



Item B

San Diego County Regional Airport Authority

Review of the Unaudited Financial Statements for the Six Months Ended December 31, 2010

Presented by:

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Vice-President-Finance/Treasurer and CFO

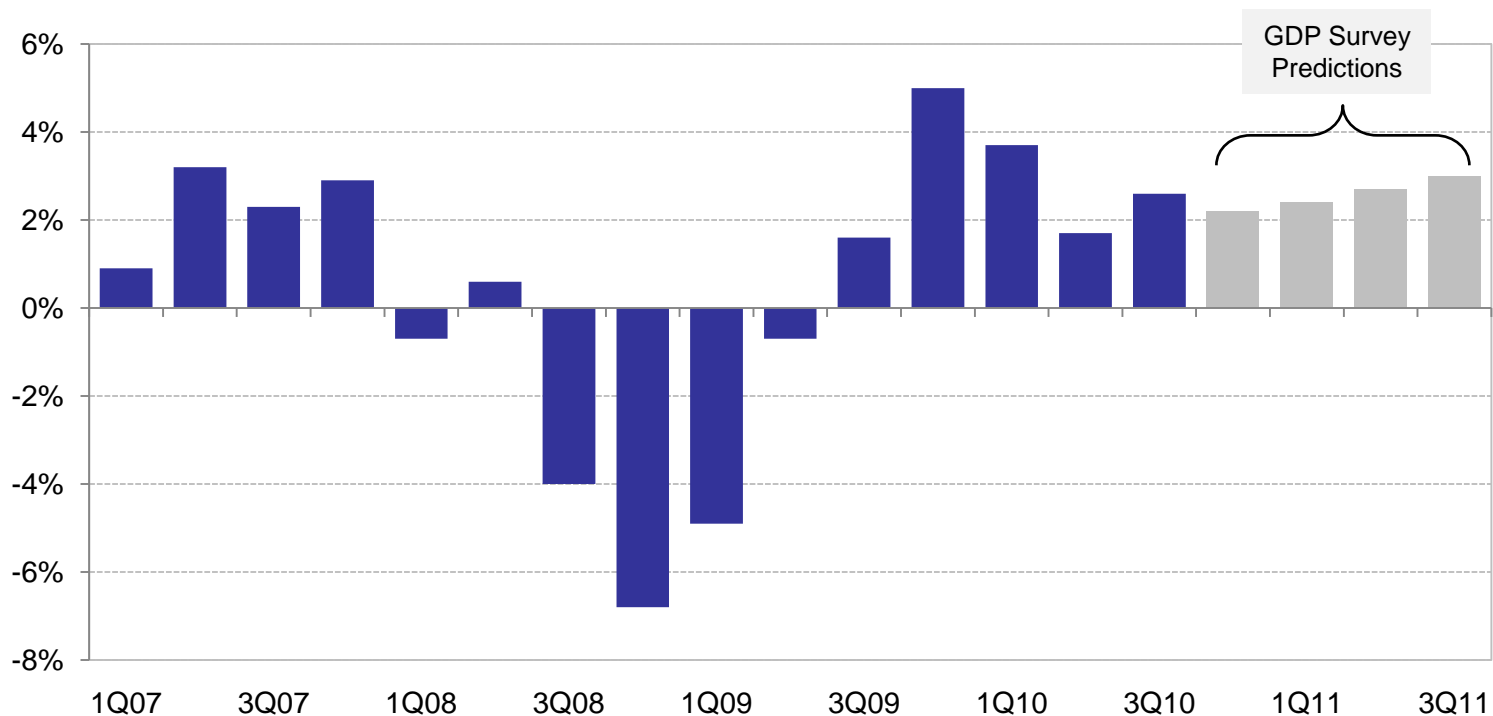
February 10, 2011

3rd Quarter 2010 GDP Revised Higher

- Third quarter GDP was revised upward to 2.6% (third estimate) from the initial release of 2.0% growth for the third quarter 2010. This revision indicates better than expected consumer demand, which is important in a consumer-driven economy. However, economic growth is not expected to improve significantly over the coming year.

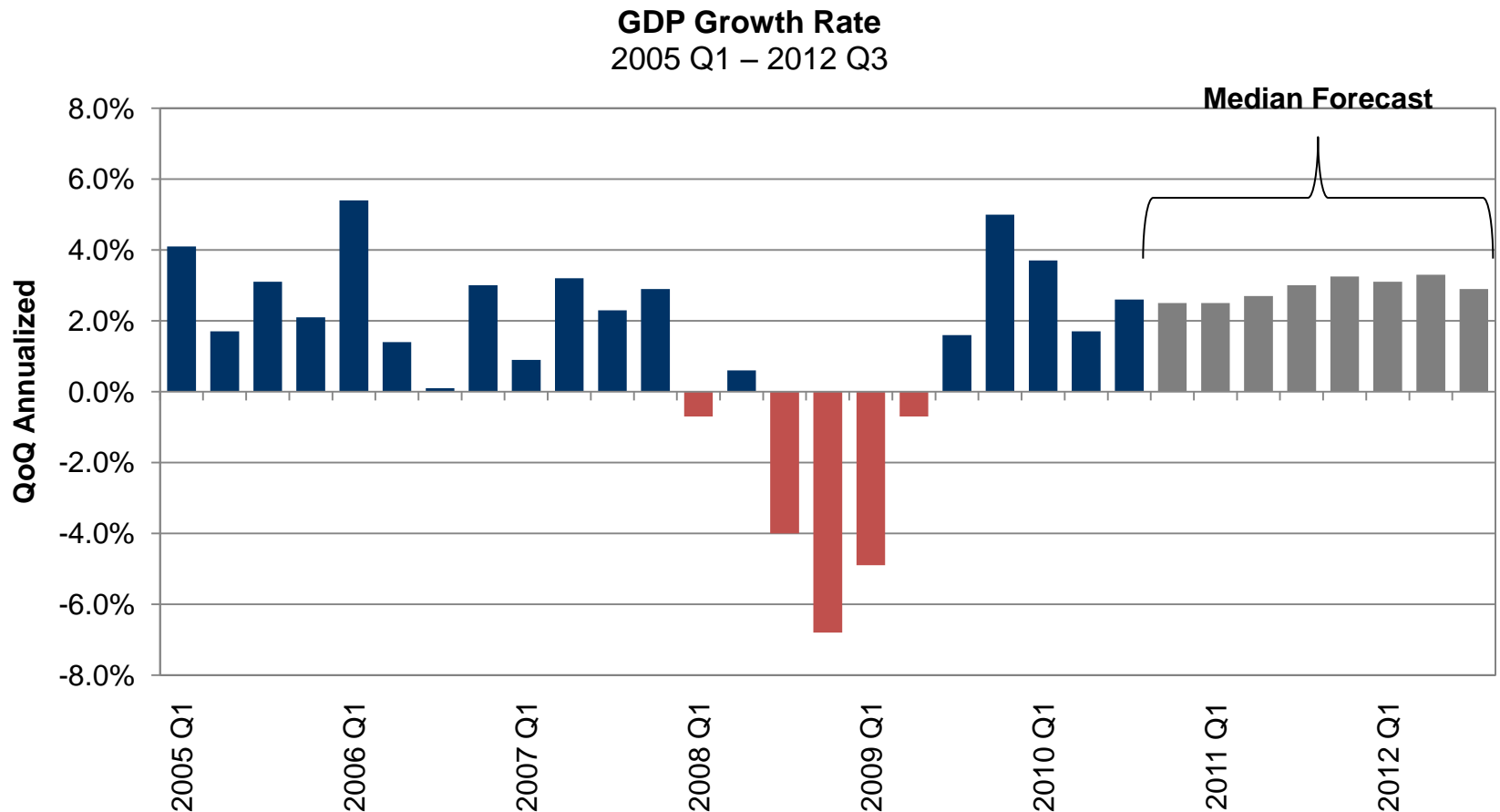
Gross Domestic Product (Quarter over Quarter)

First Quarter 2007– Third Quarter 2011



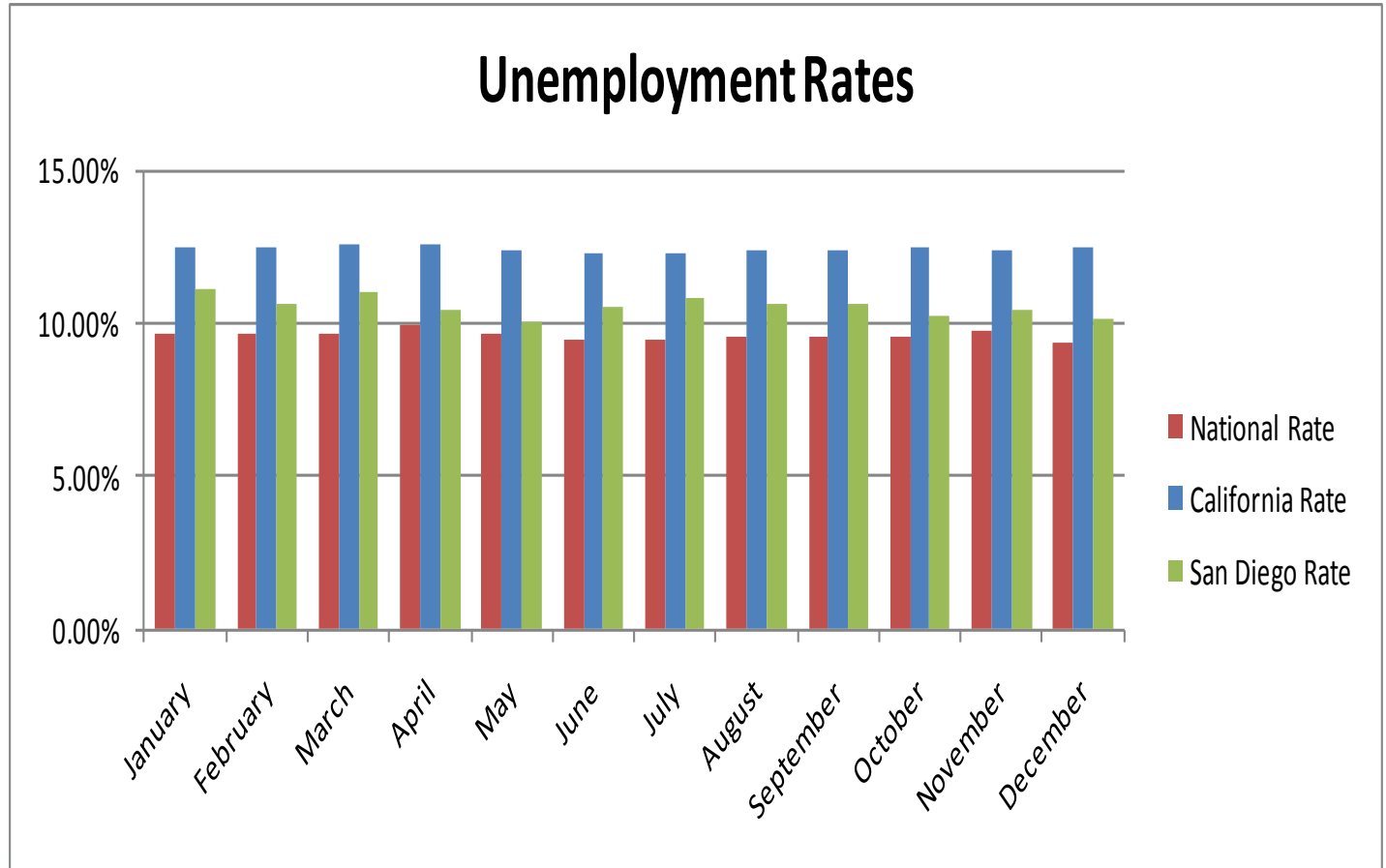
Forecasted GDP Growth is Insufficient

- Current economic forecasts suggest that GDP growth will be insufficient to significantly decrease the unemployment rate.



Unemployment Rate This Fiscal Year

The Federal unemployment rate fell to 9.4% after reaching 9.8% in the prior month. This was due mainly to people leaving the job market. The California unemployment rate remains high at 12.5% which continues to be higher than the national average. The U-6 rate is slightly lower at 16.72% for December. San Diego unemployment rate is 10.1%.



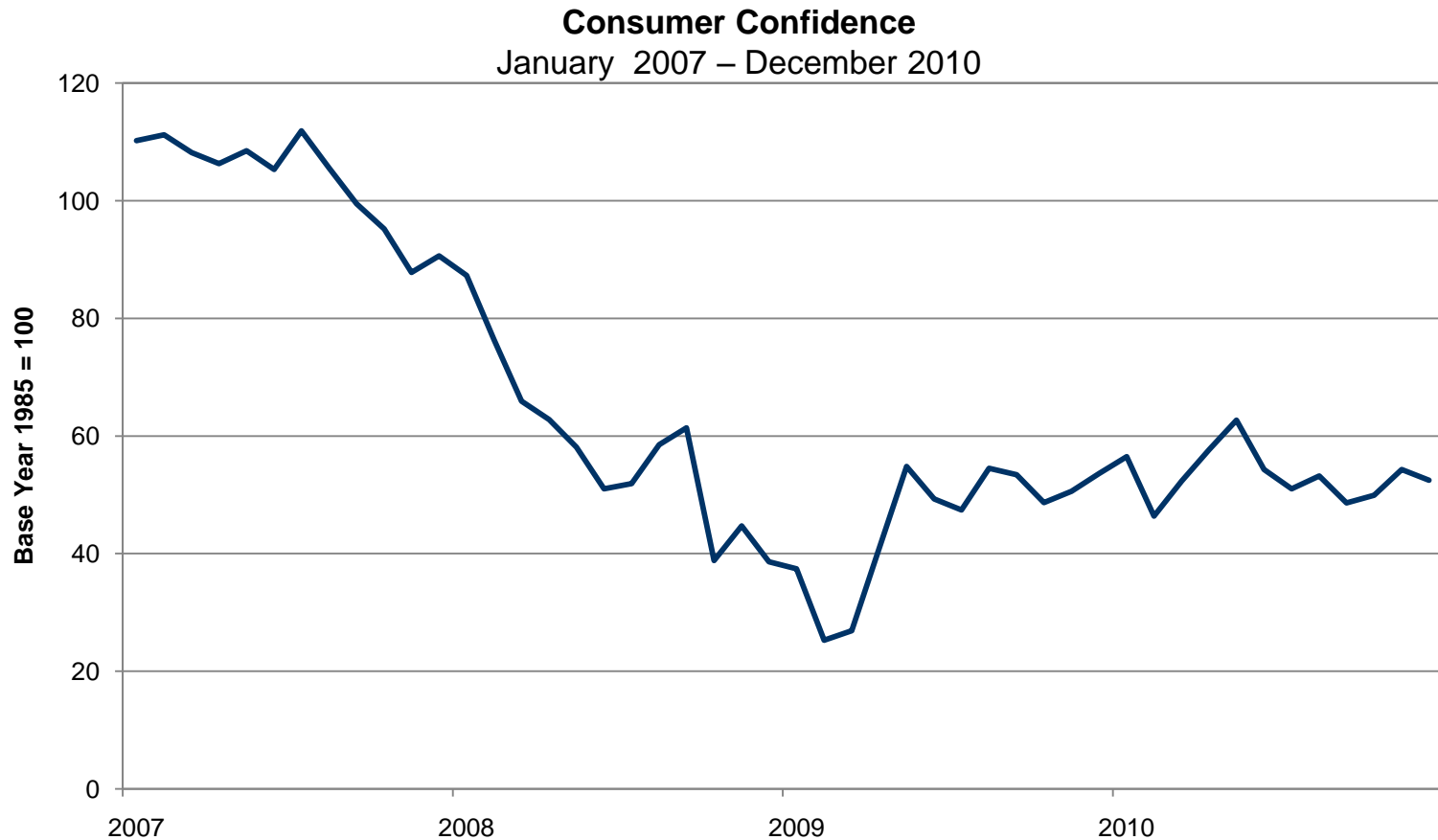
Stock Markets Up For the Year

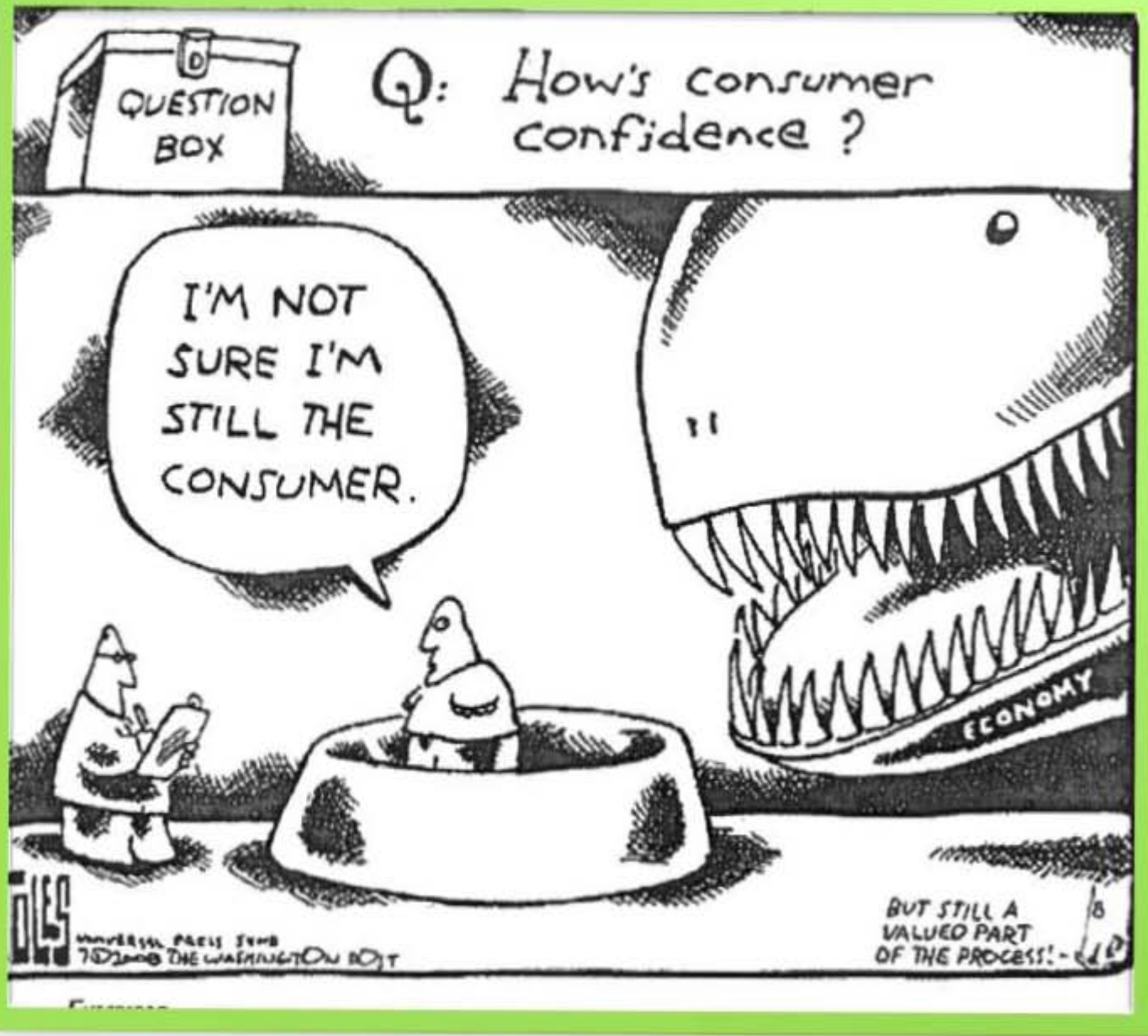
- The major stock indices all improved during 2010 on the strength of a recovering economy and strong profits. The DJIA was up 11% for 2010.



Consumer Confidence Dips Slightly in December

- Consumer confidence fell slightly in December after improving slightly in the prior two months. Consumer confidence remains about where it has for most of the past year. Given continued weakness in the employment and housing markets, consumers remain cautious about the economic recovery.

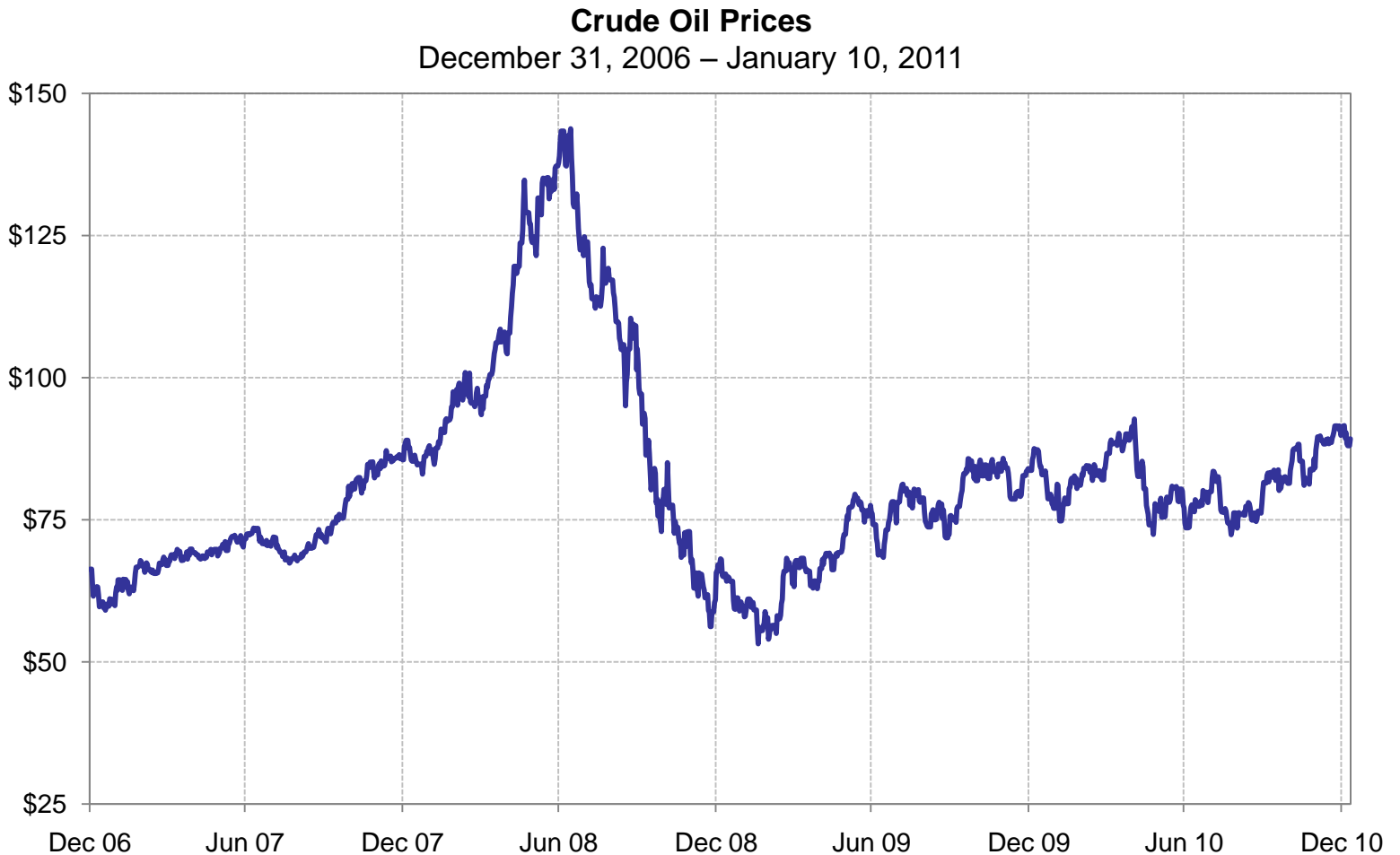




AIRPORTS FUEL REGIONAL ECONOMIES

Oil Prices Trend Higher

- Oil prices have trended higher recently on expectations of growing demand from a recovering global economy.





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"Fill it faster, the price has gone up twice since you started."

**AIRPORTS FUEL
REGIONAL ECONOMIES**

New Home Sales Up

- After falling in October, new home sales rose by 5.5% in November. Despite continued low interest rates, high unemployment, tight credit, foreclosure issues and price declines continue to impede the recovery in the housing market.

New Home Sales
November 2005 – November 2010



2-Year U. S. Treasury Yields Off Lows

- After hitting an all-time low of 0.33% in November, the 2-year U.S. Treasury rebounded in December hitting a high of 0.75% at the end of December. However, yields have fallen again following the disappointing December employment report.

2-Year U.S. Treasury Yields
December 31, 2009 – January 10, 2011

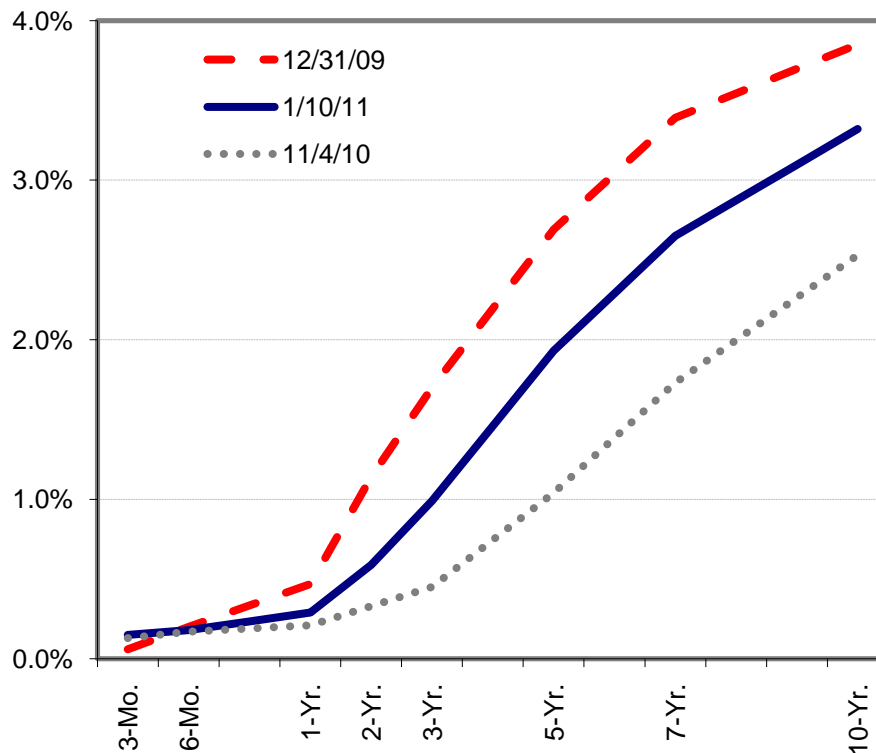


U.S. Treasury Yield Curve

- Although longer-term Treasury yields are off the lows they reached in November, they are still down for the year.

U.S. Treasury Yield Curve

December 31, 2009 vs. November 4, 2010 vs. January 10, 2011



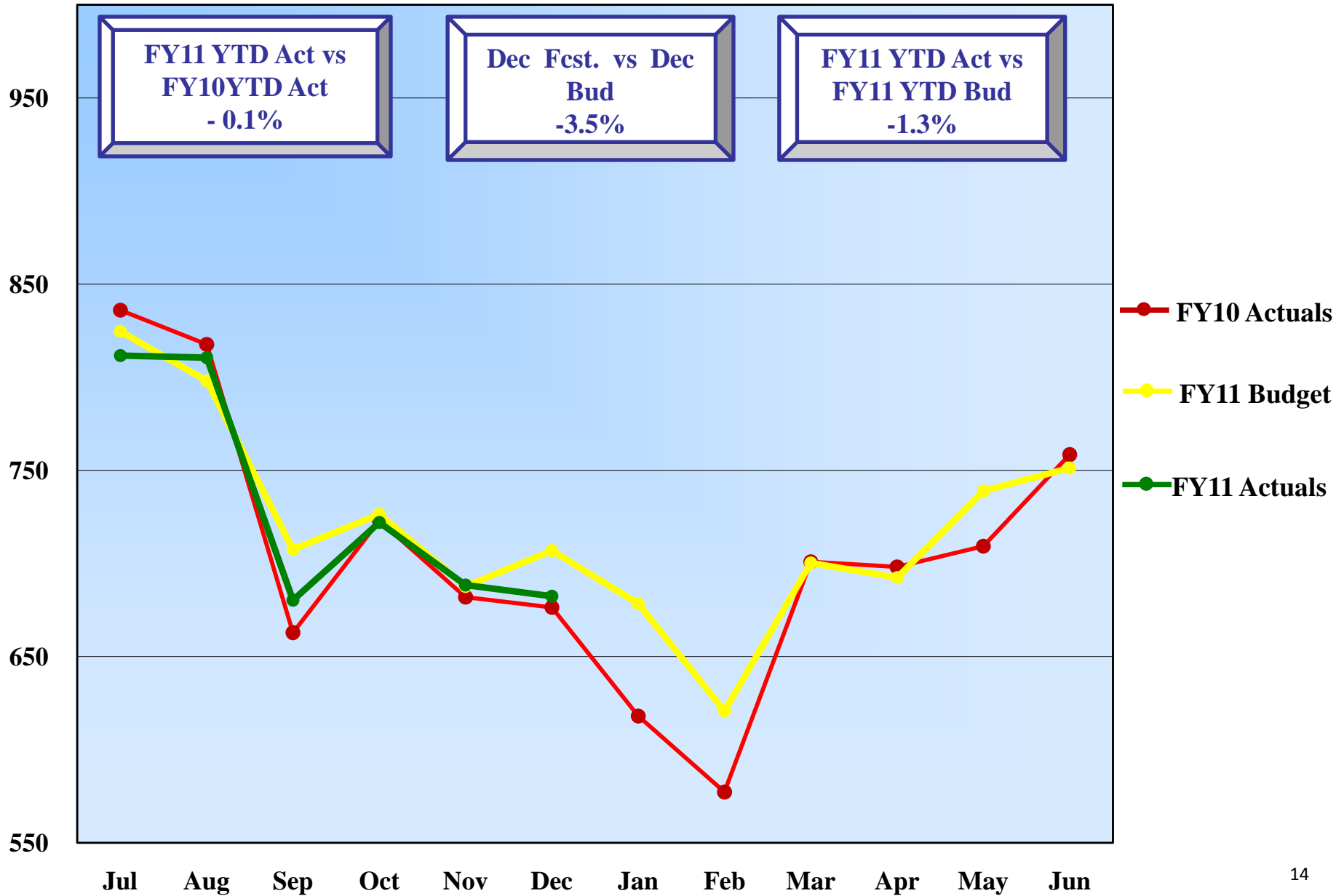
	12/31/09	11/4/10	1/10/11
3-Mo.	0.06%	0.13%	0.15%
6-Mo.	0.20%	0.17%	0.18%
1-Yr.	0.47%	0.21%	0.29%
2-Yr.	1.14%	0.33%	0.59%
3-Yr.	1.70%	0.45%	0.99%
5-Yr.	2.69%	1.04%	1.93%
10-Yr.	3.85%	2.53%	3.32%

**Unaudited
Financial Statements
For the Six Months Ended
December 31, 2010**



Enplanements

000s



000s

Gross Landing Weight Units (000 lbs)

**FY11 YTD Act vs
FY10 YTD Act
- 3.0%**

**Dec Act vs Dec
Bud
-2.2%**

**FY11 YTD Act vs
FY11 YTD Bud
-3.0%**

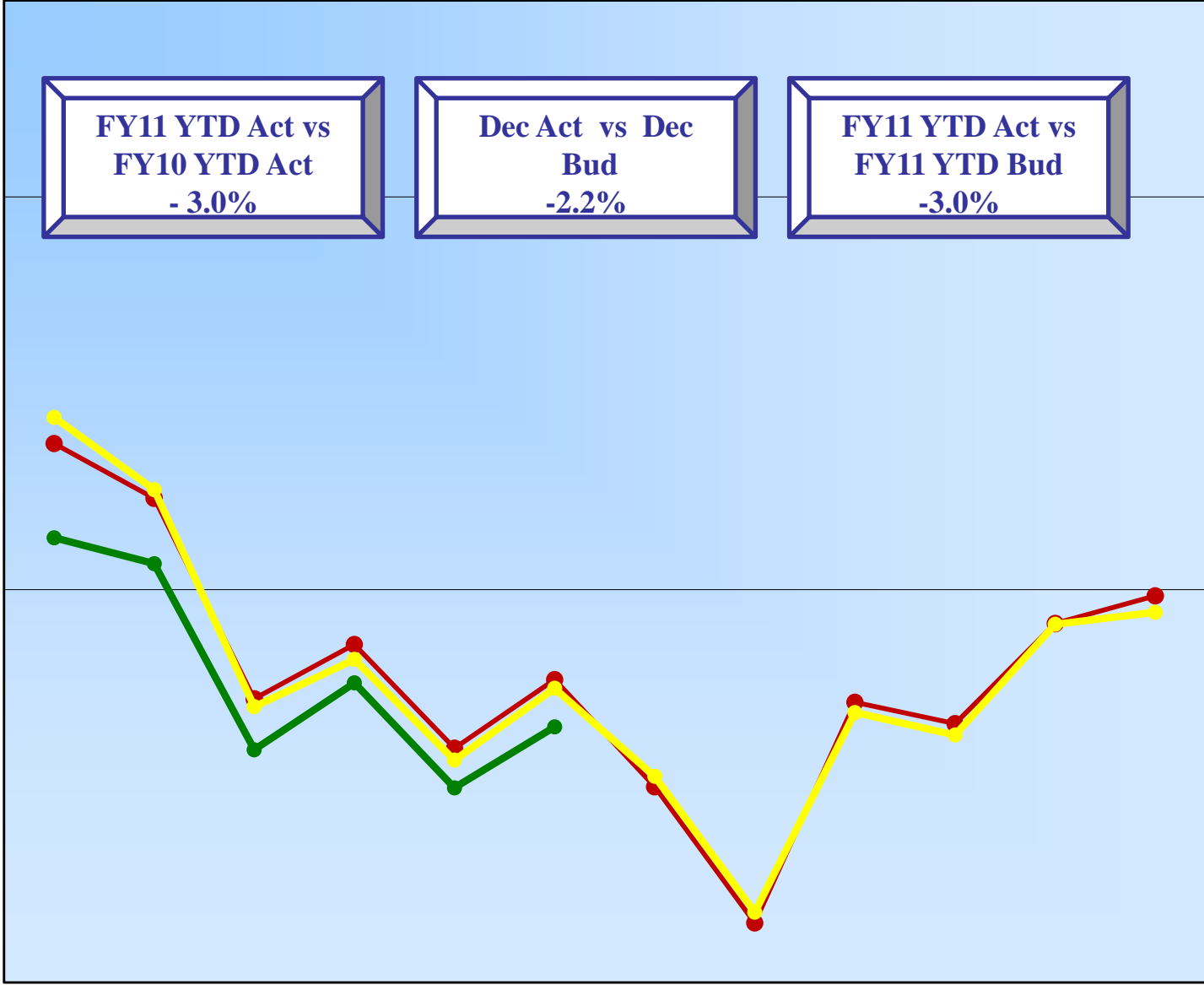
1,150

950

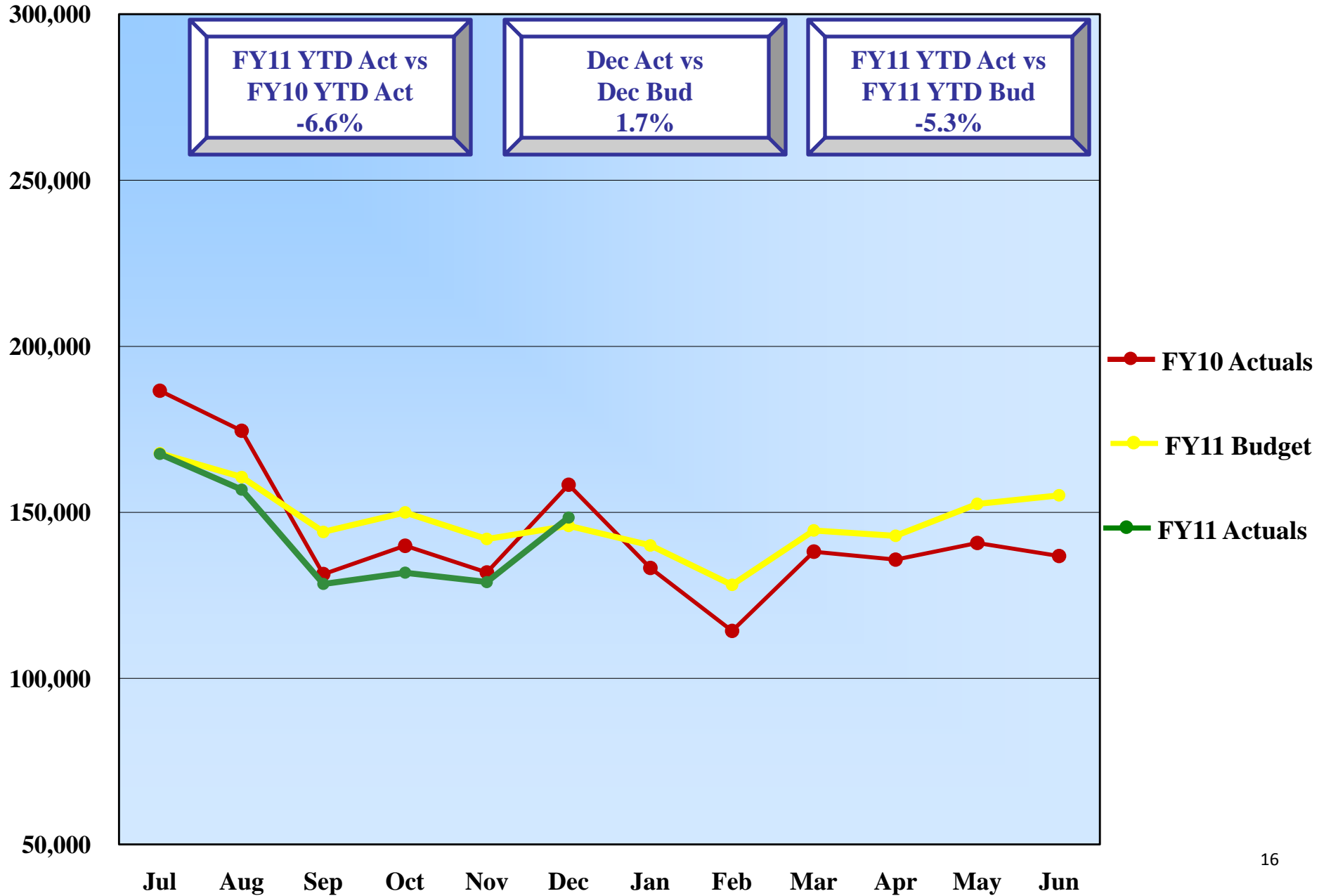
750

- FY10 Actuals**
- FY11 Budget**
- FY 11Actuals**

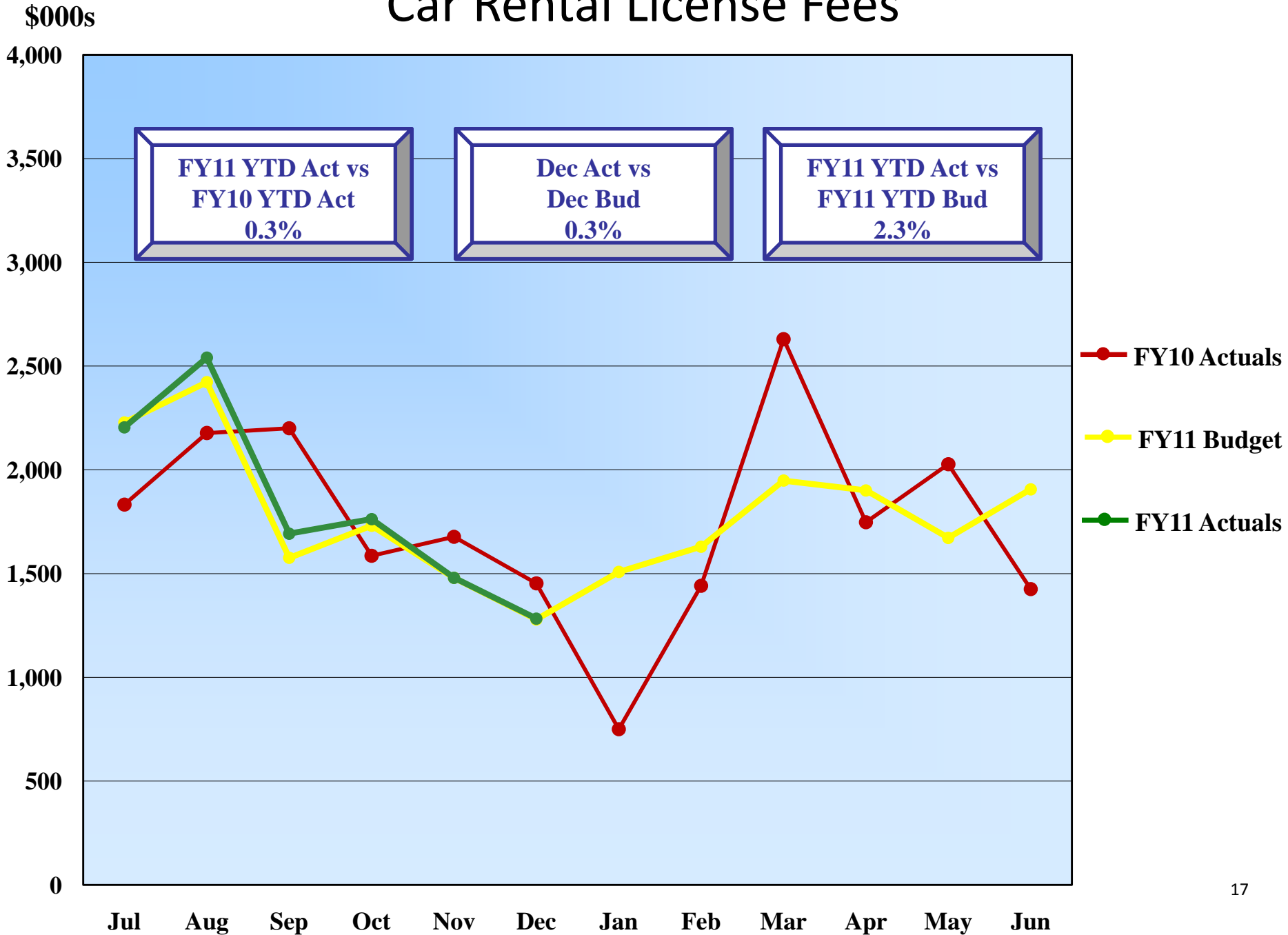
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun



Airport Parking Transactions



Car Rental License Fees



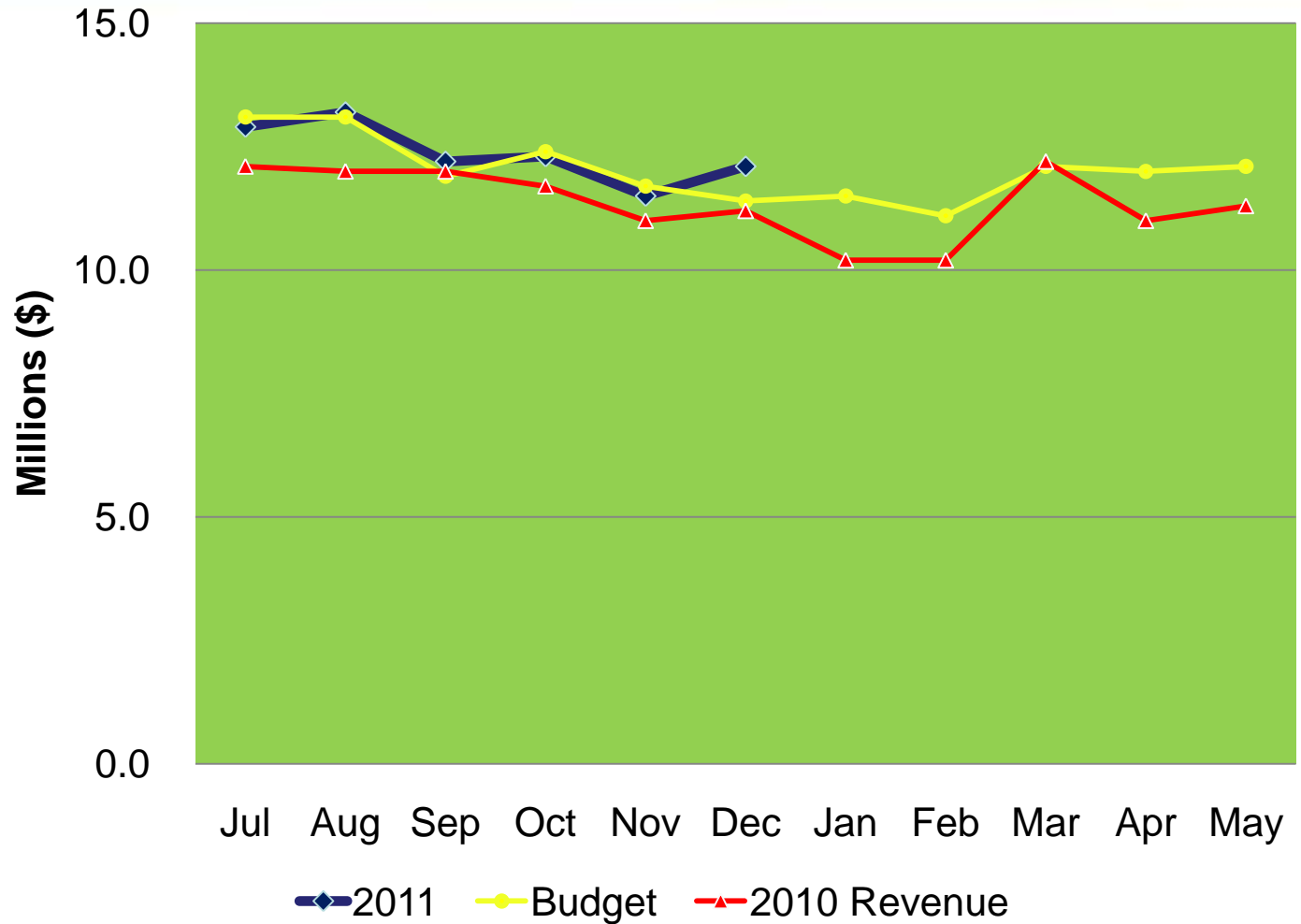
Revenues and Expenses (Unaudited)

For the six months ended December 31, 2010



Monthly Operating Revenue, FY 2011

(Unaudited)



Operating Revenues

For the Six Months Ended

December 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:					
Landing fees	\$ 9,819	\$ 9,544	\$ (275)	(3)%	\$ 9,928
Aircraft parking fees	1,413	1,494	81	6%	1,745
Building rentals	13,884	14,025	141	1%	12,806
Security surcharge	7,393	7,418	25	-	6,004
Other aviation revenue	790	797	7	1%	792
Total aviation revenue	\$ 33,299	\$ 33,278	\$ (21)	-	\$ 31,275

Operating Revenues

For the Six Months Ended

December 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 434	\$ 407	\$ (27)	(6)%	\$ 396
Concession revenue:					
Terminal concession revenue:					
Food and beverage	3,084	3,103	19	1%	3,138
Gifts and news	1,982	1,970	(12)	(1)%	1,909
Other	1,460	1,431	(29)	(2)%	1,259
Total terminal concession revenue	<u>6,526</u>	<u>6,504</u>	<u>(22)</u>	-	<u>6,306</u>
Car rental and license fee revenue:					
Rental car license fees	10,714	10,962	248	2%	10,926
License fees-other	1,602	1,368	(234)	(15)%	1,422
Total rental car and license fees	<u>12,316</u>	<u>12,330</u>	<u>14</u>	-	<u>12,348</u>
Total concession revenue	<u>\$ 18,842</u>	<u>\$ 18,834</u>	<u>\$ (8)</u>	-	<u>\$ 18,654</u>

Operating Revenues

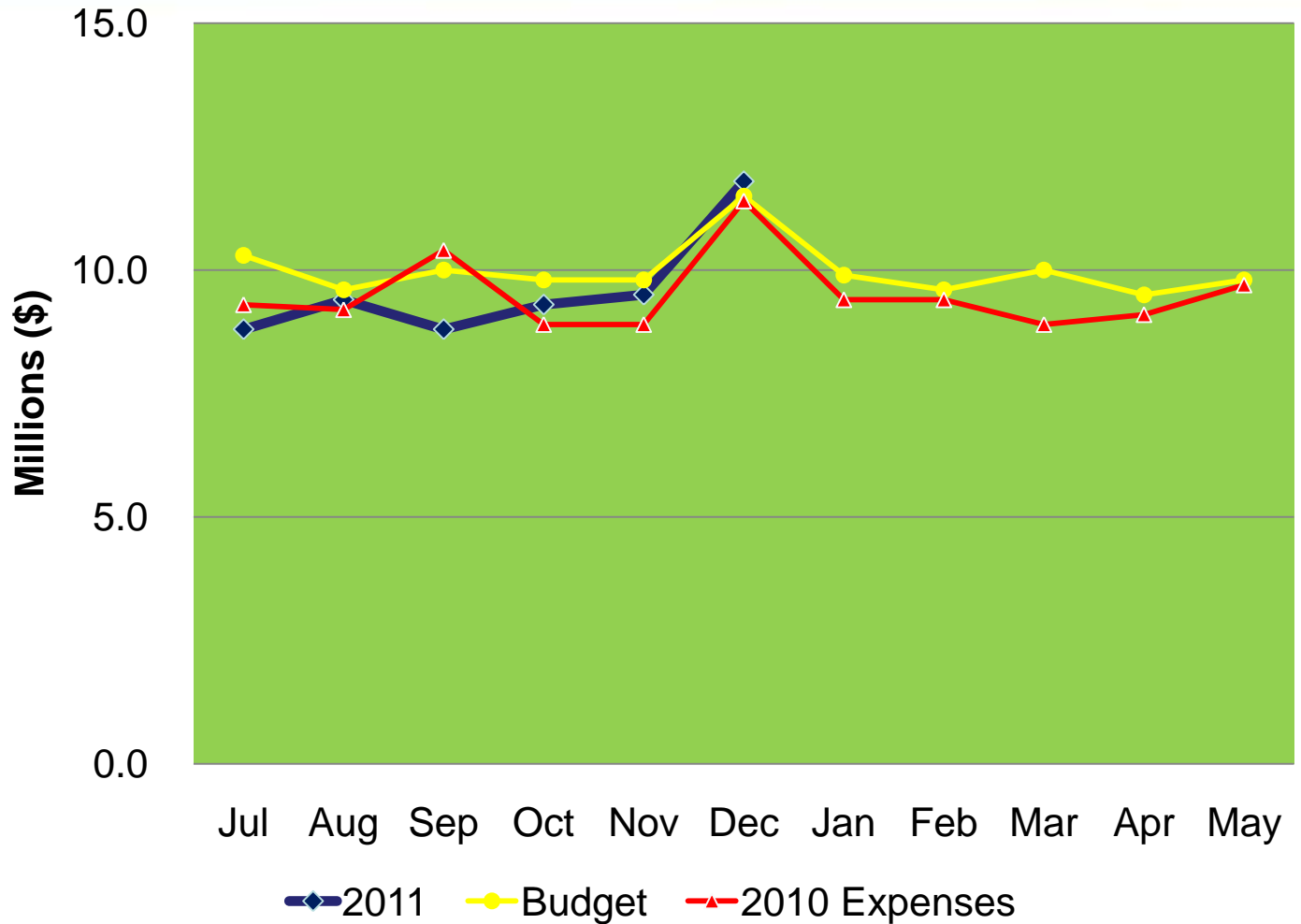
For the Six Months Ended

December 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
On-airport parking revenue	\$ 10,479	\$ 10,264	\$ (215)	(2)%	\$ 9,614
Off-airport parking revenue	6,188	5,893	(295)	(5)%	5,824
Total parking revenue	16,667	16,157	(510)	(3)%	15,438
Ground transportation permits and citations	297	443	146	49%	250
Ground rentals	3,099	4,254	1,155	37%	2,956
Grant reimbursement	551	408	(143)	(26)%	795
Other operating revenue	361	407	46	13%	229
Subtotal	20,975	21,669	694	3%	19,668
Total operating revenues	\$ 73,550	\$ 74,188	\$ 638	1%	\$ 69,993

Monthly Operating Expenses, FY 2011

(Unaudited)



Operating Expenses

For the Six Months Ended

December 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	\$ 19,167	\$ 18,800	\$ 367	2%	\$ 17,356
Contractual services	14,665	13,052	1,613	11%	13,952
Safety and security	10,297	10,132	165	2%	10,004
Space rental	5,453	5,454	(1)	-	5,451
Utilities	3,694	3,290	404	11%	3,380
Maintenance	4,088	3,847	241	6%	4,867
Equipment and systems	267	278	(11)	(4)%	258
Materials and supplies	203	157	46	23%	190
Insurance	611	541	70	11%	589
Employee development and support	690	486	204	30%	412
Business development	1,081	799	282	26%	925
Equipment rental and repairs	754	653	101	13%	804
Total operating expenses	\$ 60,970	\$ 57,489	\$ 3,481	6%	\$ 58,188

Financial Summary

For the Six Months Ended

December 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 73,550	\$ 74,188	\$ 638	1%	\$ 69,993
Total operating expenses	60,970	\$ 57,489	3,481	6%	58,188
Income from operations	12,580	16,699	4,119	33%	11,805
Depreciation	25,493	24,686	807	3%	19,733
Operating income (loss)	\$ (12,913)	\$ (7,987)	\$ 4,926	38%	\$ (7,928)

Nonoperating Revenues and (Expenses) For the Six Months Ended December 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 17,392	\$ 16,818	\$ (574)	(3)%	\$ 16,980
Customer facility charges (ConRAC Facility)	5,183	5,385	202	4%	5,535
Quieter Home Program	(1,856)	(1,705)	151	8%	(891)
Interest income	2,991	2,756	(235)	(8)%	4,153
BAB interest rebate	-	1,193	1,193	-	-
Interest expense	(2,383)	(5,132)	(2,749)	(115)%	(1,333)
Bond amortization cost	(72)	144	216	300%	(56)
Other nonoperating revenue (expenses)	(20)	655	675	(3373)%	(1,403)
Nonoperating revenue, net	21,235	20,114	(1,121)	(5)%	22,985
Income before grant contributions	8,322	12,127	3,805	46%	15,057
Capital grant contributions	18,136	13,530	(4,606)	(25)%	6,779
Net income	\$ 26,458	\$ 25,657	\$ (801)	(3)%	\$ 21,836

Balance Sheets (Unaudited)

ASSETS

	(In thousands)	
	December	
	2010	2009
Current assets:		
Cash and investments	\$ 110,327	\$ 90,120
Tenant lease receivable, net of allowance of 2010: \$30,980 and 2009: \$164,634	5,770	5,218
Grants receivable	4,503	4,158
Notes receivable-current portion	1,613	1,646
Prepaid expenses and other current assets	12,368	10,408
Total current assets	134,581	111,550
Cash designated for capital projects and other	\$ 5,254	\$ 14,151



Balance Sheets (Unaudited)

ASSETS

(In thousands)

December

	2010	2009
Restricted assets:		
Cash and investments:		
Bonds reserve	\$ 45,708	\$ 47,303
Passenger facility charges and interest unapplied	68,738	54,545
Customer facility charges and interest applied*	15,472	5,919
Commercial paper reserve	168	397
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	429,441	6,517
Commercial paper interest held by trustee	140	13
Passenger facility charges receivable	3,789	4,110
Customer facility charges receivable*	935	988
OCIP insurance reserve	6,400	5,282
Total restricted assets	\$ 574,791	\$ 129,075

*ConRAC Facility

Balance Sheets (Unaudited)

ASSETS

	(In thousands)	
	December	
	2010	2009
Noncurrent assets:		
Capital assets:		
Land and land improvements	\$ 23,454	\$ 23,582
Runways, roads and parking lots	236,947	229,223
Buildings and structures	463,108	418,123
Machinery and equipment	10,211	7,771
Vehicles	5,469	4,983
Office furniture and equipment	30,099	24,192
Works of art	2,411	2,175
Construction-in-progress	253,593	158,458
Total capital assets	1,025,292	868,507
Less: accumulated depreciation	(483,826)	(443,121)
Total capital assets, net	\$ 541,466	\$ 425,386

Balance Sheets (Unaudited)

ASSETS

	(In thousands)	
	December	
	2010	2009
Other assets:		
Notes receivable - long-term portion	\$ 43,824	\$ 45,480
Investments - long-term portion	8,383	9,151
Deferred costs - bonds (net)	5,134	823
Net pension asset	8,039	3,867
Total other assets	65,380	59,321
Total noncurrent assets	606,846	484,707
TOTAL ASSETS	\$ 1,321,472	\$ 739,483



Balance Sheets (Unaudited)

LIABILITIES AND NET ASSETS

	(In thousands)	
	December	
	2010	2009
Current liabilities:		
Accounts payable and accrued liabilities	\$ 59,728	\$ 39,424
Deposits and other current liabilities	3,284	2,994
Total current liabilities	63,012	42,418
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	4,725	3,105
Accrued interest on bonds and commercial paper	8,818	1,281
Total liabilities payable from restricted assets	\$ 13,543	\$ 4,386

Balance Sheets (Unaudited)

LIABILITIES AND NET ASSETS

	(In thousands)	
	December	
	2010	2009
Long-term liabilities - other:		
Commercial paper notes payable	\$ 21,509	\$ 114,430
Deferred rent liability	406	943
Other long-term liabilities	1,188	1,092
Long-term debt - bonds net of amortized premium	635,703	41,195
Total long-term liabilities	658,806	157,660
Total liabilities	\$ 735,361	\$ 204,464



Balance Sheets (Unaudited)

LIABILITIES AND NET ASSETS

	(In thousands)	
	December	
	2010	2009
Authority net assets:		
Invested in capital assets, net of related debt	\$ 307,442	\$ 274,162
Other restricted	156,515	132,179
Unrestricted:		
Designated	17,293	22,019
Undesignated	104,861	106,659
Total net assets	586,111	535,019
TOTAL LIABILITIES AND NET ASSETS	\$ 1,321,472	\$ 739,483

Authority's Investments



Total Portfolio Summary

	Current Period	Prior Period	Change From Prior
	December 31, 2010	September 30, 2010	
Book Value	\$260,106,000	\$230,645,000	\$29,461,000
Market Value	\$260,016,000	\$230,579,000	\$29,437,000
Market Value%	100.09%	100.10%	(0.01%)
Unrealized Gain / (Loss)	(\$90,000)	(\$66,000)	(\$24,000)
Weighted Average Maturity (Days)	232 days	288 days	(56)
Weighted Average Yield as of Period End	0.89%	1.03%	(0.14%)
Cash Interest Received- Current Month	\$163,000	\$188,000	(\$25,000)
Cash Interest Received- Quarter-to-Date	\$512,000	\$678,000	(\$166,000)
Cash Interest Received-Year-to-Date	\$1,190,000	\$678,000	\$512,000
Accrued Interest	\$446,000	\$412,000	\$34,000

Questions

