure progress is prudent and fiscally responsible.

The ADP will help to ensure the airport can accommodate expected passenger growth well into the future and ensure that travelers and their families are treated to a better airport experience than today's Terminal 1 can provide. The plan will also ensure the airport can continue to function as an economic engine for the region for decades to come. The new Terminal 1 will feature 30 gates (up from 19 in the current terminal) and represent a significant upgrade for passengers. It will offer more gate-area seating, restaurants and shops, as well as additional security checkpoints with more lanes and a host of energy-efficiency upgrades.

The ADP will also include numerous roadway and transportation improvements to make it easier for everyone to access the airport. A proposed on-airport entry road would remove an estimated 45,000 cars per day from Harbor Drive. The plan also includes right-of-way for outbound lanes, when needed. The Airport Authority has worked co-operatively with many of the San Diego regional agencies to assist in efforts to analyze circulation around the airport, as well as to determine the best transit solution for carrying people to the airport.

The Airport Authority has set aside space between the terminals for a transit station that could accommodate any regional transit system chosen by SANDAG and other regional planning agencies. In addition, the Airport Authority will launch an all-electric shuttle fleet that will carry transit riders to and from the Old Town Transit Center. This service is currently anticipated to start in 2021. For more information about the ADP, visit www.san.org/plan.



SAN DIEGO INTERNATIONAL AIRPORT BECOMES SECOND MAJOR AIRPORT IN NORTH AMERICA TO EARN CARBON NEUTRAL RATING

Last year marked several key achievements in SAN's ongoing commitment to becoming one the world's most sustainable airports. The crowning achievement was becoming North America's second-ever carbon neutral airport. SAN reached carbon neutral accreditation from the global agency that establishes carbon standards for airports worldwide.

SAN is certified at "Level 3+," the highest level of certification through Airports Council International's Airport Carbon Accreditation (ACA) program. The third-party verified program is a framework that helps airports identify, manage, and reduce their carbon emissions.

Level 3+ certification signifies that the airport is successfully:

- Completing annual carbon emission inventories (which are third-party verified)
- Continuing to reduce carbon emissions under the Airport Authority's direct control on a year-over-year basis
- Offsetting any residual emissions under the Airport Authority's direct control (namely, from fuel used in fleets and generators, purchased electricity, and staff business travel)

Effectively engaging with airlines, ground transportation operators, and other business partners to help them reduce their onsite carbon emissions.

Examples of SAN's initiatives to reach carbon neutrality include creating a novel greenhouse gas reduction program for rideshare companies such as Lyft and Uber, launching "The Good Traveler" carbon offset program that has expanded nationally to 14 partner airports, and partnering with San Diego Gas & Electric to expand airport charging infrastructure for airport employees and electric-powered airside ground service equipment.

PRESERVING A PRECIOUS RESOURCE

One of the linchpins of SAN's sustainability achievements is its water conservation efforts. In 2019, the Airport Authority Board accepted a Water Stewardship Plan that provides a framework for rethinking how to manage water resources while preparing to accommodate passenger growth, new airport developments, and a changing climate.

A chief component of the plan is storm water management. The amount of storm water captured, treated, and reused surpassed 1.8 million gallons last year, a 386% increase from the previous year. The storm water was captured from the 7.6-acre upper deck of the Terminal 2 Parking Plaza at the airport. The captured water is used to offset the potable water use in the airport Central Utility Plant's evaporative cooling towers.

Condensate is also collected on the airport grounds. In 2109, about 100,000 gallons of condensate were collected from the 18 most heavily used jet bridges at Terminals 1 and 2. The water is used to wash sidewalks, equipment, vehicles and building exteriors in addition to being used in the Central Utility Plant's cooling towers that control the temperature in the terminals.

In 2019, the San Diego County Water Authority recognized the Airport Authority for our partnership in the "Brought to You By Water" campaign, an outreach and education program to raise awareness about the importance of safe and reliable water supplies for the San Diego region. In support of the campaign, the airport installed water-efficient fixtures throughout the campus and implemented drought-resistant landscaping. The Airport Authority closely monitors water usage across the entire airport campus and embraces creativity in water management through innovative programs such as condensate and rainwater collection and reuse.

The Airport Authority is currently constructing a three million-gallon cistern on SAN's north side, which will significantly expand storm water infiltration and reuse opportunities. This initiative minimizes impact to San Diego Bay.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY RECEIVES 2020 CLIMATE LEADERSHIP AWARDS

The ACA certification capped a string of achievements that helped the Airport Authority earn a 2020 Climate Leadership Award for Excellence in Greenhouse Gas Management. In addition, the Airport Authority's Director of Planning and Environmental Affairs received an individual leadership award for his efforts in environmental operations and strategies.

The Climate Leadership Conference and Awards bring together forward-thinking leaders from business, government, academia, and the non-profit community to address climate change through policy, innovation, and business solutions. Awardees are honored for exemplary corporate, organizational, and individual leadership in reducing carbon pollution and addressing climate change.

The 2020 Climate Leadership Award for Excellence in Greenhouse Gas Management was awarded to the Airport Authority for the following efforts:

- Setting a goal of reducing direct and indirect emissions 80 percent from 2015 to 2035.
- Achieving a 44 percent decrease in direct and indirect emissions by 2018.
- Developing strategies to reduce emissions pertaining to ride-share fleets at SAN by using cleaner fuels, using cars with a higher mile per gallon rating, and utilizing more carpooling/ridesharing.
- Replacing individual rental car company shuttles with Authority-owned rental car shuttles, which greatly reduced the number of vehicle-trips on Harbor Drive and also reduced emissions.
- Investing in renewable energy by installing 5.5 MW of on-site solar PV at SAN to meet 15 percent of electricity demand and planning for a 2 megawatt battery storage system in 2020.
- Committing to convert approximately 80 percent of ground support equipment to alternative fuels by 2024 and supplying adequate electric vehicle charging infrastructure to meet the forthcoming demand for electric vehicles for ground support equipment.

The Airport Authority's Director of Planning and Environmental Affairs work was highlighted for his leadership on initiatives such as:

- The Good Traveler program, which offers travelers a quick and easy way to make their air travel more sustainable by purchasing offsets that then go towards carbon reduction projects around the U.S.
- Assisting in the funding and development of a Climate Resilience Plan which serves as the Authority's strategy for achieving uninterrupted business continuity in future climate conditions.
- Leading the charge to build storm water systems in three large projects at the airport, ultimately giving the airport the ability to capture, store and reuse up to 39 million gallons of rain annually.
- Working with stakeholders to develop and implement a ride-share pilot program to implement emission reduction strategies pertaining to ride-share fleets by using cleaner fuels, using cars that have a higher mile per gallon rating, and utilizing more carpooling/ridesharing (trip reduction).

To view the Airport Authority's Sustainability Management plan, which includes seven overarching elements including the areas of water stewardship, strategic energy, carbon neutrality, clean transportation, zero waste, climate resilience, and biodiversity, please visit san.org/Airport-Projects/Environmental-Affairs.

AIRPORT AUTHORITY AWARDED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT

The Airport Authority was awarded the Achievement of Excellence in Procurement® (AEP) for 2020 from the National Procurement Institute, Inc. (NPI). The award recognizes organizations that demonstrate excellence in innovation, professionalism, productivity, leadership and e-procurement. The AEP program encourages the development of excellence as well as continued organizational improvement to earn the award annually. This was the eleventh consecutive year the Airport Authority earned this award.

CREATING OPPORTUNITIES FOR SMALL, LOCAL, DISADVANTAGED AND VETERAN OWNED BUSINESSES

Creating a level playing field that attracts businesses of all sizes and provides opportunities for workers of all genders and ethnicities has been the goal of the Authority's Small Business Development (SBD) program since 2003. The SBD program works with small, local, disadvantaged and veteran owned small businesses to provide them with the resources and knowledge to apply for eligible certification and ultimately successfully compete for Authority contracts.

During the year, the Authority launched a Local Business Enterprise (LBE) certification. Businesses certified as LBEs are given preference in awarded contracts with the Airport Authority. Additionally, SBD promoted the new LBE certification through public outreach, workshops, hosting presentations, and an educational training LBE presentation for the U.S. Veteran Business Alliance (USVBA).

The SBD program also worked to develop new methods and approaches to increase the participation of Disadvantaged Business Enterprises (DBE) to meet the overall goals on federally funded projects. SBD offered new workshops for DBEs and Airport Concession Disadvantaged Business Enterprise (ACDBE) certifications. An additional 30 OSHA workshops were offered due to high interest from contractors. The Authority also exceeded its overall ACDBE goals for both Car Rental contracts by 8% and for Non-Car Rental concession contracts by 5 percent.

During the pandemic, the SBD program worked to keep small businesses updated and informed on relief options and provided guidance and support to contractors and concessionaires. Educational workshops pivoted to a virtual platform to ensure small, local, veteran owned small businesses and the general public have the tools needed to apply for certification as well as comply with State and Local regulations.

SAN'S AIRPORT INNOVATION LAB TESTS UNIQUE CONCEPTS

Airport-oriented solutions ranging from a smart waste bin to reusable to-go containers were tested in SAN's Airport Innovation Lab as the fourth group of innovators were welcomed into the Lab's recent 16-week program. The group was comprised of four companies largely focused on reducing waste and enhancing the passenger experience.

Due to COVID-19, the companies had to quickly pivot to a full-virtual format and held virtual workshops, sessions with subject matter experts from the Airport Authority, and enhanced virtual networking to include a zoom background challenge and a "speed meet/greet" session to get better acquainted with their fellow cohort participants. The virtual format allowed these small early-stage businesses to be engaged in meaningful work in the midst of a pandemic. Companies work diligently throughout each 16-week program to have the opportunity to win a contract from the Airport Authority and/or gain entry to other airports and analogous businesses including other transportation hubs, convention centers, shopping malls and other large venues such as ballparks, theme parks and hotels.

The Airport Innovation Lab occupies part of the former Commuter Terminal building at SAN and provides an opportunity for companies to test their solutions in a controlled environment before they are reviewed and approved to move into a passenger facing environment. For more information, go to www.innovate.san.org.

AIRPORT AUTHORITY COMPLETES MAJOR BOND SALE

The Airport Authority in late 2019 completed a major bond sale totaling approximately $700 million. In doing so, the Airport Authority obtained a record-low interest rate that is estimated to save more than $100 million in financing costs over the next 20 years. Approximately $280 million of the bonds will pay for current and future construction projects that will help capture and store storm water runoff, provide a new facilities maintenance building, and deliver new and rehabilitated airfield pavement, among other projects. The remainder of the bond proceeds will be used to refinance existing debt that has been in place since 2010.

Demand was exceedingly strong – investors placed over $5 billion of orders for the bonds which contributed to an Authority record-low interest cost.

SAN CONTINUES TO FOCUS ON THE PASSENGER EXPERIENCE

At San Diego International Airport, passenger satisfaction is a top priority. In fact, not only is it a prominent goal in the organization's Strategic Plan, it is also in our mission statement: "We will plan for and provide air transportation services to the region with safe, effective facilities that exceed our customer expectations."

While there are many ways to measure success in this area, the Airport Authority in 2019 looked to the ubiquitous J.D. Power Survey. In the J.D. Power Survey's 2019 results for North American Airports, SAN scored a total customer satisfaction score of 776, which is nine points higher than the average score for all Large-Hub airports. In fact, SAN has had a higher score than the average Large-hub Airport in the J.D. Power Survey for the last five years consecutively.

While we pride ourselves on providing a first-class passenger experience, we acknowledge that is not always possible in the 53-year-old Terminal 1. That's why the Airport Authority is advancing the Airport Development Plan (ADP), as previously discussed.

AIRPORT RECEIVES GFOA DISTINGUISHED BUDGET PRESENTATION AWARD FOR 15TH CONSECUTIVE YEAR

The Authority received its fifteenth consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its annual budget for the fiscal year beginning July 1, 2019. The GFOA established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting, and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This award is valid for a period of one year only cost.

AIRPORT AUTHORITY AWARDED CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to San Diego County Regional Airport Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. The CAFR has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

BUDGET PROCESS AND FINANCIAL PLAN

Annually, the Airport Authority prepares a five-year capital program budget, an operating budget for the upcoming fiscal year and a conceptual budget for the following fiscal year. The capital program provides for critical improvements and asset preservation. Security, environmental remediation, terminal upgrades and development are the main focus of the capital program.

The budget process begins in the fall with senior management collaborating with the Board to update, review and formulate the strategies and initiatives that drive business performance. The management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements with the Airport Authority's overall strategies and initiatives.

FINANCIAL INFORMATION

The Airport Authority Board sets policy that provides for appropriate internal controls and provides oversight to ensure that the assets of the Airport Authority are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

The Airport Authority derives its operating revenue from two sources: airline and non-airline revenue. Airline revenue is derived primarily from landing fees, aircraft parking fees, building rentals, common use fees and other aviation revenue. Primary sources of non-airline revenue are terminal and rental care concessions, airport parking and ground transportation.

Non-operating revenue of the Airport Authority is comprised of interest income, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs) and grant reimbursements (including CARES Act funding in fiscal year 2020).

The Airport Authority's debt management policy was developed to ensure compliance with the master and subordinate bond indentures, which dictate the terms of the Airport Authority's outstanding debt and establishes various reserves. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process.

The Airport Authority completed fiscal year 2020 with operating income (before depreciation) of $110.8 million, a decrease of 4.9 percent compared to fiscal year 2019. Enplanements decreased 25.3 percent, and airport operations decreased 16.4 percent in fiscal year 2020 compared to fiscal year 2019. These decreases were a direct result of the COVID-19 impact on the economy. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

ACKNOWLEDGEMENTS

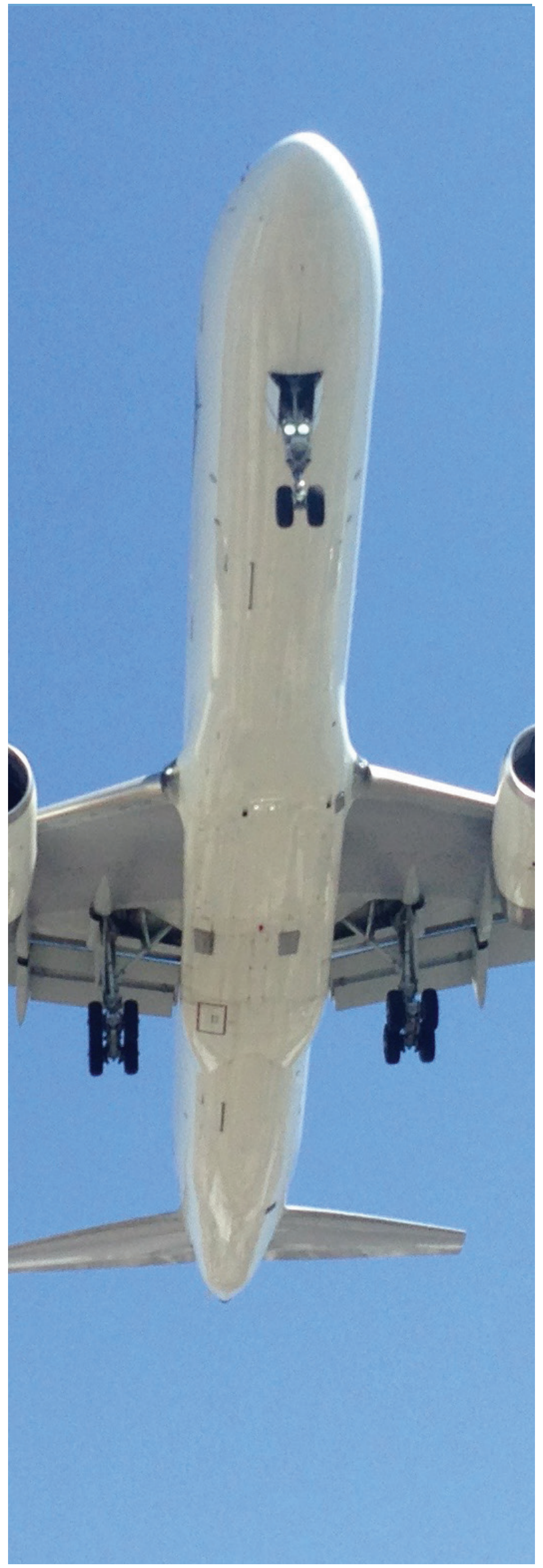
The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service and efforts of the Airport Authority's Accounting, Financial Management, and Marketing staff. We wish to express our sincere appreciation for their dedication to ensure fiscal transparency and accountability and to maintain and present the Airport Authority's financial statements in conformance with the highest professional standards.

Finally we would like to thank members of the Airport Authority Board for their continued leadership, guidance and support towards the execution of our Mission to plan for and provide air transportation services to the region with safe, effective facilities that exceed customer expectations. We are committed to operating San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.

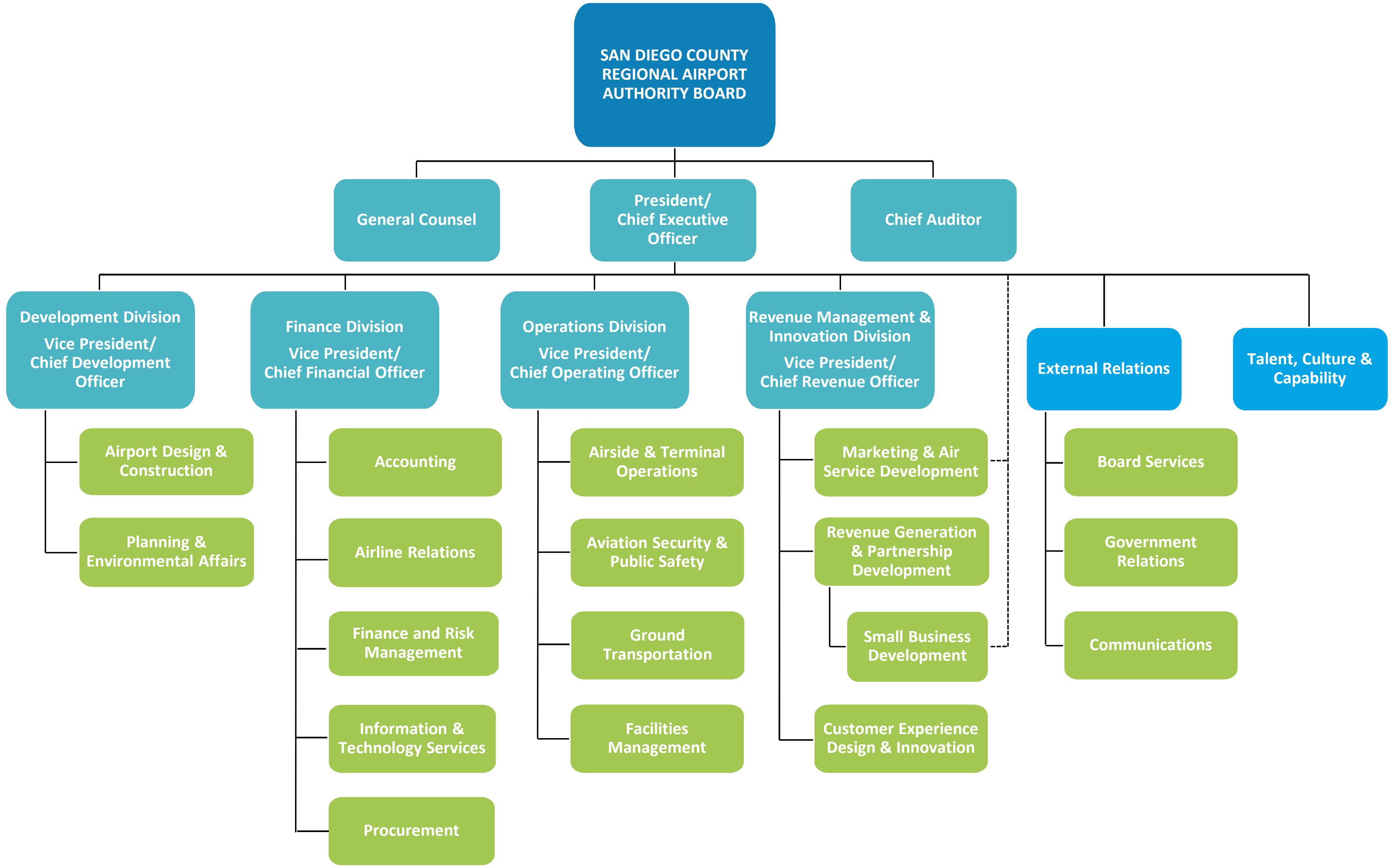
Respectfully submitted,

Kimberly J. Becker
President | Chief Executive Officer

Scott Brickner, CPA
Vice President | Chief Financial Officer



ORGANIZATION CHART



AUTHORITY BOARD MEMBERS AND EXECUTIVE STAFF

AS OF JUNE 30, 2020

AIRPORT AUTHORITY BOARD

EXECUTIVE COMMITTEE MEMBERS:

C. APRIL BOLING, BOARD CHAIRMAN

PAUL ROBINSON, VICE CHAIR

ROBERT T. LLOYD

GENERAL MEMBERS:

CATHERINE BLAKESPEAR

GREG COX

MARK KERSEY

PAUL MCNAMARA

JOHANNA SCHIAVONI

MARK B. WEST

EX-OFFICIO MEMBERS

GUSTAVO DALLARDA

COL. CHARLES B. DOCKERY

GAYLE MILLER

EXECUTIVE STAFF

KIMBERLY J. BECKER, PRESIDENT/CHIEF EXECUTIVE OFFICER

AMY GONZALEZ, GENERAL COUNSEL

LEE PARRAVANO, CHIEF AUDITOR

SCOTT M. BRICKNER, VICE PRESIDENT/CHIEF FINANCIAL OFFICER

HAMPTON BROWN, VICE PRESIDENT/CHIEF REVENUE OFFICER

DENNIS PROBST, VICE PRESIDENT/CHIEF DEVELOPMENT OFFICER

ANGELA SHAFER-PAYNE, VICE PRESIDENT/CHIEF OPERATING OFFICER

GFOA CERTIFICATE
OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Diego County Regional Airport Authority (California) for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This is the seventeenth consecutive year that the Airport Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Diego County Regional Airport Authority California

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

BASIC FINANCIAL STATEMENTS:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

BKD
CPAs & Advisors
14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the San Diego County Regional Airport Authority's basic financial statements. The Introductory and Statistical Sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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.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)

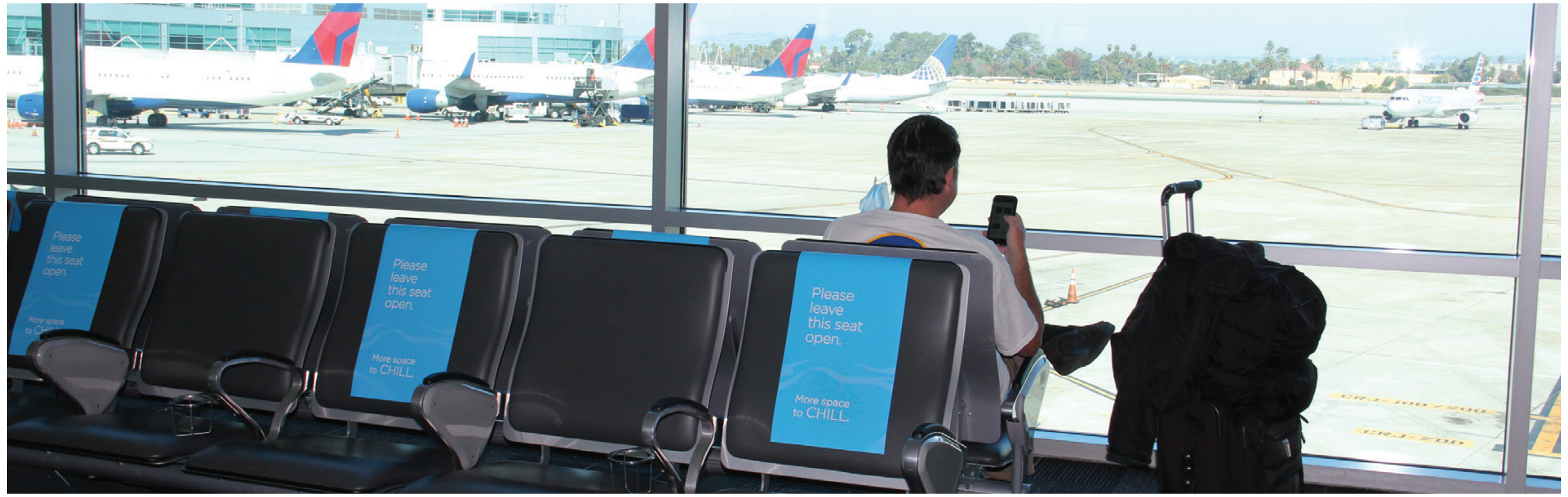
AIRPORT ACTIVITIES HIGHLIGHTS (2018 – 2020)

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 percen from Fiscal Year 2019 levels with slight recovery to approximately 82 percent of prior year levels in June 2020.



OPERATING REVENUES (IN THOUSANDS)

STATEMENTS 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 3.4 percent in 2018, 5.4 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.

OPERATING REVENUES (IN THOUSANDS)

	FY 2019	FY 2020	From 2019 to 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	1,596	**7,789**	6,193	388.0%
Total airline revenue	134,354	**131,838**	(2,516)	(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	2,441	**1,818**	(623)	(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	1,596	119	8.1%
Total airline revenue	123,157	134,354	11,197	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	2,441	492	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 1.9 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.

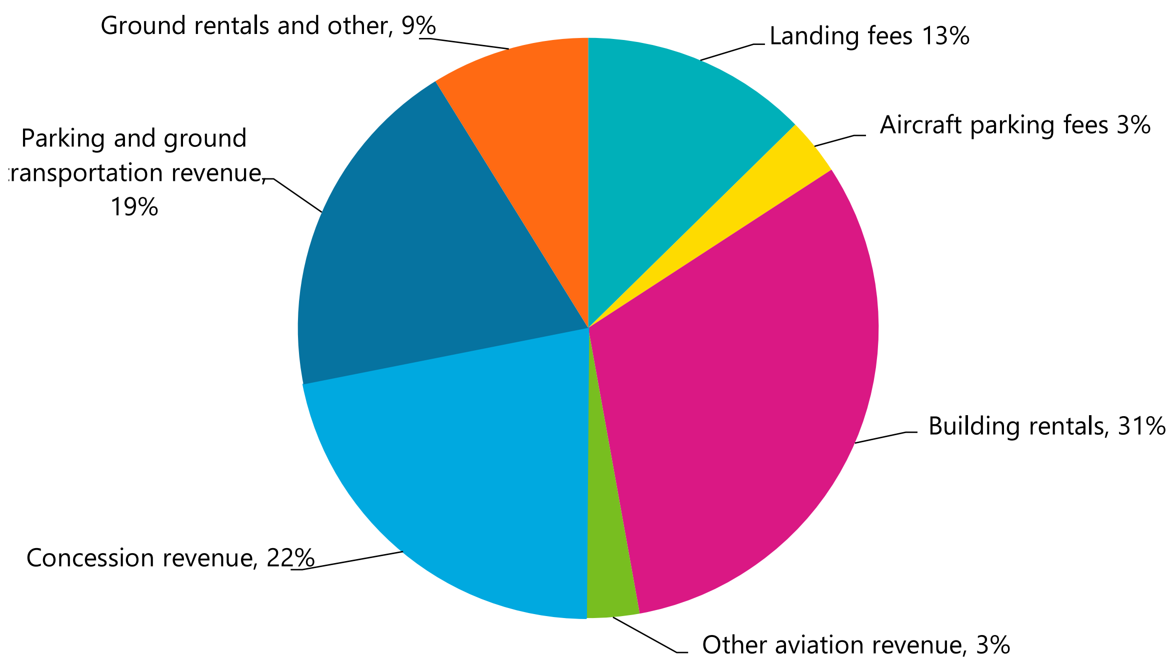
The Airport Authority has entered into Airline Operating and Lease Agreements (AOLAs) with passenger airlines and cargo carriers operating at SAN. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. The term commenced on July 1, 2019 and terminates 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 a 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 16.3 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 19.7 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 19.2 percent, also due to lower enplanements reflecting an impact of the pandemic. Ground and non-airline terminal rentals decreased by $1.4 million or 6.2 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 9.1 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.

OPERATING REVENUES (CONTINUED)

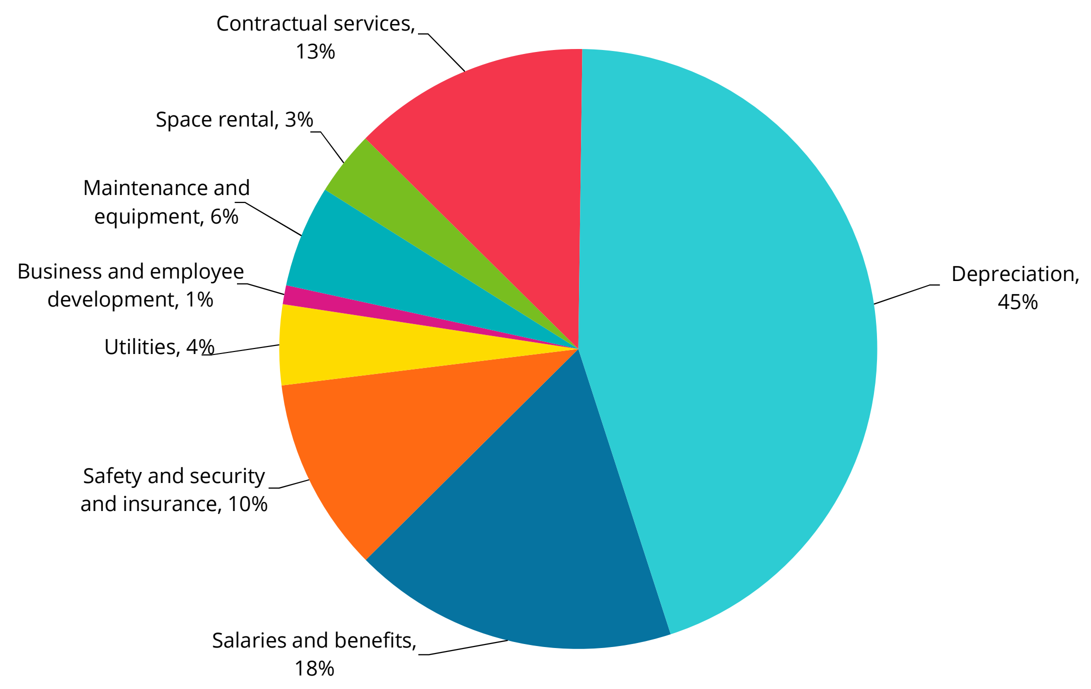


OPERATING EXPENSES (IN THOUSANDS)

	FY 2019	FY 2020	From 2019 to 2020: Increase (Decrease)	From 2019 to 2020: % 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)	From 2018 to 2019: % 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%

OPERATING EXSPENSES (CONTINUED)



FISCAL YEAR 2019 COMPARED TO 2020:
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 24.5 percent, mainly due to lower expenses in shuttle services, planning & environmental services, terminal operation services, legal services and IT services. Safety and security decreased by $1.9 million or 6.2 percent due to decreased rates and overhead for law enforcement and emergency services. Maintenance expenses decreased by $1.9 million, or 13.8 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 4.2 percent, due to additional pension expense. Depreciation also increased by $7.3 million or 5.8 percent, due to additional depreciation for capital projects placed in service in fiscal years 2020 and 2019.

FISCAL YEAR 2018 COMPARED TO 2019:
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.

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	-
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 Build 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 (expenses) 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 30.1 percent, and CFCs decreased by $11.7 million or 27.9 percent.

Fiscal year 2019 compared to 2018:
Nonoperating revenues (net) increased by $21.5 million or 99.9 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 CONTRIBUTION (IN THOUSANDS)

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

		FY 2018		FY 2019		From 2018 to 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**

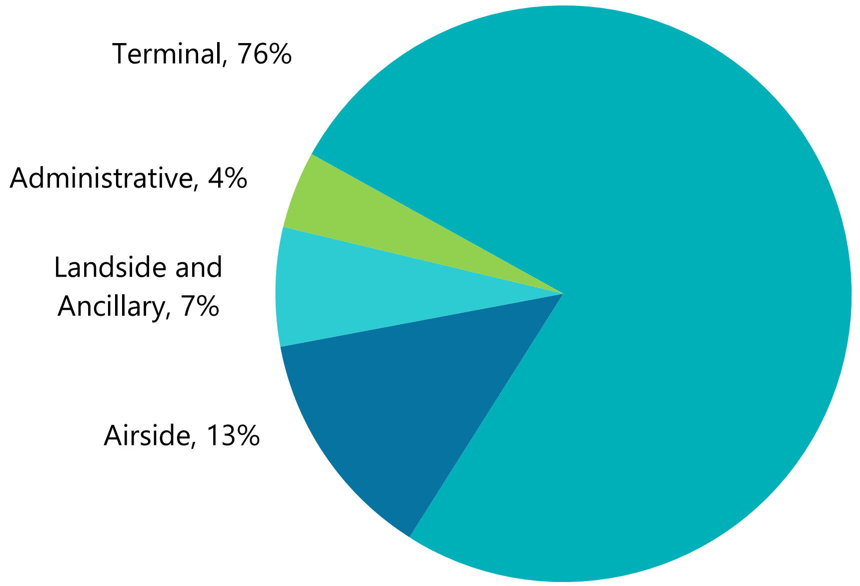
As of June 30, 2020, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $885.1 million. This reflects a $31.8 million or 3.7 percent increase in net position from June 30, 2019. The Airport Authority uses capital assets to provide 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 $489 million for airside projects, $235 million for landside and ancillary projects, $2.8 billion for terminal projects, and $162 million for administrative projects.

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 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 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.

CAPITAL FINANCING AND DEBT MANAGEMENT (CONTINUED)

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 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 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 Authority established a Subordinate Drawdown Bond program with RBC Municipal Products of up to $100.0 million. On April 1, 2017, the Authority and RBC Municipal Products agreed upon a Bondholders Agreement and on April 19, 2017, the 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) 400-2822. A copy of the financial report is available at www.san.org.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

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, land improvements and nondepreciable assets	136,757,114	135,850,387
Buildings and structures	1,747,847,784	1,709,304,802
Machinery and equipment	135,435,875	131,172,226
Runways, roads and parking lots	708,999,286	698,595,118
Construction in progress	288,353,299	144,432,325
	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 (*Note 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

See Notes to Financial Statements.

(continued)

Statements of Net Position
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
Long-term debt, 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 (*Note 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 (*Note 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.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Statements of Revenues, Expenses, and Changes in Net Position
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-airlilne 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:		
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 Assets, Continued
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.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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 Bonds	610,021,863	-
Proceeds from issuance of Series 2020 Bonds	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.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS, (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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 & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY:
The San Diego County Regional Airport Authority (the 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.

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 at 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.

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.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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 to 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.
- 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.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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

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 capitalized 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 & 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%

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021
- 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 & 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

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 bonds 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

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

THE TABLE THAT FOLLOWS IDENTIFIES THE INVESTMENT TYPES THAT ARE AUTHORIZED BY THE AIRPORT AUTHORITY'S INVESTMENT POLICY:
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.

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 & 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 & 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.

NOTE 2.

CASH, CASH EQUIVALENTS & 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	AA+
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				
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
(1) Investment rated AAA by Fitch

NOTE 2.

CASH, CASH EQUIVALENTS & 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

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 (2)	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)	(81,974,090)	-	**(752,724,619)**
Machinery and equipment	(72,553,452)	(12,252,350)	-	**(84,805,802)**
Runways, roads and parking lots	(325,599,509)	(29,720,711)	-	**(355,320,220)**
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

	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)	**$ -**	$ -
Revolv LOC	-	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.

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.Moody's Investors Service and Fitch Ratings.

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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.

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 service 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

NOTE 5.

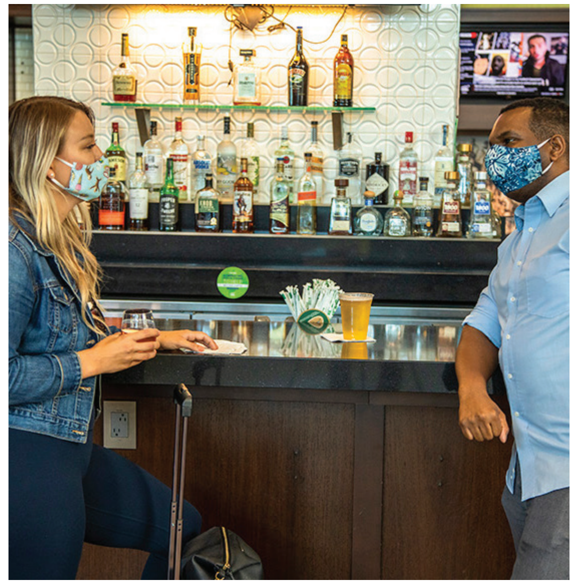
LONG-TERM LIABILITIES (CONTINUED)

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.

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	59,699,375	93,724,375
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
2046-2048	51,510,000	10,635,875	62,145,875
	$ 281,810,000	$ 263,640,375	$ 545,450,375



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.

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.

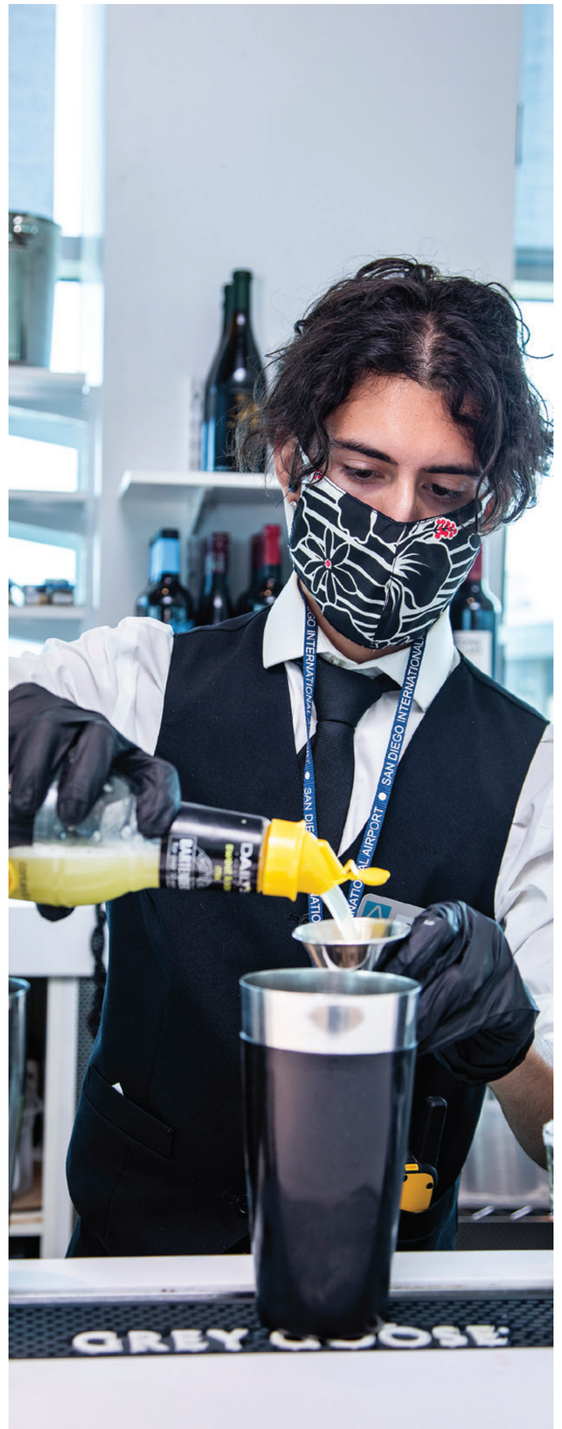
Interest for the fiscal years ended June 30, 2020, amounted to $2,785,572, including accrued interest of $2,785,572. The principal balance on the subordinate Series 2020 Bonds as of June 30, 2020, was $241,640,000.

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

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)



NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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 bear 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 $100,000,000. 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, 2019, 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

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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%-7% 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 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 and 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.

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 totally 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:

Total 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 No. 68)	Preservation of Benefits Trust Plan (GASB No. 73)	Total
Balances as of 6/30/2020			
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 6/30/2019			
Pension expense	$ 7,774,562	$ 196,660	$ 7,971,222
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:
Plan description: The Airport Authority's defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death 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.

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 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.

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

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 domestic partner, or dependent child under 21 years of age 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.

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% or 8.50% of the general classic members' base compensation and 9.55% of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no off-set for PEPRA participants.

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

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.

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: the measurement:

	June 30, 2019	June 30, 2018
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Actarial 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, 2019 and June 30, 2018 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).

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,

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

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/(Asset) (a) - (b)
Balances as of June 30, 2019	$ 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 June 30, 2020	$ 218,788,911	$ 202,827,409	$ 15,961,502

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:

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2018	$ 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 June 30, 2019	$ 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 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:

For 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

For 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.at June 30, 2020 and 2019, 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:

Years ended June 30,	
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)

PRESERVATION OF BENEFITS TRUST PLAN (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 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 $182,381, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS.June 30, 2019 and 2018, were $31,329 and $0, 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
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	2	1
Total	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.

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%

NOTE 7.

PRESERVATION OF BENEFITS TRUST PLAN (GASB NO. 73) (CONTINUED)

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 June 30, 2019	$ 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 June 30, 2020	$ 1,767,232

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

	Total Pension Liability
Balances as of June 30, 2018	$ 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 June 30, 2019	$ 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 Rate 3.50%	1% Increase 4.50%
Total pension liability	$ 2,114,822	$ 1,767,232	$ 1,492,635

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:

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

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

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

Years ended June 30,	
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.

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. In previous years, the Airport Authority has made contributions above the annual ADC which has resulted in a net OPEB asset. 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' Retirement 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

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%	

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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 Liability/ (Asset) (a) - (b)
Balances as of June 30, 2019	$ 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 June 30, 2020	$ 25,660,994	$ 27,797,488	$ (2,136,494)

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 June 30, 2018	$ 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 June 30, 2019	$ 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 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 percent higher and 1 percent lower than the current discount rate.

	1% Decrease 5.75%	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 Authority has been calculated using health care cost trend rates of 7.25 percent decreasing to 4.0 percent in 2076 and thereafter for non-Medicare and 6.3 percent decreasing to 4.0 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 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)

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, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 104,407
Net difference between expected and actual experience		129,205
Changes in assumptions	329,475	1,166,757
Employer contributions made subsequent to June 30, 2019 measurement date	784,336	-
Total	$ 1,113,811	$ 1,400,369

For June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 507,578
Changes in assumptions	475,260	-
Employer contributions made 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 ended June 30,	
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.

DISCLOSURE 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

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			
Investments 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	-	-
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	$ -
Investments measured at amortized cost				
Money market mutual funds	81,861			
Non-negotiable certificate of deposit	15,920,692			
Investments 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 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 Airline Operating Lease Agreement (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 car operators will also pay Facility Rent.

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,	
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.

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

Years Ending June 30,		
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
	$	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 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.

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.

NOTE 14.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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 risk, 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 statements 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 SAN; 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 14.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.

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%	58.17%	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.

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	$ 31,628	$ 31,506	$ 29,189
Contributions as a percentage of covered payroll	25.46%	24.63%	22.91%	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.

**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
Net Pension Liability as a percentage of payroll	5.60%	5.24%	4.75%	4.14%

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.

**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.

**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 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.

**SCHEDULE OF CONTRIBUTIONS (OPEB)
LAST 10 FISCAL YEARS (DOLLARS IN THOUSANDS):
OTHER POSTEMPLOYMENT BENEFITS**

	2019	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.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2020
(CONTINUED)

STATISTICAL SECTION

This part of the Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends Data – These tables contain trend information to help the reader understand how the Airport Authority's financial performance and well-being have changed over time.

• Authority operating revenues and O&M expenses	Exhibit S-1
• Authority net position by component	Exhibit S-2
• Authority changes in net position	Exhibit S-3
• Authority largest sources of revenue	Exhibit S-4

Revenue Capacity – These tables contain information to help the reader assess the Airport Authority's most significant revenue sources.

• Authority landing fee rate	Exhibit S-5
• Terminal rates billed to airlines	Exhibit S-6
• Airline cost per enplaned passenger	Exhibit S-7

Operating Information – These tables are intended to provide contextual information about the Airport Authority's operations and resources in order for readers to understand and assess its economic condition.

• Authority employee head count	Exhibit S-8
• Aircraft operations	Exhibit S-9
• Aircraft landed weight	Exhibit S-10
• Aircraft landed weight by airline	Exhibit S-11
• Passenger enplanements	Exhibit S-12
• Enplanement market share by airline by fiscal year	Exhibit S-13
• Capital assets	Exhibit S-14

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the Airport Authority's financial activities take place.

• Population & per capita personal income – San Diego County	Exhibit S-15
• Principal employers in San Diego County	Exhibit S-16
• Labor force, employment and unemployment rates	Exhibit S-17

Debt Capacity – These tables present information to help the reader assess the affordability of the Airport Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

• Debt service coverage	Exhibit S-18
• Debt services coverage – Series 2014 CFC Bonds	Exhibit S-19
• Debt per enplaned passenger	Exhibit S-20

EXHIBIT S-1
AUTHORITY REVENUES AND O&M EXPENSES ($000)

Fiscal Years Ended June 30,

Operating Revenues

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Airline revenue										
Landing fees	$ 18,579	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612	$ 23,900	$ 24,816	$ 33,242
Aircraft parking fees	2,921	3,134	3,191	2,503	2,716	2,701	2,927	3,236	3,471	8,354
Building rentals	26,980	30,633	41,840	46,001	48,153	53,536	56,575	62,241	70,912	82,453
Security surcharge	14,886	18,649	23,360	25,777	25,180	29,223	29,468	32,303	33,559	-
Other aviation revenue	1,597	1,595	1,591	4,488	4,893	2,760	2,799	1,477	1,596	7,789
Concession revenue	37,103	40,427	42,041	47,770	52,496	29,249	61,256	65,610	71,256	57,243
Parking and ground transportation revenue	31,645	31,470	35,750	38,959	41,632	75,131	49,407	53,254	62,818	50,751
Ground rentals	8,656	8,044	9,162	9,603	13,074	16,226	20,053	22,109	22,810	21,386
Other operating revenue	1,640	1,179	905	1,529	971	1,183	1,750	1,949	2,441	1,818
Total Operating Revenues	$ 144,007	$ 153,550	$ 177,498	$ 195,737	$ 210,505	$ 233,994	$ 248,847	$ 266,079	$ 293,679	$ 263,036

Operating Expenses Before Depreciation

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Salaries and benefits	$ 38,267	$ 37,237	$ 38,092	$ 39,135	$ 39,211	$ 42,025	$ 46,874	$ 47,866	$ 49,578	$ 51,667
Contractual services	26,113	26,906	29,284	31,559	32,422	38,215	44,372	45,249	49,903	37,694
Safety and security	21,344	22,625	23,994	24,151	23,464	28,721	28,422	30,733	31,397	29,457
Space rental	10,906	11,415	10,897	10,478	10,433	10,367	10,190	10,190	10,191	10,207
Utilities	6,413	6,674	6,659	8,680	10,152	11,480	10,736	12,509	13,194	12,748
Maintenance	8,174	8,497	11,204	13,982	14,516	14,122	14,270	12,603	13,436	11,584
Equipment and systems	570	403	469	643	1,805	708	506	598	375	336
Materials and supplies	345	304	406	440	519	536	611	655	656	651
Insurance	1,066	764	795	988	1,145	949	956	1,098	1,200	1,308
Employee development and support	1,041	916	1,235	1,171	1,136	1,242	1,347	1,248	1,045	967
Business development	2,275	2,093	2,444	2,661	2,493	2,390	2,347	3,246	2,630	2,033
Equipment rentals and repairs	1,327	1,335	1,317	2,932	2,951	2,852	3,095	3,124	3,614	3,598
Total Operating Expenses Before Depreciation	$ 117,841	$ 119,169	$ 126,796	$136,820,655	$ 140,250	$ 153,608	$ 163,726	$ 169,119	$177,219	$162,250

Source: San Diego County Regional Airport Authority

EXHIBIT S-2
AUTHORITY NET POSITION BY COMPONENT ($000)

Fiscal Years Ended June 30,

	2011	2012	2013	2014	2015	2016**	2017	2018***	2019	2020
Net investment in capital assets	$ 352,276	$ 339,467	$ 359,640	$ 312,780	$ 316,250	$ 310,339	$ 263,952	$ 294,937	$ 281,491	$ 266,213
Other restricted net position	147,513	172,076	167,384	204,642	215,968	214,533	225,088	230,954	246,508	211,329
Unrestricted net position	102,466	149,346	200,040	209,594	210,522	251,076	294,133	284,034	325,303	407,524
Total net position	$ 602,255	$ 660,889	$ 727,064	$ 727,016	$ 742,740	$ 775,949	$ 783,173	$ 809,925	$ 853,302	$ 885,066

** Amounts for 2016 were restated as per GASB 68
*** Amounts for 2018 were restated as per GASB 75
Source: San Diego County Regional Airport Authority

EXHIBIT S-3
AUTHORITY CHANGES IN NET POSITION ($000)

Fiscal Years Ended June 30,

	2011	2012	2013	2014	2015	2016**	2017	2018***	2019	2020
Operating revenues:										
Airline revenue:										
Landing fees	$ 18,579	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612	$ 23,900	$ 24,816	$ 33,242
Aircraft parking fees	2,921	3,134	3,191	2,503	2,716	2,701	2,927	3,236	3,471	8,354
Building rentals	26,980	30,633	41,840	46,001	48,153	53,536	56,575	62,241	70,912	82,453
Security surcharge	14,886	18,649	23,360	25,777	25,180	29,223	29,468	32,303	33,559	-
Other aviation revenue	1,597	1,595	1,591	4,488	4,893	2,760	2,799	1,477	1,596	7,789
Concession revenue	37,103	40,427	42,041	47,770	52,496	56,274	61,256	65,610	71,256	57,243
Parking and ground transportation	31,645	31,470	35,750	38,959	41,632	48,106	49,407	53,254	62,818	50,751
Ground rentals	8,656	8,044	9,162	9,603	13,074	16,226	20,053	22,109	22,810	21,386
Other operating revenue	1,640	1,179	905	1,529	971	1,183	1,750	1,949	2,441	1,818
Total operating revenues	144,007	153,550	177,498	195,737	210,505	233,994	248,847	266,079	293,679	263,036
Operating expenses:										
Salaries and benefits	38,267	37,237	38,092	39,135	39,211	42,025	46,874	47,866	49,578	51,667
Contractual services	26,113	26,906	29,284	31,559	32,422	38,215	44,372	45,249	49,903	37,694
Safety and security	21,344	22,625	23,994	24,151	23,465	28,721	28,422	30,733	31,397	29,457
Space rental	10,906	11,415	10,897	10,478	10,433	10,367	10,190	10,190	10,191	10,207
Utilities	6,413	6,674	6,659	8,680	10,152	11,480	10,736	12,509	13,194	12,748
Maintenance	8,174	8,497	11,204	13,982	14,516	14,122	14,270	12,603	13,436	11,584
Equipment and systems	570	403	469	643	1,805	708	506	598	375	336
Materials and supplies	345	304	406	440	519	536	611	655	656	651
Insurance	1,066	764	795	988	1,145	949	956	1,098	1,200	1,308
Employee development and support	1,041	916	1,235	1,171	1,136	1,242	1,347	1,248	1,045	967
Business development	2,275	2,093	2,444	2,661	2,493	2,390	2,347	3,246	2,630	2,033
Equipment rentals and repairs	1,327	1,335	1,317	2,932	2,951	2,852	3,095	3,124	3,614	3,598
Total operating expenses before depreciation	117,841	119,169	126,796	136,820	140,248	153,607	163,726	169,119	177,219	162,250
Income from operations before depreciation	26,166	34,381	50,702	58,917	70,257	80,387	85,121	96,960	116,460	100,786
Depreciation	50,435	46,164	46,100	81,598	81,887	87,821	95,229	105,532	124,329	131,587
Operating income (loss)	(24,269)	(11,783)	4,602	(22,681)	(11,630)	(7,434)	(10,108)	(8,572)	(7,869)	(30,801)
Nonoperating revenues (expenses):										
Passenger facility charges	33,998	34,639	35,437	35,770	38,517	40,258	42,200	46,953	49,198	34,393
Customer facility charges	10,986	11,487	19,117	27,545	32,465	33,208	36,528	41,036	41,918	30,240
CARES Act Grant	-	-	-	-	-	-	-	-	-	36,895
Quieter Home Program, net	(3,359)	(3,531)	(1,589)	(2,750)	(2,811)	(3,698)	(785)	(2,747)	(3,192)	(3,295)
Joint Studies Program	(129)	(73)	(55)	(152)	(145)	(101)	-	(114)	(99)	-
Investment income	6,408	5,492	4,140	5,211	5,747	5,999	5,689	9,426	25,533	32,430
Interest expense	(10,998)	(395)	(12,054)	(51,984)	(55,187)	(50,636)	(58,179)	(68,411)	(74,501)	(73,612)
Build America Bonds Rebate	3,691	4,996	4,779	4,636	4,631	4,656	4,651	4,666	4,686	-
Other revenues (expenses), net	(92)	(3,032)	(4,279)	434	1,367	2,247	(14,676)	(9,281)	(510)	1,442
Nonoperating revenue, net	40,505	49,583	45,496	18,710	24,584	31,933	15,428	21,528	43,033	58,493
Income before capital grant contributions	16,236	37,800	50,098	(3,971)	12,954	24,499	5,320	12,956	35,164	27,692
Capital grant contributions	26,355	20,834	16,077	3,924	10,765	10,477	1,904	13,079	8,213	4,072
Change in net position	42,591	58,634	66,175	(47)	23,719	34,976	7,224	26,035	43,377	31,764
Prior Period Adjustment	-	-	-	-	(7,993)	(1,767)	-	717	-	-
Net position, beginning of year	559,664	602,255	660,889	727,064	727,016	742,740	775,949	783,173	809,925	853,302
Net position, end of year	$ 602,255	$ 660,889	$ 727,064	$ 727,017	$ 742,742	$ 775,949	$ 783,173	$ 809,925	$ 853,302	$ 885,066

** Amounts for 2016 were restated as per GASB 68
*** Amounts for 2018 were restated as per GASB 75
Source: San Diego County Regional Airport Authority

EXHIBIT S-4
AUTHORITY LARGEST SOURCES OF REVENUE ($000)

Fiscal Years Ended June 30,

Tenant	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020 % of Total Operating Revenue
Southwest Airlines	$21,306,108	$23,357,007	$27,598,908	$29,548,565	$33,107,335	$33,838,686	$35,960,638	$38,403,919	$42,358,547	$44,940,626	17.1%
Delta Airlines	8,003,895	8,911,886	10,898,540	12,005,146	13,560,515	14,418,056	16,123,110	17,007,240	18,367,799	22,063,736	8.4%
Alaska Airlines**	3,482,098	4,265,739	6,167,257	8,008,057	9,712,564	10,612,367	11,705,334	16,352,834	17,436,299	20,633,199	7.8%
United Airlines	9,280,812	10,931,601	15,817,886	15,364,094	15,687,045	14,518,119	16,227,363	17,520,412	18,335,068	20,204,377	7.7%
American Airlines*	11,510,696	12,585,537	15,173,458	15,785,140	15,888,023	15,321,505	17,075,112	16,581,217	17,073,172	17,150,267	6.5%
Enterprise Rent-A-Car	4,431,129	7,290,392	6,934,784	7,162,116	7,998,222	9,451,127	11,188,393	12,285,652	12,779,605	12,238,158	4.7%
Hertz Rent-A-Car	5,635,151	5,795,690	5,961,730	6,149,759	6,236,082	8,225,179	11,142,905	11,017,486	11,538,847	10,829,239	4.1%
Avis Rent-A-Car***	-	-	-	-	-	-	-	-	-	8,446,736	3.2%
Uber Technologies, Inc	-	-	-	-	-	-	-	-	8,618,750	7,555,874	2.9%
SSP America	-	-	-	-	-	4,476,873	5,004,393	5,869,320	6,798,270	6,914,430	2.6%

* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. Data for US Airways and American Airlines have been combined in this table.

** Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Data for Alaska Airlines and Virgin America have been combined in this table.

*** On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC aquiring all agreemts at SAN. Data for BW-Budget and Avis have been combined on this table

Source: San Diego County Regional Airport Authority

EXHIBIT S-5
AUTHORITY LANDING FEE RATE ($ PER 1,000 LBS)

Fiscal Years Ended June 30,

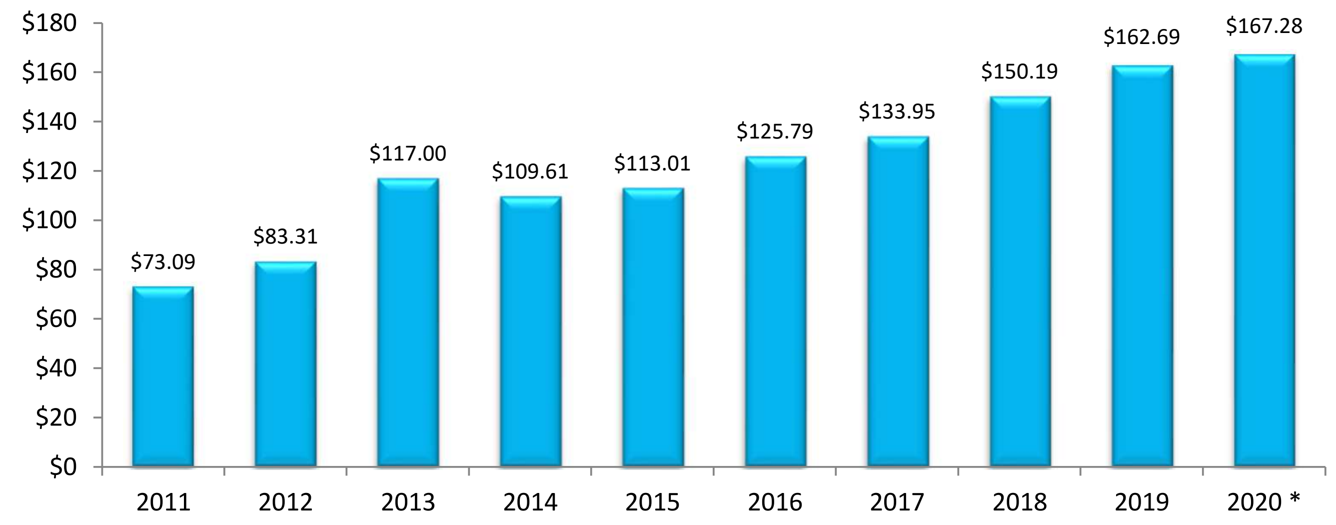
AUTHORITY LANDING FEE RATE

Source: San Diego County Regional Airport Authority
*Signatury Rate
Landing Fees are the revenues from passenger and cargo air carriers for landing aircraft at SDIA.

EXHIBIT S-6
TERMINAL RATES BILLED TO AIRLINES

Fiscal Years Ended June 30,

TERMINAL RATE PER SQUARE FOOT



Source: San Diego County Regional Airport Authority
*Signatury Rate
Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

EXHIBIT S-7
AIRLINE COST PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

COST PER ENPLANED PASSENGER

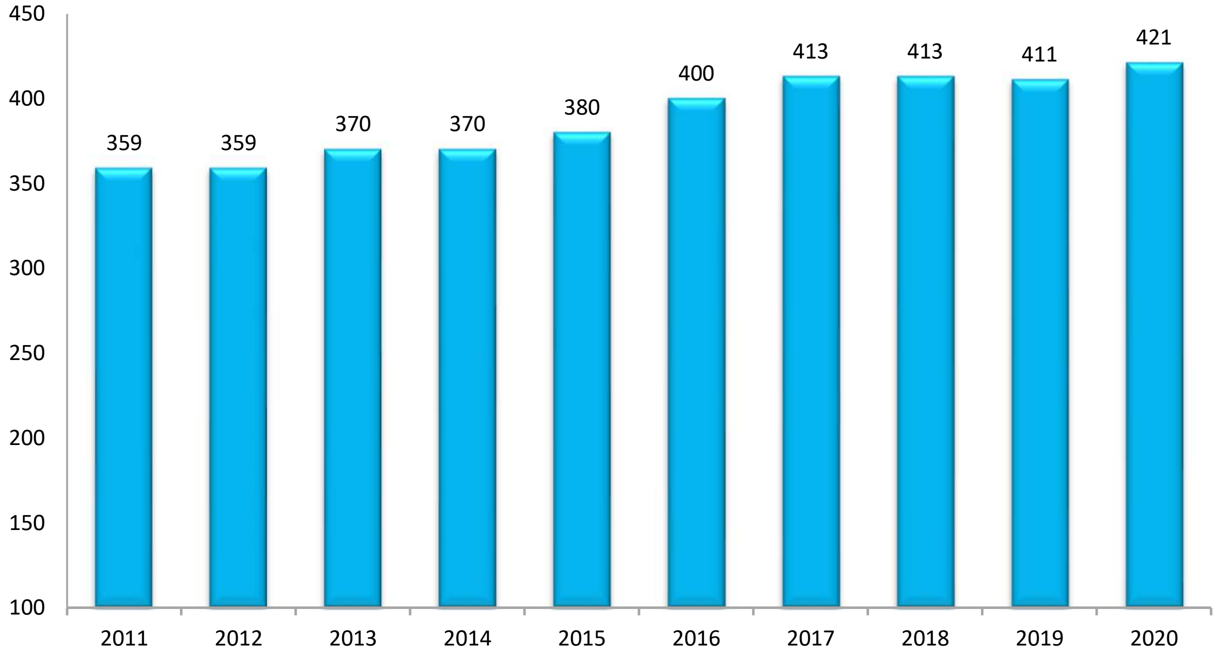
Source: San Diego County Regional Airport Authority

Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

EXHIBIT S-8
AUTHORITY EMPLOYEE HEAD COUNT

Fiscal Years Ended June 30,

AUTHORITY EMPLOYEE HEAD COUNT



Source: San Diego County Regional Airport Authority

The Airport Authority does not have part-time employees. This chart reflects the average number of employees for the fiscal years shown above.

EXHIBIT S-9
AIRCRAFT OPERATIONS (TAKEOFFS & LANDINGS)

Fiscal Years Ended June 30,

Fiscal Year	Air Carriers	Air Taxi	General Aviation	Military	Total
2011	146,215	28,273	10,938	755	186,181
2012	149,104	26,398	12,120	658	188,280
2013	154,781	23,370	9,586	567	188,304
2014	155,310	22,953	8,930	597	187,790
2015	160,726	24,336	9,534	669	195,265
2016	169,365	13,741	9,439	906	193,451
2017	178,579	11,899	9,719	814	201,011
2018	196,253	11,903	9,816	699	218,671
2019	204,627	12,539	10,167	759	228,092
2020	170,757	10,990	8,174	825	190,746

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only)

AIRCRAFT OPERATIONS

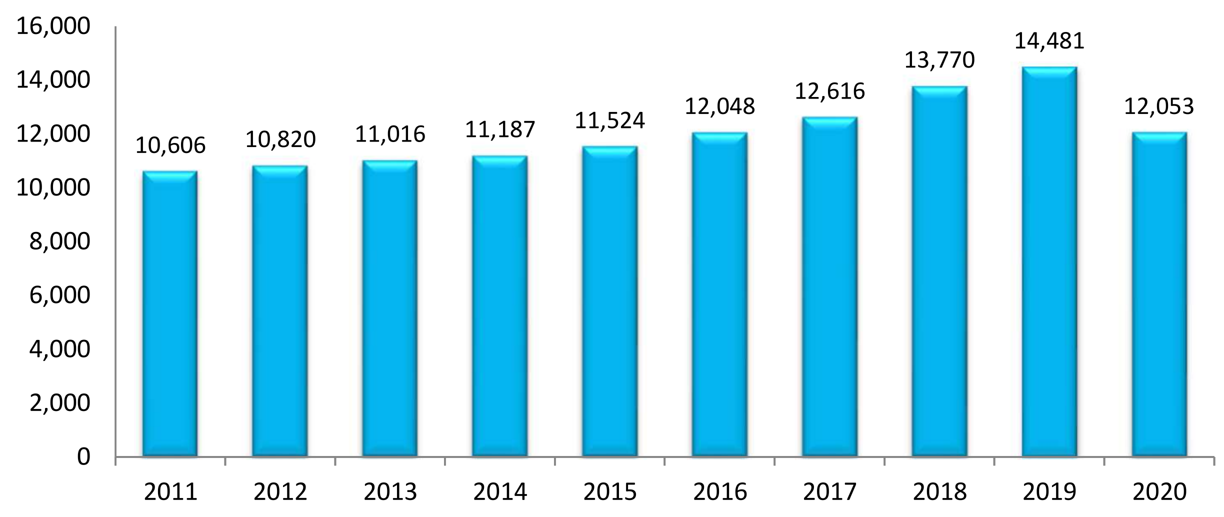
Source: San Diego County Regional Airport Authority

Aircraft Operations are the takeoffs and landings at SDIA.
They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10
AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)

Fiscal Years Ended June 30,

AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)



Source: San Diego County Regional Airport Authority

Landed Weight is the maximum gross certificated landed weight in one million pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the airport.

EXHIBIT S-11
AIRCRAFT LANDED WEIGHTS BY AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

Airline	Landed Weight (in thousands) 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Southwest Airlines	4,001,530	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	4,470,104	4,924,451	5,180,064	4,422,096
Delta Airlines	1,062,254	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	1,175,285	1,183,702	1,389,312	1,221,773
American Airlines [2]	1,275,498	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	1,428,538	1,471,318	1,415,134	1,201,659
United Airlines [1]	1,583,372	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	1,355,185	1,492,873	1,566,148	1,201,192
Alaska Airlines [3]	595,238	648,359	750,000	884,727	888,065	924,310	999,875	1,131,807	1,411,255	1,162,582
Skywest Airlines	338,812	306,789	428,595	396,054	408,608	359,197	465,023	627,038	637,117	481,705
Federal Express	421,239	452,453	451,797	419,127	384,686	444,038	390,716	388,782	375,807	394,288
JetBlue Airlines	167,369	166,232	168,080	189,979	193,848	199,232	244,364	293,160	281,715	260,940
Spirit Airlines	-	98,931	208,200	245,669	296,925	351,977	286,162	328,424	331,366	230,911
Compass Airlines	-	-	-	10,979	172,754	307,793	296,581	312,883	377,941	215,030
Frontier Airlines	249,492	208,936	196,614	192,493	153,880	115,238	167,590	232,794	247,145	204,924
Hawaiian Airlines	134,080	118,088	140,637	147,325	146,284	147,406	147,568	161,486	237,560	155,345
United Parcel	120,158	120,454	118,180	121,742	127,660	135,318	146,778	143,678	138,860	146,624
Horizon Air- Alaska Airlines		6,572	86,478	94,972	88,241	60,268	54,799	100,303	82,650	146,100
British Airways	13,800	167,440	163,760	166,980	166,980	183,760	217,360	208,926	210,432	141,615
Subtotal	**9,962,842**	**10,134,628**	**10,331,756**	**10,546,305**	**10,957,692**	**11,436,005**	**11,930,754**	**13,040,067**	**13,938,555**	**11,586,784**
All Others	643,318	685,273	683,959	640,460	566,028	612,137	685,314	729,879	542,674	466,295
Total	**10,606,160**	**10,819,902**	**11,015,716**	**11,186,766**	**11,523,720**	**12,048,142**	**12,616,068**	**13,769,945**	**14,481,229**	**12,053,080**
Annual % Change	-2.6%	2.0%	1.8%	1.6%	3.0%	4.6%	4.7%	9.1%	5.2%	-16.8%

Source: San Diego County Regional Airport Authority

[1] United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

[2] US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

[3] Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

EXHIBIT S-11
AIRCRAFT LANDED WEIGHTS BY AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

Airline	Market Share 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Southwest Airlines	37.7%	36.5%	35.5%	35.1%	36.6%	35.3%	35.4%	35.8%	35.8%	36.7%
Delta Airlines	10.0%	9.7%	9.3%	9.1%	9.3%	9.6%	9.3%	8.6%	9.6%	10.1%
American Airlines [2]	12.0%	12.4%	12.2%	12.1%	11.8%	12.2%	11.3%	10.7%	9.8%	10.0%
United Airlines [1]	14.9%	13.9%	12.6%	12.0%	10.7%	10.4%	10.7%	10.8%	10.8%	10.0%
Alaska Airlines [3]	5.6%	6.0%	6.8%	7.9%	7.7%	7.7%	7.9%	8.2%	9.7%	9.6%
Skywest Airlines	3.2%	2.8%	3.9%	3.5%	3.5%	3.0%	3.7%	4.6%	4.4%	4.0%
Federal Express	4.0%	4.2%	4.1%	3.7%	3.3%	3.7%	3.1%	2.8%	2.6%	3.3%
JetBlue Airlines	1.6%	1.5%	1.5%	1.7%	1.7%	1.7%	1.9%	2.1%	1.9%	2.2%
Spirit Airlines	0.0%	0.9%	1.9%	2.2%	2.6%	2.9%	2.3%	2.4%	2.3%	1.9%
Compass Airlines	0.0%	0.0%	0.0%	0.1%	1.5%	2.6%	2.4%	2.3%	2.6%	1.8%
Frontier Airlines	2.4%	1.9%	1.8%	1.7%	1.3%	1.0%	1.5%	1.7%	1.7%	1.7%
Hawaiian Airlines	1.3%	1.1%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.6%	1.3%
United Parcel	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.0%	1.0%	1.2%
Horizon Air- Alaska Airlines	0.0%	0.1%	0.8%	0.8%	0.8%	0.5%	0.4%	0.7%	0.6%	1.2%
British Airways	0.1%	1.5%	1.5%	1.5%	1.4%	1.5%	1.7%	1.5%	1.5%	1.2%
Subtotal	**93.9%**	**93.7%**	**93.8%**	**94.3%**	**95.1%**	**94.9%**	**94.6%**	**94.7%**	**96.3%**	**96.1%**
All Others	6.1%	6.3%	6.2%	5.7%	4.9%	5.1%	5.4%	5.3%	3.7%	3.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

EXHIBIT S-12
PASSENGER ENPLANEMENTS

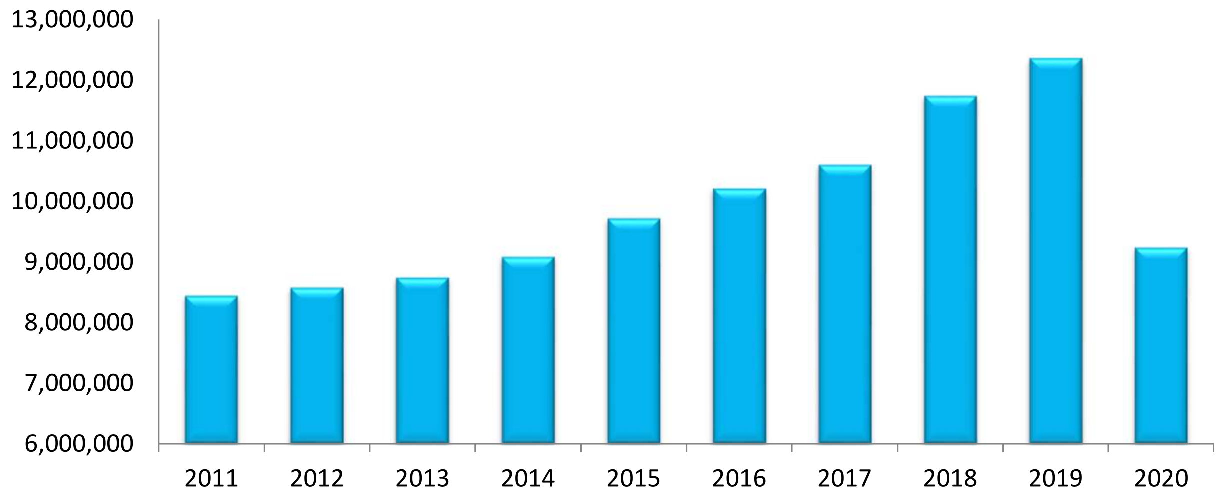
Fiscal Years Ended June 30,

FiscalYear	Enplaned Passengers	% Change SAN	% Change US Average *
2011	8,441,120	(0.2)%	2.9 %
2012	8,575,475	1.6 %	1.7 %
2013	8,737,617	1.9 %	0.5 %
2014	9,082,244	3.9 %	2.2 %
2015	9,713,066	6.9 %	3.7 %
2016	10,206,222	5.1 %	5.4 %
2017	10,596,483	3.8 %	3.4 %
2018	11,731,833	10.7 %	4.3 %
2019	12,356,286	5.3 %	4.3 %
2020	9,235,459	(25.3)%	(26.1)% [1]

* Source: U.S. Department of Transportation T-100

[1] International data for April - June 2020 not available at time of publication.

PASSENGER ENPLANEMENTS



Enplaned Passenger is any revenue passenger boarding at the airport, including any passenger that previously disembarked from another aircraft (i.e. connecting passenger).

EXHIBIT S-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

	Enplanements									
Air Carrier	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Aeromexico	-	-	-	-	-	-	-	-	-	-
Air Canada	58,539	56,470	45,058	36,636	41,175	48,985	74,018	60,337	63,302	43,619
Air Canada Jazz	-	-	-	-	-	-	19,256	50,347	67,102	46,806
AirTran Airways	17,978	-	-	-	-	-	-	-	-	-
Alaska Airlines [1]	514,498	579,457	673,731	830,349	871,775	902,705	918,841	1,031,537	1,253,433	976,326
Allegiant Airlines	18,416	18,099	15,466	7,859	7,406	16,825	49,480	44,934	30,750	13,162
American Airlines [2]	658,752	664,466	650,826	693,995	747,493	1,369,003	1,339,489	1,366,634	1,339,334	1,050,613
British Airways	6,912	81,437	81,534	84,600	84,263	89,723	90,200	82,543	83,492	57,998
Condor	-	-	-	-	-	-	3,902	7,815	-	-
Continental Airlines [3]	496,100	-	-	-	-	-	-	-	-	-
Delta Air Lines	919,323	935,777	904,734	915,907	992,498	1,061,889	1,088,647	1,126,873	1,336,885	1,058,188
Edelweiss	-	-	-	-	-	-	1,215	6,990	6,271	2,317
Frontier Airlines	219,008	198,708	184,020	185,270	150,595	118,990	180,235	254,760	277,320	201,280
Hawaiian Airlines	98,887	86,211	94,283	98,667	96,963	102,462	107,776	108,971	149,744	102,759
Japan Airlines	-	-	18,249	54,213	59,372	59,647	59,916	62,034	66,688	43,596
JetBlue Airways	141,684	147,051	152,571	173,282	178,590	182,605	224,700	248,325	230,909	195,279
Lufthansa	-	-	-	-	-	-	-	13,037	49,974	34,654
Southwest Airlines	3,277,931	3,252,290	3,253,225	3,352,870	3,736,688	3,840,455	3,967,487	4,457,984	4,656,029	3,474,860
Spirit Airlines	-	77,873	164,189	201,414	252,219	327,183	287,208	318,201	323,623	225,279
Sun Country Airlines	24,175	15,889	23,836	27,276	28,732	34,886	40,109	41,466	40,167	37,073
United Airlines [3]	878,307	1,266,007	1,175,869	1,167,661	1,113,510	1,165,565	1,266,055	1,405,663	1,481,166	1,043,393
US Airways [2]	523,378	535,906	560,738	554,244	523,034	-	-	-	-	-
Virgin America [1]	133,377	166,326	168,297	156,729	175,973	211,075	212,158	183,672	-	-
Volaris	-	45,589	30,885	23,285	20,004	21,343	3,948	-	-	-
WestJet	19,360	25,535	27,746	31,805	33,723	34,516	41,043	39,285	42,939	28,905
Total Air Carrier	**8,006,625**	**8,153,091**	**8,225,257**	**8,596,062**	**9,114,013**	**9,587,857**	**9,975,683**	**10,911,408**	**11,499,128**	**8,636,107**
Regional										
Compass	-	-	-	8,563	140,012	249,723	195,126	251,066	296,091	161,113
Horizon Air	-	5,900	77,392	84,000	83,764	64,758	53,517	82,131	64,135	107,373
Mesa Airlines	6,709	12,766	206	-	-	-	-	-	-	-
Seaport Airlines	-	-	196	1,128	3,298	2,292	-	-	-	-
Skywest Airlines	272,365	263,144	352,189	341,365	371,979	301,592	372,157	487,228	496,932	330,866
Total Regional	**434,495**	**422,384**	**512,360**	**486,182**	**599,053**	**618,365**	**620,800**	**820,425**	**857,158**	**599,352**
Total Passengers	**8,441,120**	**8,575,475**	**8,737,617**	**9,082,244**	**9,713,066**	**10,206,222**	**10,596,483**	**11,731,833**	**12,356,286**	**9,235,459**

Source: San Diego County Regional Airport Authority

[1] Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

[2] US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

[3] United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

EXHIBIT S-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

	Market Share									
Air Carrier	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Aeromexico	-	-	-	-	-	-	-	-	-	-
Air Canada	0.7%	0.7%	0.5%	0.4%	0.4%	0.5%	0.7%	0.5%	0.5%	0.5%
Air Canada Jazz	-	-	-	-	-	-	0.2%	0.4%	0.5%	0.5%
AirTran Airways	0.2%	-	-	-	-	-	-	-	-	0.0%
Alaska Airlines [1]	6.1%	6.8%	7.7%	9.1%	9.0%	8.8%	8.7%	8.8%	10.1%	10.6%
Allegiant Airlines	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.5%	0.4%	0.2%	0.1%
American Airlines [2]	7.8%	7.7%	7.4%	7.6%	7.7%	13.4%	12.6%	11.6%	10.8%	11.4%
British Airways	0.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.7%	0.7%	0.6%
Condor	-	-	-	-	-	-	-	0.1%	-	0.0%
Continental Airlines [3]	5.9%	-	-	-	-	-	-	-	-	0.0%
Delta Air Lines	10.9%	10.9%	10.4%	10.1%	10.2%	10.4%	10.3%	9.6%	10.8%	11.5%
Edelweiss	-	-	-	-	-	-	-	0.1%	0.1%	0.0%
Frontier Airlines	2.6%	2.3%	2.1%	2.0%	1.6%	1.2%	1.7%	2.2%	2.2%	2.2%
Hawaiian Airlines	1.2%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	0.9%	1.2%	1.1%
Japan Airlines	-	-	0.2%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%
JetBlue Airways	1.7%	1.7%	1.7%	1.9%	1.8%	1.8%	2.1%	2.1%	1.9%	2.1%
Lufthansa	-	-	-	-	-	-	-	0.1%	0.4%	0.4%
Southwest Airlines	38.8%	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%	38.0%	37.7%	37.6%
Spirit Airlines	-	0.9%	1.9%	2.2%	2.6%	3.2%	2.7%	2.7%	2.6%	2.4%
Sun Country Airlines	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.4%
United Airlines [3]	10.4%	14.8%	13.5%	12.9%	11.5%	11.4%	11.9%	12.0%	12.0%	11.3%
US Airways [2]	6.2%	6.2%	6.4%	6.1%	5.4%	-	-	-	-	0.0%
Virgin America [1]	1.6%	1.9%	1.9%	1.7%	1.8%	2.1%	2.0%	1.6%	-	0.0%
Volaris	-	0.5%	0.4%	0.3%	0.2%	0.2%	-	-	-	0.0%
WestJet	0.2%	0.3%	0.3%	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%
Total Air Carrier	**94.9%**	**95.1%**	**94.1%**	**94.6%**	**93.8%**	**93.9%**	**94.1%**	**93.0%**	**93.1%**	**93.5%**
Regional										
Compass	-	-	-	0.1%	1.4%	1.9%	1.8%	2.1%	2.4%	1.7%
Horizon Air	-	-	0.9%	0.9%	0.9%	0.6%	0.5%	0.7%	0.5%	1.2%
Mesa Airlines	0.1%	0.1%	-	-	-	-	-	-	-	-
Seaport Airlines	-	-	-	-	-	-	-	-	-	-
Skywest Airlines	3.2%	3.1%	4.0%	3.8%	3.8%	3.0%	3.5%	4.2%	4.0%	3.6%
Total Regional	**5.1%**	**4.9%**	**5.9%**	**5.4%**	**6.2%**	**6.1%**	**5.9%**	**7.7%**	**6.9%**	**6.5%**
Total Passengers	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

EXHIBIT S-14
CAPITAL ASSETS

San Diego International Airport	
Number of runways	1
Length of runway (feet)	9,401 feet
Number of gates	51
Remote aircraft parking positions	24
Terminal rentable square footage	599,772
Airport Land Area	661 acres
On airport parking spaces (public)	5,258
Off airport parking spaces (public)	1,781

Source: San Diego County Regional Airport Authority

The parking spaces shown above are controlled and operated by the Airport Authority and reported on a weighted average basis.

The terminal rentable square footage is a weighted average figure that reflects square footage changes due to construction or remodeling.

EXHIBIT S-15
POPULATION & PER CAPITA PERSONAL INCOME SAN DIEGO COUNTY

Calendar Year	Estimated Population[1]	% Change	Per Capita Personal Income[1]	% Change	Total Personal Income[1] *(in billions)*	% Change
2010	3,102,852	0.8 %	$48,566	0.2 %	$136.6	(0.5)%
2011	3,135,806	1.1 %	$49,938	2.8 %	$145.7	6.7 %
2012	3,174,446	1.2 %	$50,670	1.5 %	$152.7	4.8 %
2013	3,208,946	1.1 %	$51,223	1.1 %	$157.8	3.3 %
2014	3,248,547	1.2 %	$52,889	3.3 %	$167.1	5.9 %
2015	3,275,084	0.8 %	$54,708	3.4 %	$175.9	5.3 %
2016	3,300,891	0.8 %	$55,797	2.0 %	$184.2	4.7 %
2017	3,327,564	0.8 %	$56,437	1.1 %	$192.5	4.5 %
2018	3,352,564	0.8 %	$57,473	1.8 %	$202.8	5.4 %
2019	3,378,564	0.8 %	$58,623	2.0 %	$213.0	5.0 %

Source: California Department of Transportation - San Diego County

[1] 2019 population, per capita personal income and personal income are estimates based on published trends.

EXHIBIT S-16
PRINCIPAL EMPLOYERS IN SAN DIEGO COUNTY

June 2019				August 2010			
Employer	Local Employees	Rank	Percentage of Total Industry Employment	Employer	Local Employees	Rank	Percentage of Total Industry Employment
State of California	53,600	1	3.3%	U.S. Federal Government	44,000	1	2.8%
U.S. Federal Government	47,000	2	2.9%	State of California	42,300	2	2.7%
Qualcomm Inc.	37,000	3	2.3%	University of California, San Diego	26,823	3	1.7%
Sharp Health Care	18,770	4	1.2%	County of San Diego	15,391	4	1.0%
Kaiser Permanente	9,630	5	0.6%	Sharp Health Care	14,832	5	1.0%
San Diego Community College District	6,805	6	0.4%	San Diego Unified School District	14,485	6	0.9%
General Atomics Aeronautical	6,777	7	0.4%	Scripps Health	13,823	7	0.9%
San Diego State University	6,635	8	0.4%	Qualcomm Inc.	11,847	8	0.8%
Rady's Children Hospital	5,541	9	0.3%	City of San Diego	10,470	9	0.7%
YMCA of San Diego	5,517	10	0.3%	Kaiser	7,404	10	0.5%
Total Civilian Labor Force in San Diego County (July 2018):			**1,602,700**	**Total Civilian Labor Force in San Diego County (July 2009):**			**1,553,400**

Source: Employers - San Diego Journal Book of Lists: 2017 & 2009
Total Industry Employment - California Employment Development Department

EXHIBIT S-17
LABOR FORCE, EMPLOYMENT, & UNEMPLOYMENT RATES

				Unemployment Rate	
Year	Labor Force	Employment	Unemployment	SD County	State
2011	1,523,000	1,360,000	163,000	10.7%	12.0%
2012	1,544,200	1,397,600	146,600	9.5%	10.6%
2013	1,548,000	1,421,000	126,900	8.2%	9.2%
2014	1,544,600	1,444,000	100,600	6.5%	7.4%
2015	1,555,900	1,473,500	82,400	5.3%	6.3%
2016	1,569,000	1,491,700	77,300	4.9%	5.6%
2017	1,584,500	1,518,100	66,300	4.2%	4.9%
2018	1,584,000	1,525,500	58,400	3.7%	4.5%
2019	1,582,300	1,529,500	52,900	3.3%	4.2%
2020	1,584,400	1,365,100	219,300	13.8%	13.7%

Source: California Employment Development Department Labor Market Information Division Unemployment Rate and Labor Force, not seasonally adjusted.

EXHIBIT S-18
DEBT SERVICE COVERAGE

Fiscal Years Ended June 30,

Senior Bonds	2011(6)	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues (1)	$ 148,963,673	$ 158,311,779	$ 181,051,929	$ 199,834,430	$ 214,770,544	$ 238,640,326	$ 255,540,858	$ 276,983,726	$ 306,683,097	$ 280,572,989
Operating and Maintenance Expenses	(117,100,946)	(118,941,148)	(126,662,546)	(136,604,105)	(142,781,639)	(151,327,220)	(154,455,699)	(157,246,523)	(165,925,555)	(136,297,647)
Net Revenues (2)	$ 31,862,727	$ 39,370,631	$ 54,389,383	$ 63,230,325	$ 71,988,905	$ 87,313,106	$ 101,085,159	$ 119,737,204	$ 140,757,542	$ 144,275,342
Senior Bond Debt Service (3)										
Principal	$ 3,265,000	$ 3,430,000	$ -	$ -	$ 2,030,000	$ 2,090,000	$ 2,155,000	$ 2,240,000	$ 2,320,000	$ 7,925,000
Interest	2,089,225	1,925,975	2,478,489	16,645,435	18,034,575	18,414,600	18,349,950	18,263,750	18,174,150	18,081,350
PFCs used to pay debt service	-	-	(714,077)	(7,140,301)	(8,669,966)	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,261)	(11,260,741)
CARES Act used to pay debt service										(6,501,585)
Total Debt Service for the Senior Bond	$ 5,354,225	$ 5,355,975	$ 1,764,412	$ 9,505,134	$ 11,394,609	$ 11,014,274	$ 10,956,324	$ 10,956,268	$ 10,949,889	$ 8,244,024
Senior Bonds Debt Service Coverage	**5.95**	**7.35**	**30.83**	**6.65**	**6.32**	**7.93**	**9.23**	**10.93**	**12.85**	**17.50**
Subordinate Debt										
Subordinate Net Revenues (2)	$ 26,508,502	$ 34,014,656	$ 52,624,971	$ 53,725,191	$ 60,594,296	$ 76,298,832	$ 90,128,835	$ 108,780,936	$ 129,807,653	$ 136,031,318
Subordinate Annual Debt Service (4)										
Principal	$ 715,000	$ 980,000	$ 1,000,000	$ 5,785,000	$ 8,665,000	$ 9,000,000	$ 9,430,000	$ 14,830,000	$ 15,895,000	$ 17,745,000
Interest	2,971,984	6,599,760	26,194,616	27,069,283	26,853,179	26,495,600	26,085,029	37,197,656	37,917,500	39,404,449
Variable Rate Debt (5)	1,220,226	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649	1,894,813
PFCs used to pay debt service	-	-	(20,061,962)	(20,718,863)	(21,554,245)	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,072)	(18,744,592)
CARES Act used to pay debt service										(14,313,843)
Total Subordinate Annual Debt Service	$ 4,907,211	$ 8,657,627	$ 12,652,526	$ 18,582,371	$ 20,700,879	$ 21,864,115	$ 22,058,389	$ 38,904,928	$ 40,849,077	$ 25,985,827
Subordinate Obligations Debt Service Coverage	**5.40**	**3.93**	**4.16**	**2.89**	**2.93**	**3.48**	**4.09**	**2.80**	**3.18**	**5.23**
Aggregate Debt										
Aggregate Net Revenues	$ 31,862,727	$ 39,370,631	$ 54,389,383	$ 63,230,325	$ 71,988,905	$ 87,313,106	$ 101,085,159	$ 119,737,204	$ 140,757,542	$ 144,275,342
Aggregate Annual Debt Service										
Principal	3,980,000	4,410,000	1,000,000	5,785,000	10,695,000	11,090,000	11,585,000	17,070,000	18,215,000	25,670,000
Interest	5,061,209	8,525,735	28,673,105	43,714,718	44,887,754	44,910,200	44,434,979	55,461,406	56,091,650	57,485,799
Variable Rate Debt (5)	1,220,226	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649	1,894,813
PFC Funds Applied to Debt Service			(20,776,039)	(27,859,164)	(30,224,211)	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)
CARES Act used to pay debt service										(20,815,428)
Total Annual Debt Service	$ 10,261,435	$ 14,013,602	$ 14,416,938	$ 28,087,505	$ 32,095,488	$ 32,938,389	$ 33,014,712	$ 49,861,196	$ 51,798,966	$ 34,229,851
Aggregate Obligations Debt Service Coverage	**3.11**	**2.81**	**3.77**	**2.25**	**2.24**	**2.65**	**3.06**	**2.40**	**2.72**	**4.21**
Aggregate Net Revenues (Including PFC, BAB Subsidy and CARES Act Grant)	$ 35,554,158	$ 44,366,552	$ 79,944,021	$ 95,725,704	$ 106,844,335	$ 121,791,304	$ 135,721,711	$ 154,408,727	$ 175,449,049	$ 197,185,501
Total Annual Debt Service (Excluding PFC, BAB Subsidy and CARES Act Grant)	13,952,866	19,009,523	39,971,576	60,582,884	66,950,918	67,416,588	67,651,265	84,532,719	86,490,473	87,140,009
Revenue Method - Debt Service Coverage on Aggregate Debt	**2.55**	**2.33**	**2.00**	**1.58**	**1.60**	**1.81**	**2.01**	**1.83**	**2.03**	**2.26**

(1) Revenues are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture.
(2) Net Revenues and Subordinate Net Revenues are calculated pursuant to the provisions of the Master Senior Indenture and Master Subordinate Indenture, as appropriate.
(3) Debt service with respect to the Senior Bonds is calculated pursuant to the provisions of the Master Senior Indenture.
(4) Subordinate Annual Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.
(5) Includes principal and interest.

(6) Information regarding Subordinate Obligations Debt Service Coverage provided in connection with the first fiscal year for which Subordinate Annual Debt Service was due with respect to the 2010 Bonds. Subordinate Annual Debt Service for prior years consisted of debt service on the Authority's Subordinate Commercial Paper Notes and is not presented for Fiscal Years 2009-2010.

EXHIBIT S-19
DEBT SERVICE COVERAGE - SERIES 2014 CFC BONDS

Fiscal Years Ended June 30,

	2014	2015	2016	2017	2018	2019	2020
CFC Collections	$ 27,545,001	$ 32,464,843	$ 33,207,946	$ 36,527,853	$ 41,036,526	$ 41,918,554	$ 30,239,698
Bond Funding Supplemental Consideration	-	-	-	-	-	-	-
Transfers from CFC Stabilization Fund	-	-	-	-	-	-	3,563,874
Interest Earnings[1]	204,194	295,726	332,761	466,134	919,740	1,544,474	1,502,382
Total Amounts Available	27,749,195	32,760,569	33,540,707	36,993,987	41,956,266	43,463,028	35,305,954
Rolling Coverage Fund Balance[2]	-	-	2,451,182	4,902,363	6,576,363	6,575,894	6,575,637
Total Amounts Available, plus Rolling Coverage Fund Balance	$ 27,749,195	$ 27,749,195	$ 35,991,889	$ 41,896,350	$ 48,532,629	$ 50,038,922	$ 41,881,591
Series 2014 Debt Service Requirements	-	-	8,170,605	16,341,210	21,921,210	21,919,646	21,918,789
Coverage excluding Rolling Coverage Fund	N/A	N/A	4.11	2.26	1.91	1.98	1.61
Coverage including Rolling Coverage Fund	N/A	N/A	4.41	2.56	2.21	2.28	1.91

[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 such Fiscal Year.

EXHIBIT S-20
DEBT PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

Fiscal Year	Outstanding Bond Debt [1]	Outstanding Commercial Paper Debt	Capital Leases	Total Outstanding Debt	Enplaned Passengers	Debt per Enplaned Passenger
2010	46,602,704	164,430,000	377,172	211,409,876	8,453,886	25.01
2011	640,920,314	21,509,000	519,866	662,949,180	8,441,120	78.54
2012	635,307,968	20,729,000	361,641	656,398,609	8,575,475	76.54
2013	1,027,411,188	50,969,000	8,152,588	1,086,532,776	8,737,617	124.35
2014 [2]	1,327,897,591	44,884,000	7,810,927	1,380,592,518	9,082,244	152.01
2015	1,317,784,291	38,705,000	7,971,993	1,364,461,284	9,713,066	140.48
2016	1,302,846,043	32,581,000	7,717,734	1,343,144,777	10,206,222	131.60
2017	1,287,602,498	58,998,000	7,442,314	1,354,042,812	10,596,483	127.78
2018	1,609,960,696	20,163,000	7,143,865	1,637,267,561	11,731,833	139.56
2019	1,581,628,919	13,719,000	6,820,351	1,602,168,270	12,356,286	129.66
2020	1,881,208,470	-	6,496,837	1,887,705,307	9,235,459	204.40

Source: San Diego County Regional Airport Authority
(1) Outstanding Bond Debt includes unamortized bond premium
(2) Starting in 2014, Outstanding Bond Debt includes CFC Bond issuance

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