



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

**Date:** September 27, 2010  
**To:** Board Members  
**Via:** Thella F. Bowens, President/CEO  
**From:** Vernon D. Evans, Vice President, Finance/Treasurer  
**Subject:** Unaudited Financial Statements as of August 31, 2010

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The attached report is to be received at the October 7, 2010 Board meeting.



## Item 5

# San Diego County Regional Airport Authority

## Unaudited Financial Statements for the Two Months Ended August 31, 2010

Presented by:

Vernon D. Evans, CPA

Vice-President-Finance/Treasurer and CFO

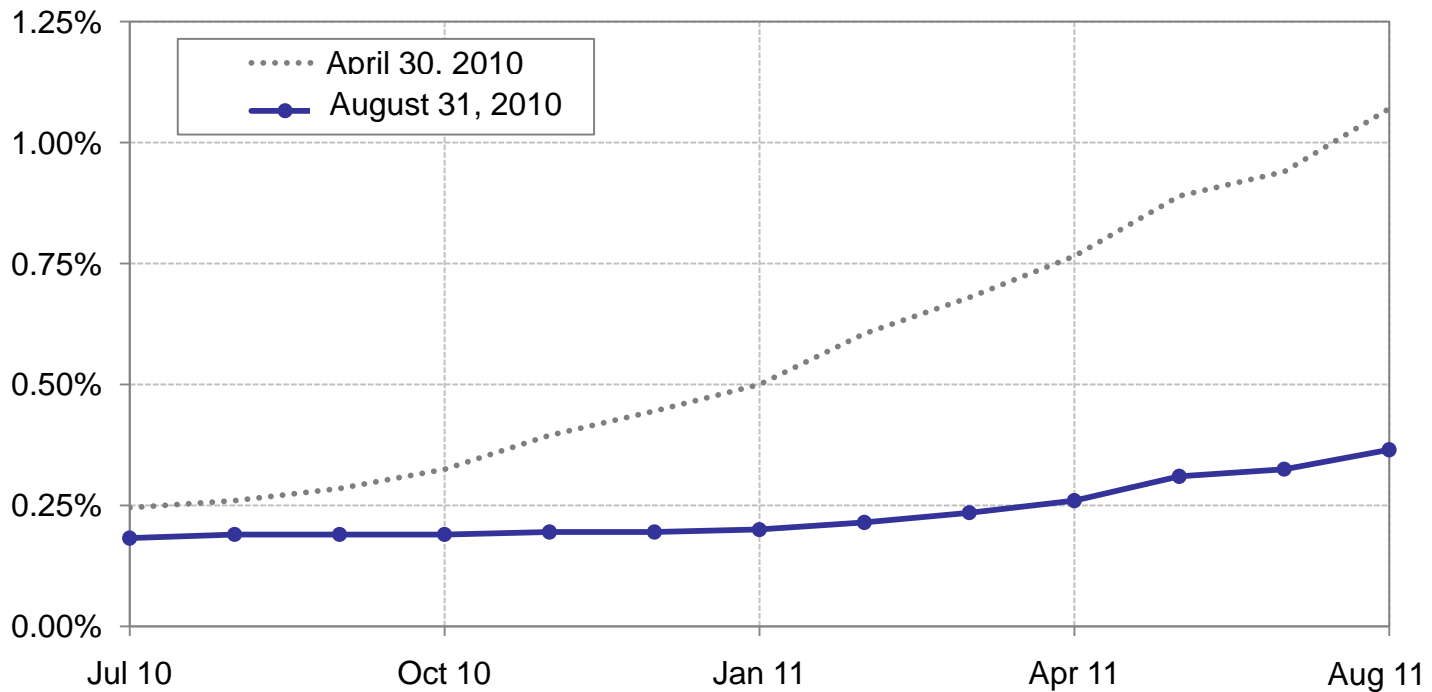
October 7, 2010

# Federal Funds Futures Decline



- At the August, 2010 Federal Open Market Committee, it was reaffirmed that the Committee will maintain the target range for the federal funds rate at 0 to ¼ percent and continue to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

**Federal Funds Futures**  
April 30, 2010 versus August 31, 2010

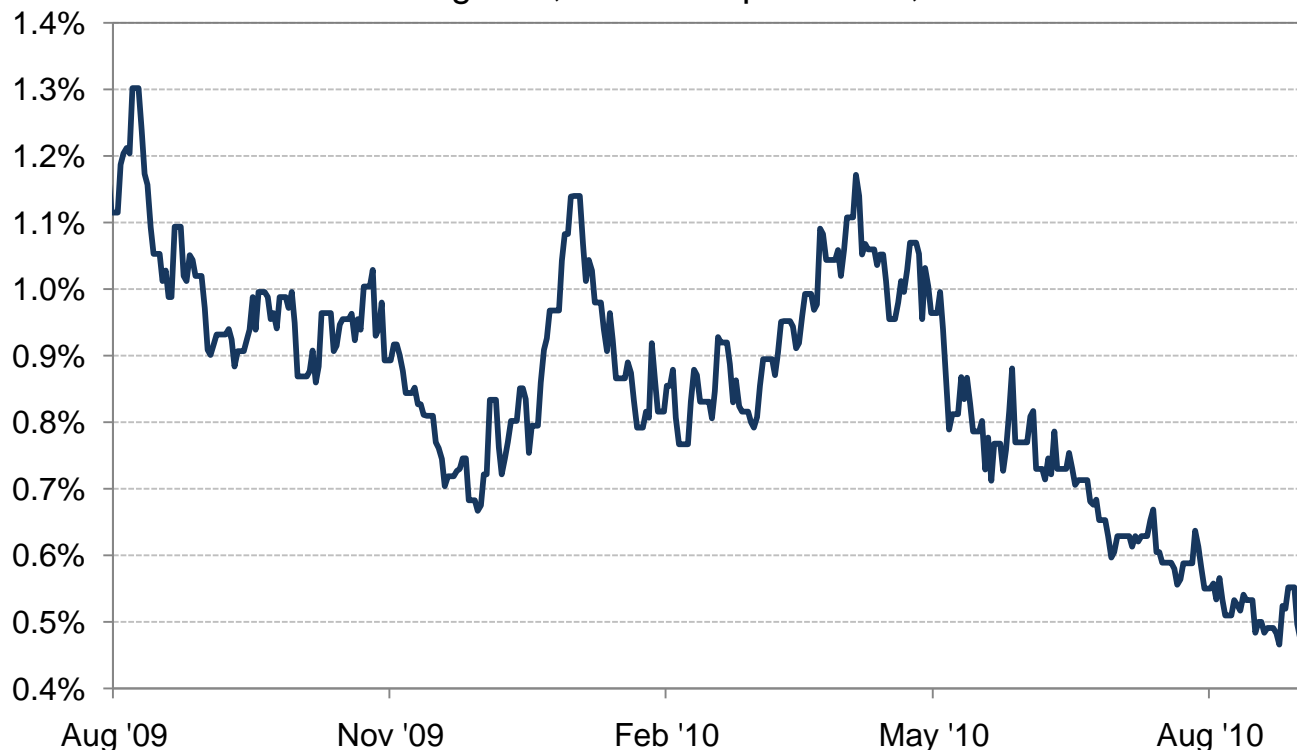


# 2-Year U. S. Treasury Yields Move Higher On Good Data



- 2-year U.S. Treasury yields moved higher this week as positive economic releases, including better than expected Chinese manufacturing and Australian GDP, led to an increase in investors' risk appetites. As a result, Treasury prices fell and equity prices rose. The positive non-farm payrolls report led intermediate-term yields to increase by about 0.03%. On the longer end of the curve, 10-year Treasury yields jumped about 0.12% higher, leading to a steepening of the yield curve.

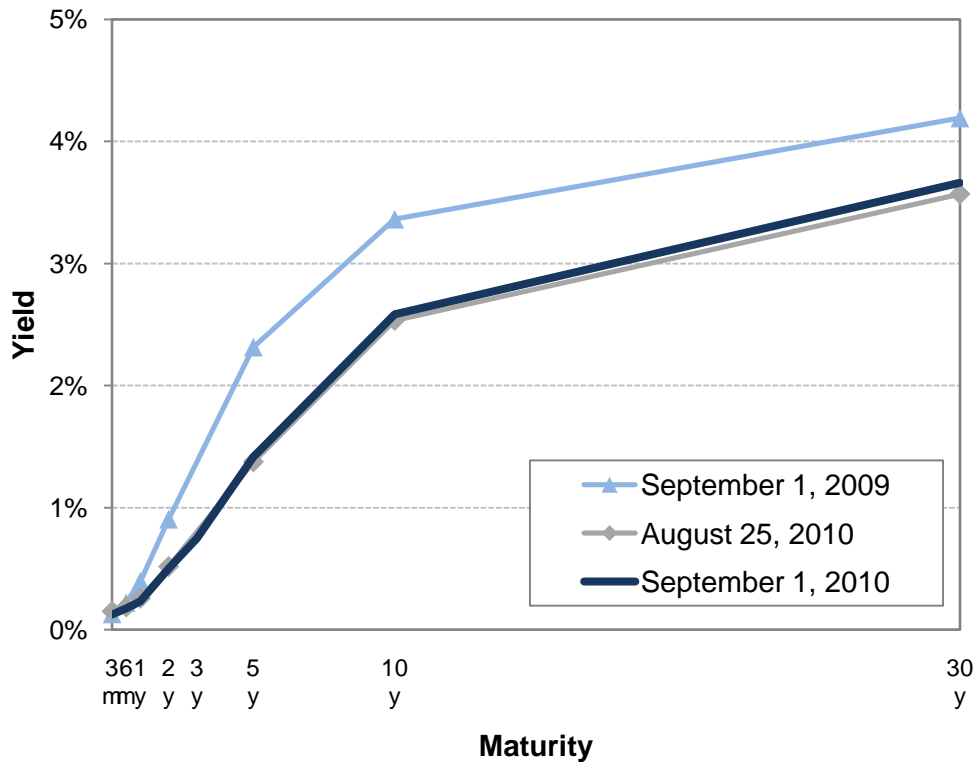
**2-Year U.S. Treasury Yields**  
August 1, 2009 – September 3, 2010



# U.S. Treasury Yield Curve



## U.S. Treasury Yield Curve



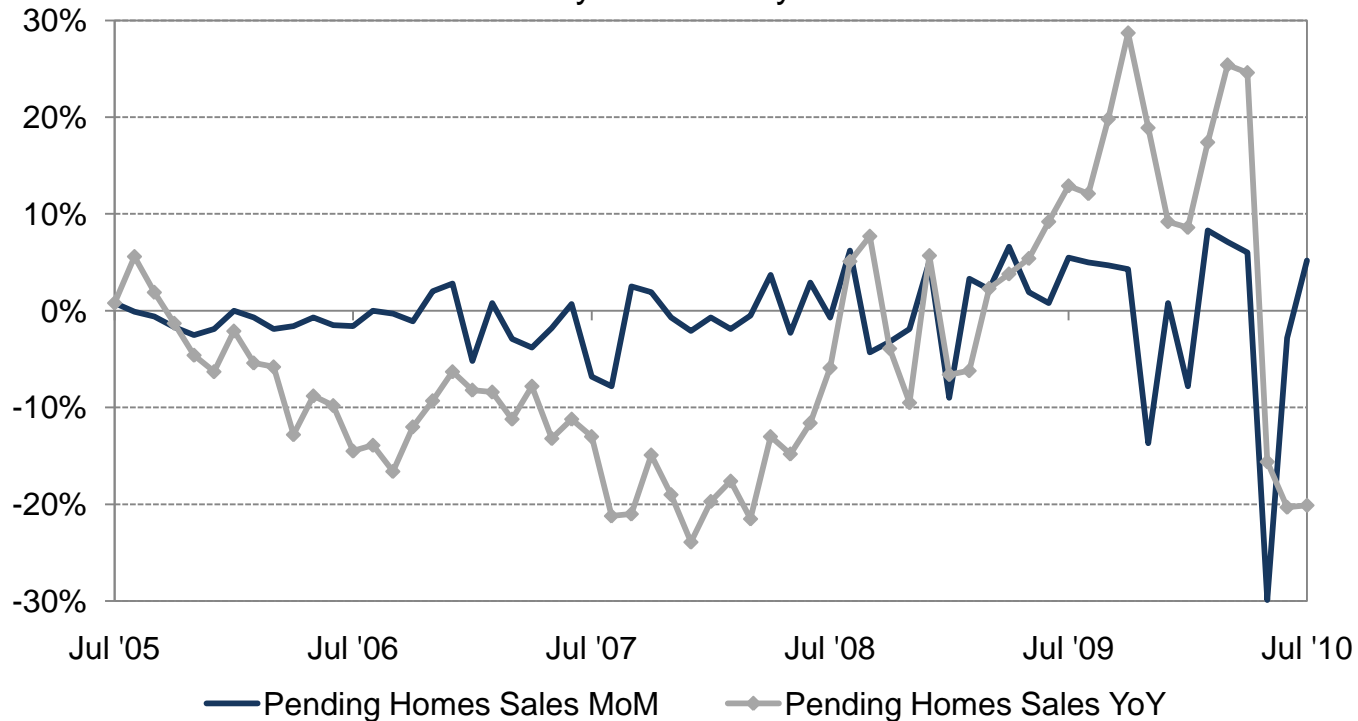
	<u>9/1/09</u>	<u>8/25/10</u>	<u>9/1/10</u>	<u>Change Over Week</u>	<u>Change Over Year</u>
<b>3 month</b>	0.13%	0.15%	<b>0.13%</b>	-0.02%	0.00%
<b>6 month</b>	0.22%	0.19%	<b>0.18%</b>	-0.01%	-0.04%
<b>1 year</b>	0.40%	0.26%	<b>0.23%</b>	-0.03%	-0.17%
<b>2 year</b>	0.91%	0.52%	<b>0.50%</b>	-0.02%	-0.41%
<b>3 year</b>	1.40%	0.76%	<b>0.75%</b>	-0.01%	-0.65%
<b>5 year</b>	2.32%	1.38%	<b>1.42%</b>	+0.04%	-0.90%
<b>10 year</b>	3.36%	2.53%	<b>2.58%</b>	+0.05%	-0.78%
<b>30 year</b>	4.19%	3.57%	<b>3.66%</b>	+0.09%	-0.53%

# Pending Home Sales Exceed Expectations



- Pending home sales increased 5% in July, which was more than the anticipated 1% increase. This release was a good foundation for the recovery of the housing market after the roof caved in two months prior, when pending home sales dropped nearly 30% month over month. However, analysts still expect the recovery in the housing market to be long and arduous.

**Pending Home Sales Index**  
July 2005 – July 2010

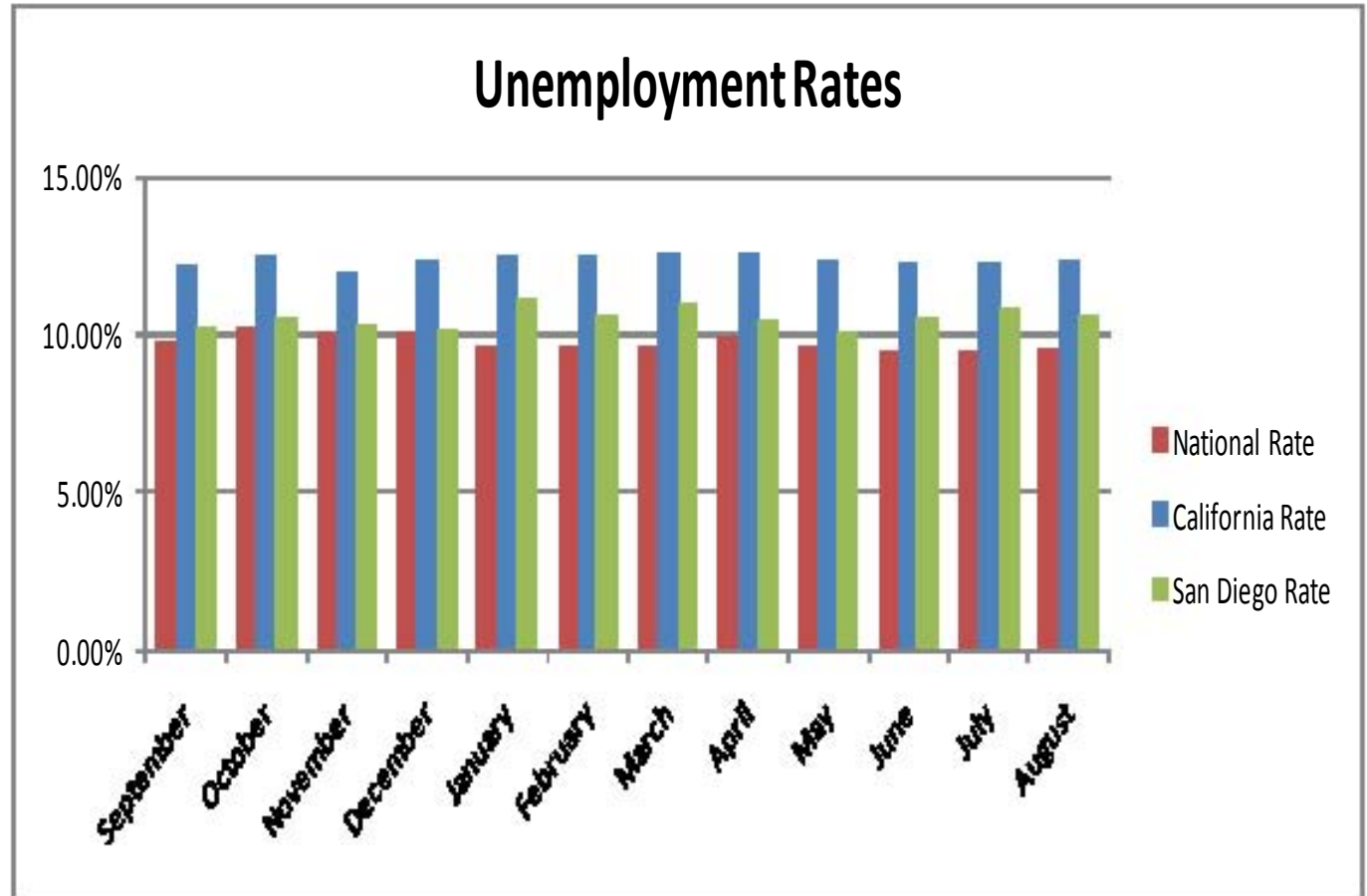


*Pending home sales is a leading indicator of existing home sales. A pending sale is one in which a contract was signed, but not yet closed. It usually takes four to six weeks to close a contracted sale.*

# Unemployment Rate This Fiscal Year

The California unemployment rate of 12.4% remains much higher than the National average, 9.6%. The U-6 rate slightly decreased from 16.9% to 16.7% in August.

San Diego unemployment slightly decreased .2% to 10.6% in August.

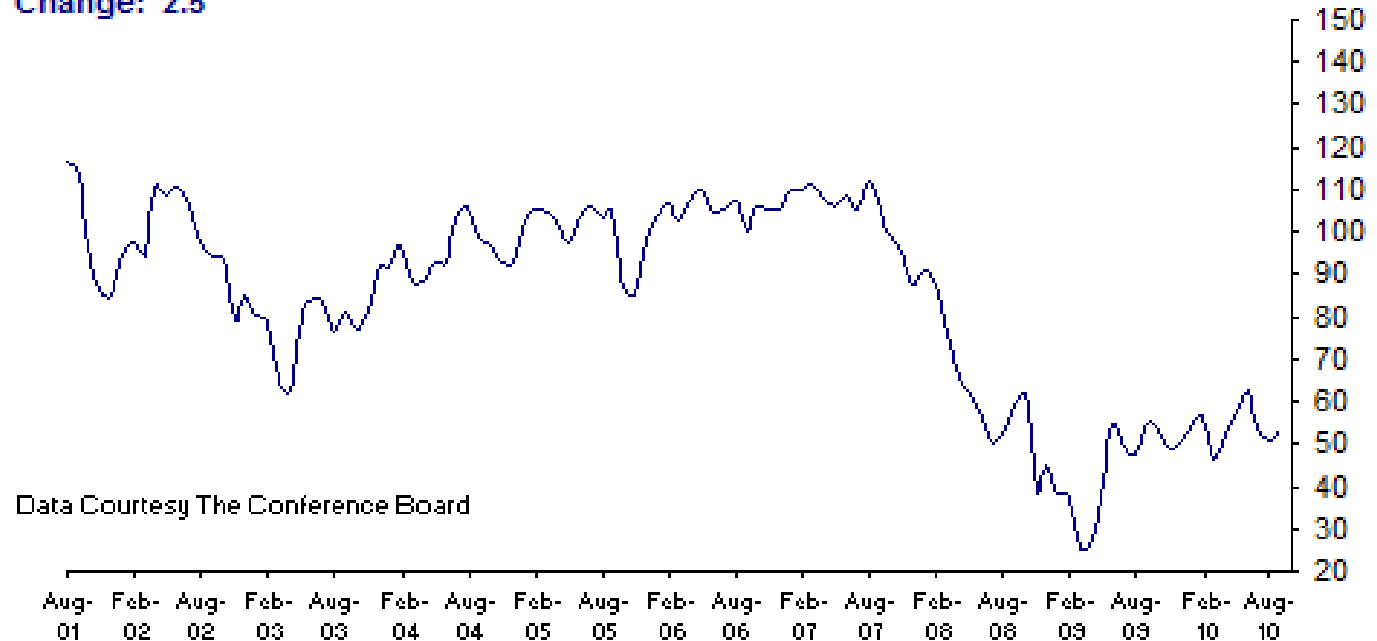




# US Consumer Confidence Rises in Sept vs Aug

**Current Reading: 53.5**  
**Change: 2.5**

## Consumer Confidence Index



Data Courtesy The Conference Board

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(Reuters) - U.S. consumer confidence rose in September from August as optimism about the state of personal finances offset continued worry about the weak labor market.

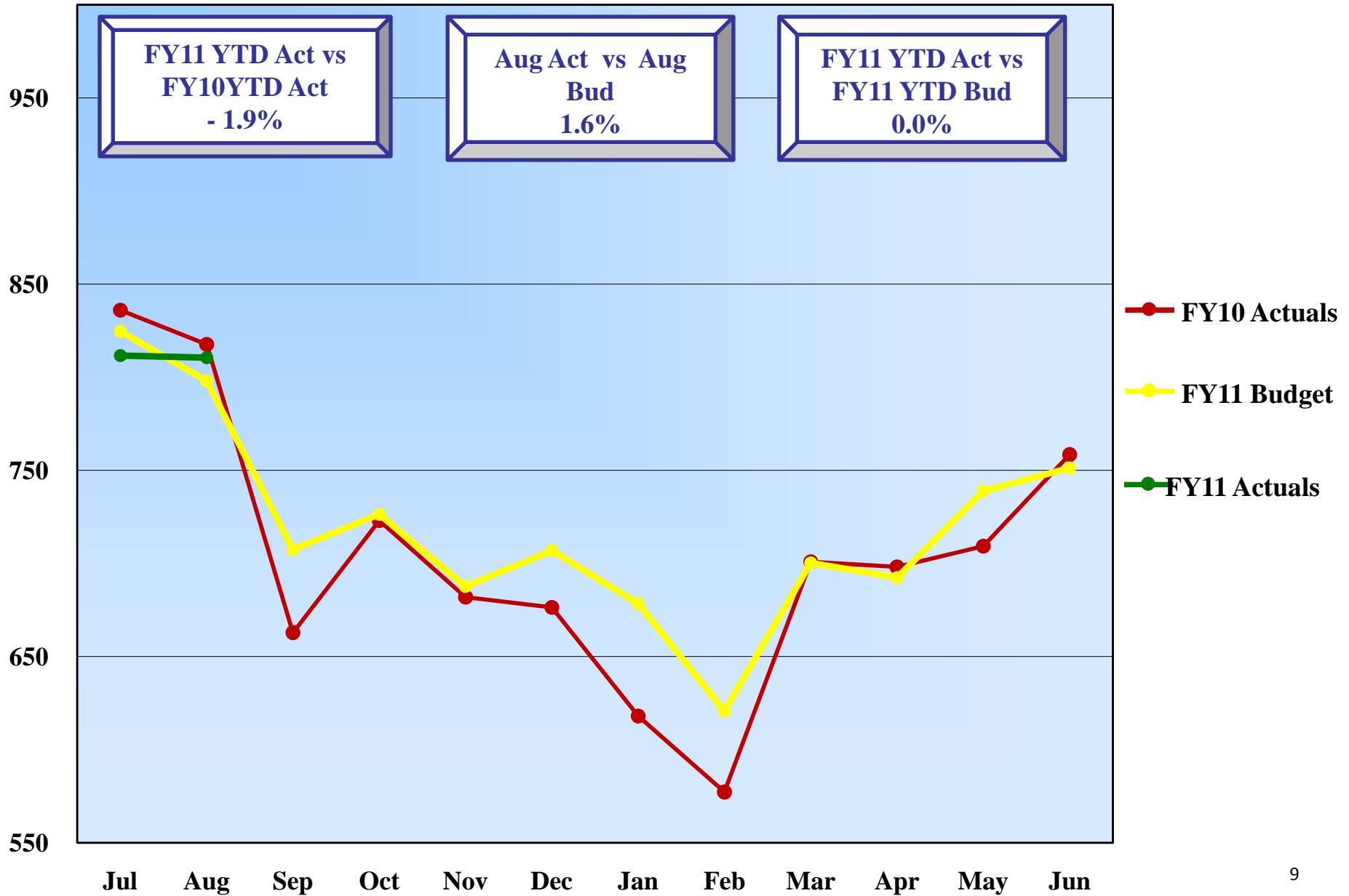




**Fooled Me!  
Fooled You!**

# Enplanements

000s



# Gross Landing Weight Units (000 lbs)

000s

1,350

1,150

950

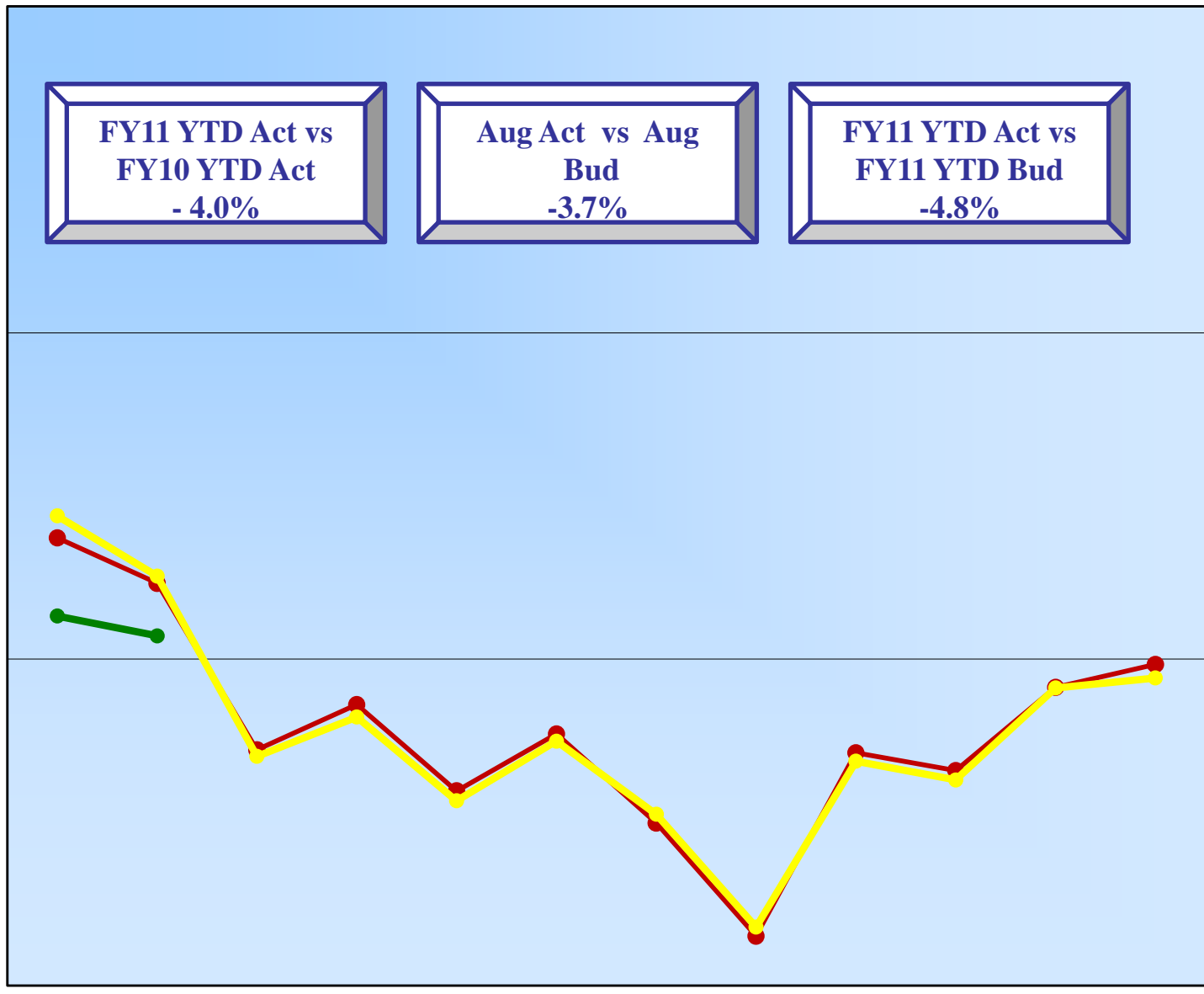
750

**FY11 YTD Act vs  
FY10 YTD Act  
- 4.0%**

**Aug Act vs Aug  
Bud  
-3.7%**

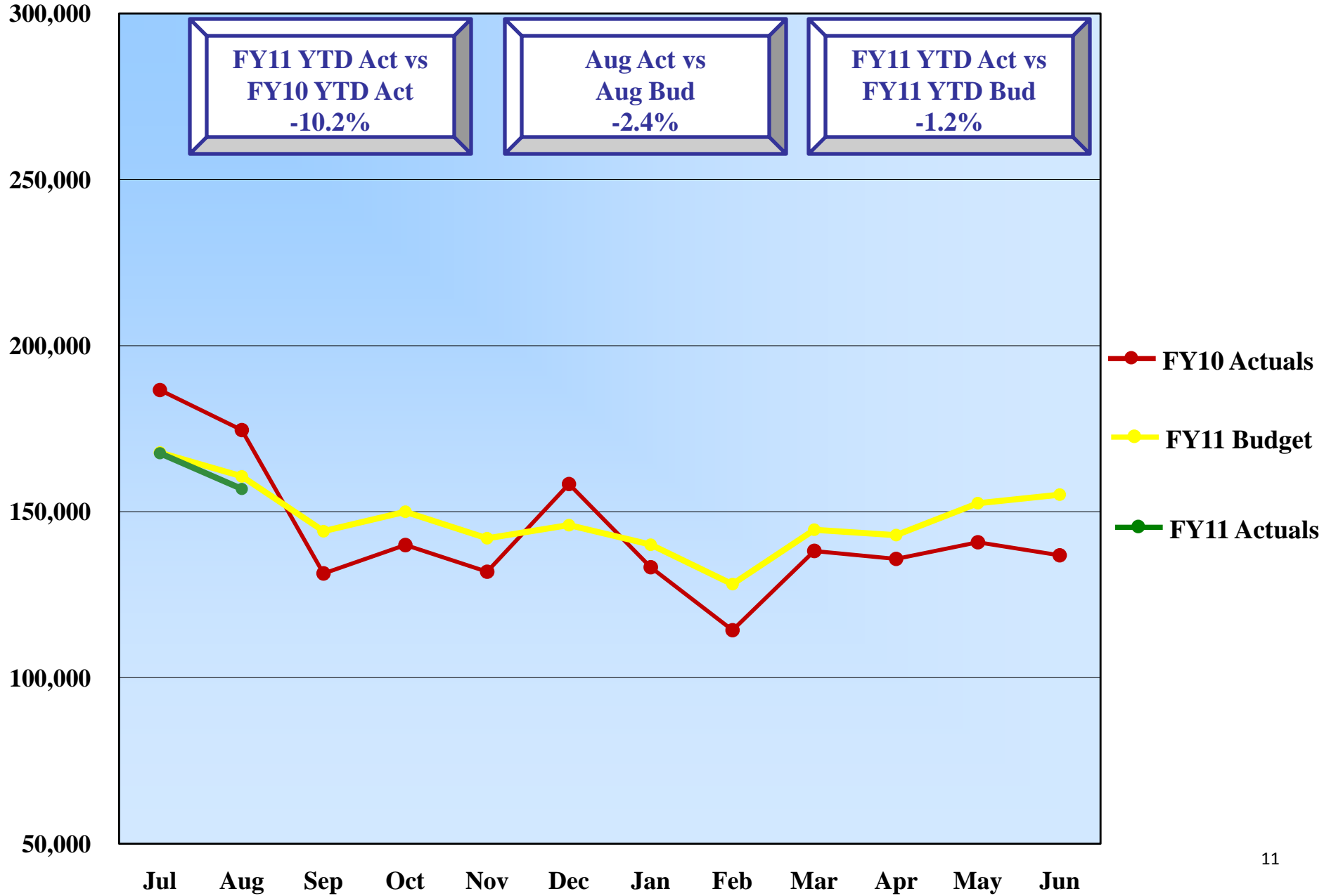
**FY11 YTD Act vs  
FY11 YTD Bud  
-4.8%**

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



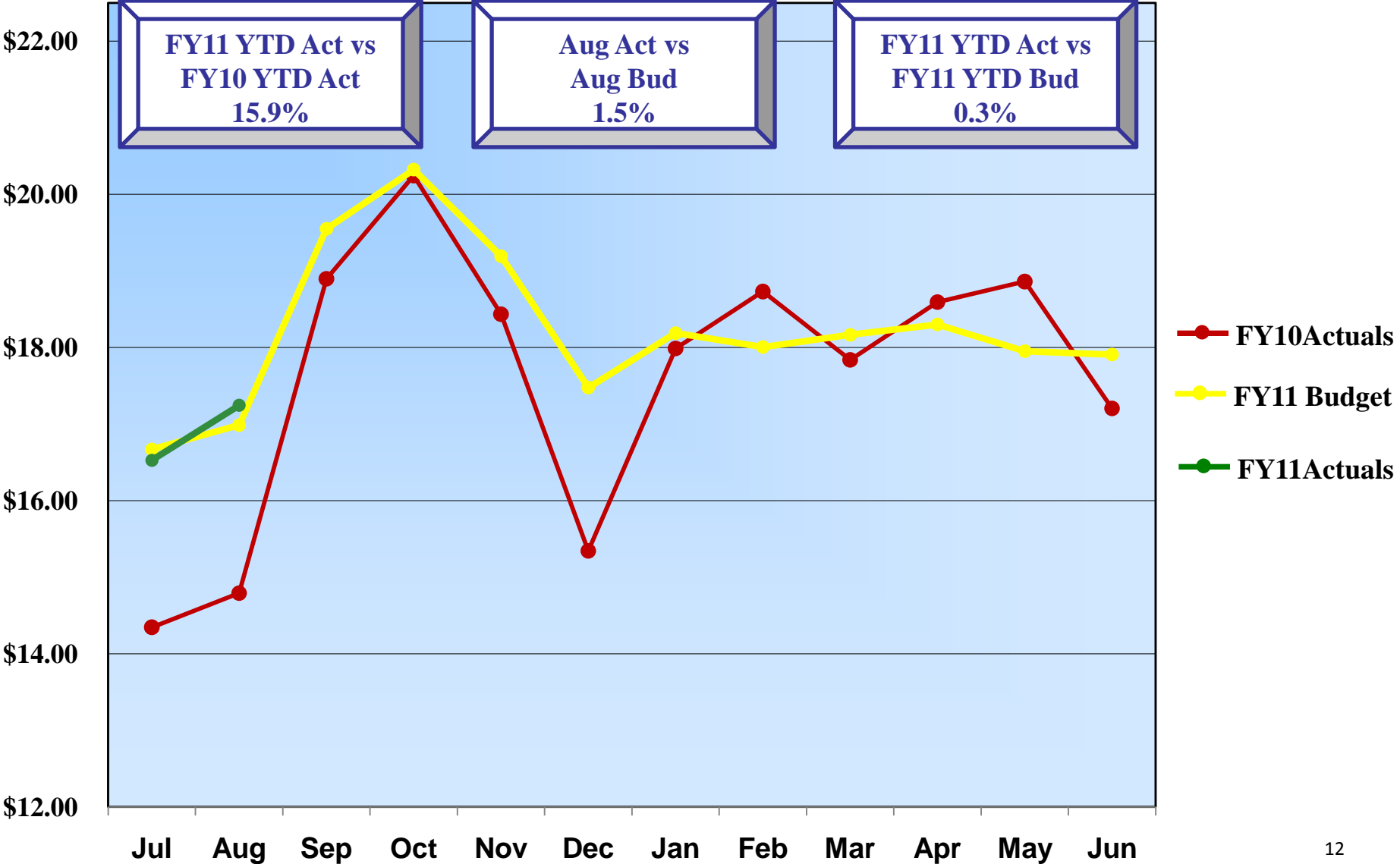
**Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun**

# Airport Parking Transactions

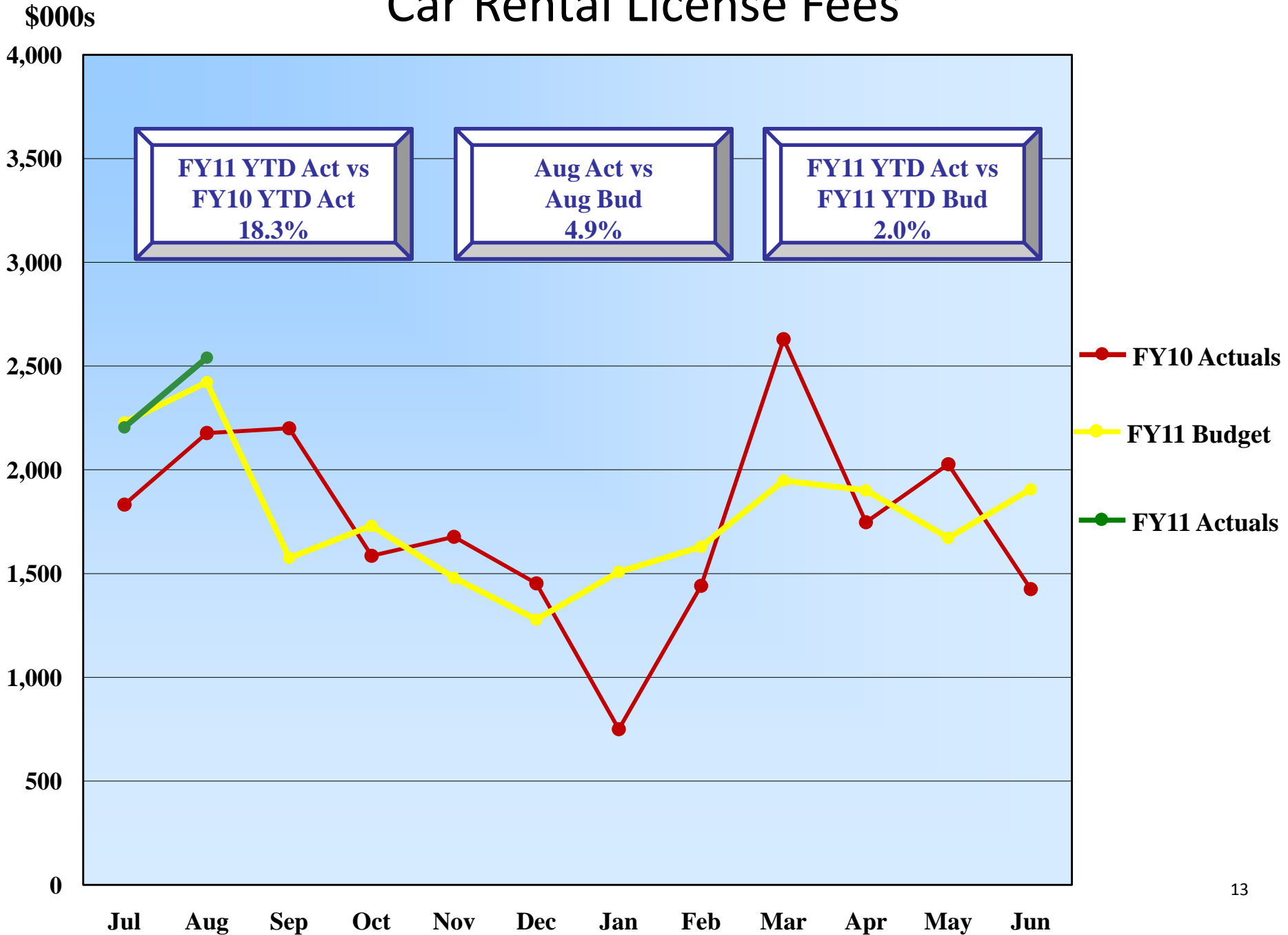


# Airport Parking

Revenue (\$) / Transaction



# Car Rental License Fees



**Unaudited  
Financial Statements  
For the Two Months Ended  
August 31, 2010**





# Revenues and Expenses (Unaudited)

## For the month ended August 31, 2010



# Operating Revenues

## For the Month Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Aviation revenue:</b>					
Landing fees	\$ 1,758	\$ 1,683	\$ (75)	(4)%	\$ 1,759
Aircraft parking fees	236	254	18	8%	297
Building rentals	2,312	2,356	44	2%	2,093
Security surcharge	1,232	1,243	11	1%	1,005
Other aviation revenue	133	133	(0)	-	133
<b>Total aviation revenue</b>	<b>\$ 5,671</b>	<b>\$ 5,669</b>	<b>\$ (2)</b>	<b>-</b>	<b>\$ 5,287</b>



# Operating Revenues

## For the Month Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 72	\$ 67	\$ (5)	(7)%	\$ 134
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	547	537	(10)	(2)%	539
Gifts and news	371	363	(8)	(2)%	328
Other	258	226	(32)	(12)%	190
<b>Total terminal concession revenue</b>	<b>1,176</b>	<b>1,126</b>	<b>(50)</b>	<b>(4)%</b>	<b>1,057</b>
<b>Car rental and license fee revenue:</b>					
Rental car and license fees	2,422	2,540	118	5%	2,177
License fees-other	291	240	(51)	(18)%	239
Total rental car and license fees	2,713	2,780	67	2%	2,416
<b>Total concession revenue</b>	<b>\$ 3,889</b>	<b>\$ 3,906</b>	<b>\$ 17</b>	<b>-</b>	<b>\$ 3,473</b>

# Operating Revenues

## For the Month Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Parking revenue:</b>					
On-airport parking revenue	\$ 1,561	\$ 1,697	\$ 136	9%	\$ 1,597
Off-airport parking revenue	1,168	1,008	(160)	(14)%	985
<b>Total parking revenue</b>	<b>2,729</b>	<b>2,705</b>	<b>(24)</b>	<b>(1)%</b>	<b>2,582</b>
Ground transportation permits and citations	36	176	140	389%	27
Ground rentals	511	493	(18)	(4)%	388
Grant reimbursement	90	30	(60)	(67)%	18
Other operating revenue	60	113	53	88%	47
Subtotal	3,426	3,517	91	3%	3,062
<b>Total operating revenues</b>	<b>\$ 13,058</b>	<b>\$ 13,159</b>	<b>\$ 101</b>	<b>1%</b>	<b>\$ 11,956</b>

# Operating Expenses

## For the Month Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
<b>Operating expenses:</b>					
Salaries and benefits	\$ 2,969	\$ 2,820	\$ 149	5%	\$ 2,556
Contractual services	2,406	2,041	365	15%	2,060
Safety and security	1,565	1,579	(14)	(1)%	1,593
Space rental	909	908	1	-	883
Utilities	681	627	54	8%	717
Maintenance	590	989	(399)	(68)%	622
Equipment and systems	29	12	17	59%	14
Materials and supplies	35	30	5	14%	37
Insurance	102	90	12	12%	96
Employee development and support	79	54	25	32%	70
Business development	82	142	(60)	(73)%	200
Equipment rental and repairs	135	127	8	6%	435
<b>Total operating expenses</b>	<b>\$ 9,582</b>	<b>\$ 9,419</b>	<b>\$ 163</b>	<b>2%</b>	<b>\$ 9,283</b>

# Financial Summary

## For the Month Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 13,058	\$13,159	\$ 101	1%	\$ 11,956
Total operating expenses	9,582	9,419	163	2%	9,283
<b>Income from operations</b>	<b>3,476</b>	<b>3,740</b>	<b>264</b>	<b>8%</b>	<b>2,673</b>
Depreciation	4,038	3,996	42	1%	3,261
<b>Operating income (loss)</b>	<b>\$ (562)</b>	<b>\$ (256)</b>	<b>\$ 306</b>	<b>54%</b>	<b>\$ (588)</b>





# Nonoperating Revenues and (Expenses) For the Month Ended August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 3,118	\$ 2,756	\$ (362)	(12)%	\$ 3,365
Customer facility charges (ConRAC Facility)	972	971	(1)	-	914
Quieter Home Program	(315)	288	603	191%	(1,445)
Interest income	499	424	(75)	(15)%	906
Interest expense	(244)	(218)	26	11%	(233)
Bond amortization cost	(12)	(6)	6	50%	(6)
Other nonoperating revenue (expenses)	(3)	79	82	-	(46)
<b>Nonoperating revenue, net</b>	<b>4,015</b>	<b>4,294</b>	<b>279</b>	<b>7%</b>	<b>3,455</b>
<b>Income before grant contributions</b>	<b>3,453</b>	<b>4,038</b>	<b>585</b>	<b>17%</b>	<b>2,867</b>
Capital grant contributions	3,610	2,061	(1,549)	(43)%	178
<b>Net income</b>	<b>\$ 7,063</b>	<b>\$ 6,099</b>	<b>\$ (964)</b>	<b>(14)%</b>	<b>\$ 3,045</b>



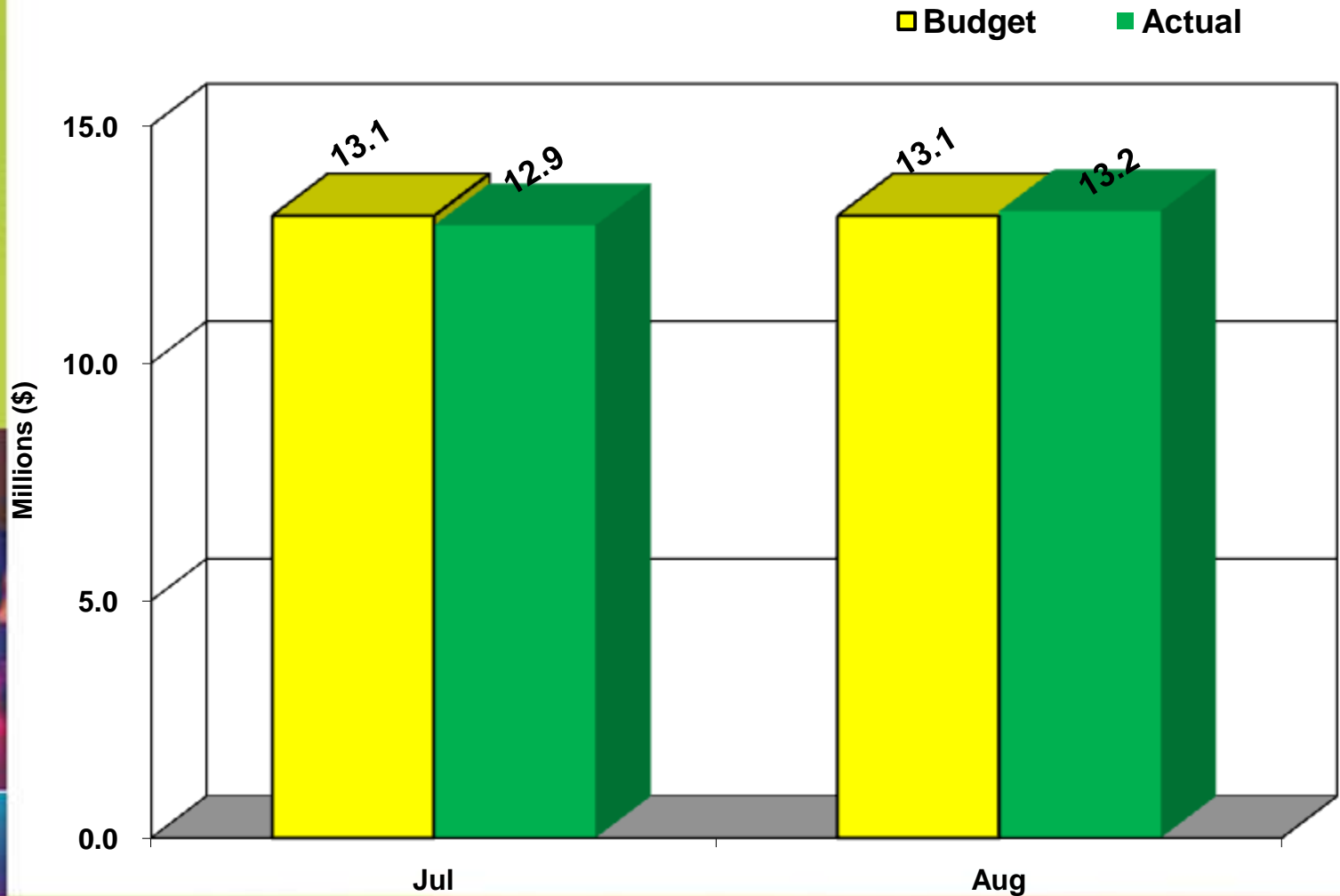
# Revenues and Expenses (Unaudited)

## For the two months ended August 31, 2010



# Monthly Operating Revenues, FY 2011

(Unaudited)



# Operating Revenues

## For the Two Months Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Aviation revenue:</b>					
Landing fees	\$ 3,581	\$ 3,407	\$ (174)	(5)%	\$ 3,576
Aircraft parking fees	471	514	43	9%	594
Building rentals	4,631	4,720	89	2%	4,305
Security surcharge	2,464	2,487	23	1%	2,010
Other aviation revenue	266	266	(0)	-	264
<b>Total aviation revenue</b>	<b>\$ 11,413</b>	<b>\$ 11,394</b>	<b>\$ (19)</b>	<b>-</b>	<b>\$ 10,749</b>

# Operating Revenues

## For the Two Months Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Terminal rent non-airline</b>	\$ 145	\$ 134	\$ (11)	(8)%	\$ 134
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	1,117	1,113	(4)	-	1,116
Gifts and news	746	743	(3)	-	683
Other	522	492	(30)	(6)%	421
<b>Total terminal concession revenue</b>	<b>2,385</b>	<b>2,348</b>	<b>(37)</b>	<b>(2)%</b>	<b>2,220</b>
<b>Car rental and license fee revenue:</b>					
Rental car license fees	4,651	4,745	94	2%	4,010
License fees-other	581	530	(51)	(9)%	499
Total rental car and license fees	5,232	5,275	43	1%	4,509
<b>Total concession revenue</b>	<b>\$ 7,617</b>	<b>\$ 7,623</b>	<b>\$ 6</b>	<b>-</b>	<b>\$ 6,729</b>

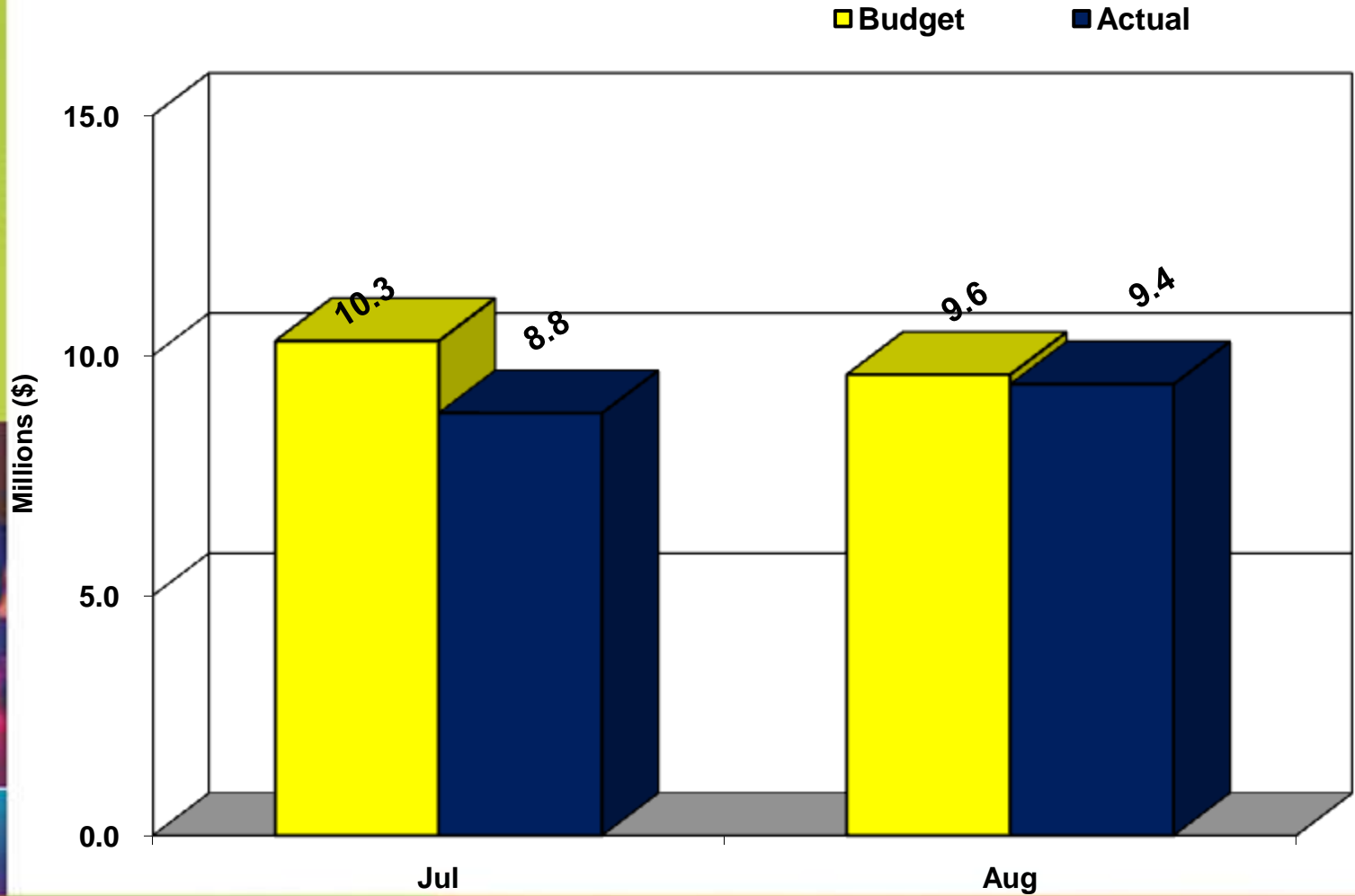
# Operating Revenues

## For the Two Months Ended August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Parking revenue:</b>					
On-airport parking revenue	\$ 3,163	\$ 3,380	\$ 217	7%	\$ 3,311
Off-airport parking revenue	2,363	2,094	(269)	(11)%	1,949
<b>Total parking revenue</b>	<b>5,526</b>	<b>5,474</b>	<b>(52)</b>	<b>(1)%</b>	<b>5,260</b>
Ground transportation permits and citations	134	179	45	34%	122
Ground rentals	1,031	972	(59)	(6)%	965
Grant reimbursement	182	56	(126)	(69)%	36
Other operating revenue	120	187	67	56%	74
Subtotal	6,993	6,868	(125)	(2)%	6,457
<b>Total operating revenues</b>	<b>\$ 26,168</b>	<b>\$ 26,019</b>	<b>\$ (149)</b>	<b>(1)%</b>	<b>\$ 24,069</b>

# Monthly Operating Expenses, FY 2011

(Unaudited)





# Operating Expenses

## For the Two Months Ended

### August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating expenses:</b>					
Salaries and benefits	\$ 6,126	\$ 5,766	\$ 360	6%	\$ 5,513
Contractual services	4,879	3,957	922	19%	4,368
Safety and security	3,138	3,133	5	-	3,275
Space rental	1,817	1,817	(0)	-	1,817
Utilities	1,346	1,151	195	14%	1,349
Maintenance	1,468	1,526	(58)	(4)%	1,145
Equipment and systems	62	33	29	47%	73
Materials and supplies	75	41	34	44%	82
Insurance	204	181	23	11%	192
Employee development and support	173	88	85	49%	114
Business development	286	216	70	24%	326
Equipment rental and repairs	296	232	64	22%	301
<b>Total operating expenses</b>	<b>\$ 19,870</b>	<b>\$ 18,141</b>	<b>\$ 1,729</b>	<b>9%</b>	<b>\$ 18,555</b>



# Financial Summary

## For the Two Months Ended August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 26,168	\$ 26,019	\$ (149)	(1)%	\$ 24,069
Total operating expenses	19,870	18,141	1,729	9%	18,555
<b>Income from operations</b>	<b>6,298</b>	<b>7,878</b>	<b>1,580</b>	<b>25%</b>	<b>5,514</b>
Depreciation	8,045	8,004	41	1%	6,587
<b>Operating income (loss)</b>	<b>\$ (1,747)</b>	<b>\$ (126)</b>	<b>\$ 1,621</b>	<b>93%</b>	<b>\$ (1,073)</b>

# Nonoperating Revenues and (Expenses) For the Two Months Ended August 31, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 6,340	\$ 5,972	\$ (368)	(6)%	\$ 6,146
Customer facility charges (ConRAC Facility)	1,863	1,936	73	4%	1,950
Quieter Home Program	(479)	(643)	(164)	(34)%	(128)
Interest income	997	860	(137)	(14)%	1,724
Interest expense	(487)	(464)	23	5%	(466)
Bond amortization cost	(24)	(12)	12	50%	(12)
Other nonoperating revenue (expenses)	(7)	66	73	-	(428)
<b>Nonoperating revenue, net</b>	<b>8,203</b>	<b>7,715</b>	<b>(488)</b>	<b>(6)%</b>	<b>8,786</b>
<b>Income before grant contributions</b>	<b>6,456</b>	<b>7,589</b>	<b>1,133</b>	<b>18%</b>	<b>7,713</b>
Capital grant contributions	7,220	4,268	(2,952)	(41)%	351
<b>Net income</b>	<b>\$ 13,676</b>	<b>\$ 11,857</b>	<b>\$ (1,819)</b>	<b>(13)%</b>	<b>\$ 8,064</b>



## Balance Sheets (Unaudited)

### ASSETS

(In thousands)

**August**

	<b>2010</b>	<b>2009</b>
<b>Current assets:</b>		
Cash and investments	\$ 80,578	\$ 40,872
Tenant lease receivable, net of allowance of 2010: \$59,341 and 2009: \$305,064	6,157	6,495
Grants receivable	4,393	1,102
Notes receivable-current portion	1,613	1,724
Prepaid expenses and other current assets	12,068	10,802
<b>Total current assets</b>	<b>104,809</b>	<b>60,995</b>
<b>Cash designated for capital projects and other</b>	<b>\$ 26,023</b>	<b>\$ 8,159</b>



## Balance Sheets (Unaudited)

### ASSETS

(In thousands)

**August**

	<b>2010</b>	<b>2009</b>
<b>Restricted assets:</b>		
Cash and investments:		
Bonds reserve	\$ 45,708	\$ 47,303
Passenger facility charges and interest unapplied	60,227	105,686
Customer facility charges and interest applied*	12,074	2,505
Commercial paper reserve	210	141
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	5,442	5,443
Commercial paper interest held by trustee	117	16
Passenger facility charges receivable	3,850	5,096
Customer facility charges receivable*	976	1,159
OCIP insurance reserve	6,400	1,066
<b>Total restricted assets</b>	<b>\$ 139,004</b>	<b>\$ 172,414</b>

\*ConRAC Facility

## Balance Sheets (Unaudited)

### ASSETS

	(In thousands)	
	<b>August</b>	
	<b>2010</b>	<b>2009</b>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Land and land improvements	\$ 23,454	\$ 23,582
Runways, roads and parking lots	227,870	229,204
Buildings and structures	461,116	415,285
Machinery and equipment	10,065	7,771
Vehicles	5,295	5,620
Office furniture and equipment	29,991	24,102
Works of art	2,257	2,122
Construction-in-progress	204,346	119,317
<b>Total capital assets</b>	<b>964,394</b>	<b>827,003</b>
Less: accumulated depreciation	(467,143)	(430,611)
<b>Total capital assets, net</b>	<b>\$ 497,251</b>	<b>\$ 396,392</b>

# Balance Sheets (Unaudited)

## ASSETS

	(In thousands)	
	<b>August</b>	
	<b>2010</b>	<b>2009</b>
<b>Other assets:</b>		
Notes receivable - long-term portion	\$ 44,356	\$ 45,982
Investments - long-term portion	7,882	9,536
Deferred costs - bonds (net)	776	845
Net pension asset	8,224	3,968
<b>Total other assets</b>	<b>61,238</b>	<b>60,331</b>
<b>Total noncurrent assets</b>	<b>558,489</b>	<b>456,723</b>
<b>TOTAL ASSETS</b>	<b>\$ 828,325</b>	<b>\$ 698,291</b>





## Balance Sheets (Unaudited)

### LIABILITIES AND NET ASSETS

	(In thousands)	
	<b>August</b>	
	<b>2010</b>	<b>2009</b>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 44,635	\$ 42,579
Deposits and other current liabilities	3,450	2,948
<b>Total current liabilities</b>	<b>48,085</b>	<b>45,527</b>
<b>Current liabilities - payable from restricted assets:</b>		
Current portion of long-term debt	3,265	3,105
Accrued interest on bonds and commercial paper	558	515
<b>Total liabilities payable from restricted assets</b>	<b>\$ 3,823</b>	<b>\$ 3,620</b>





## Balance Sheets (Unaudited)

### LIABILITIES AND NET ASSETS

	(In thousands)	
	<b>August</b>	
	<b>2010</b>	<b>2009</b>
<b>Long-term liabilities - other:</b>		
Commercial paper notes payable	\$ 164,430	\$ 84,430
Deferred rent liability	585	1,209
Other long-term liabilities	1,195	1,084
Long-term debt - bonds net of amortized premium	37,915	41,175
<b>Total long-term liabilities</b>	<b>204,125</b>	<b>127,898</b>
<b>Total liabilities</b>	<b>\$ 256,033</b>	<b>\$ 177,045</b>



## Balance Sheets (Unaudited)

### LIABILITIES AND NET ASSETS

	(In thousands)	
	<b>August</b>	
	<b>2010</b>	<b>2009</b>
<b>Authority net assets:</b>		
Invested in capital assets, net of related debt	\$ 292,185	\$ 273,837
Other restricted	142,269	175,519
Unrestricted:		
Designated	38,247	16,127
Undesignated	99,591	55,763
<b>Total net assets</b>	<b>572,292</b>	<b>521,246</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 828,325</b>	<b>\$ 698,291</b>

# Questions

