SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Annual Report
for the Fiscal Year Ended June 30, 2017

Relating to:

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

$313,150,000 Subordinate Airport Revenue Bonds, Series 2010A (Non-AMT)

$44,055,000 Subordinate Airport Revenue Bonds, Series 2010B (Non-AMT)

$215,360,000 Subordinate Airport Revenue Bonds, Series 2010C (Federally Taxable – Build America Bonds – Direct Payment To Issuer)

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

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

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

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

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

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

Dated as of:

December 22, 2017

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

- $313,150,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2010A (the "Series 2010A Bonds");
- $44,055,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2010B (the "Series 2010B Bonds");
- $215,360,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2010C (the "Series 2010C Bonds" and, collectively with the Series 2010A Bonds and Series 2010B Bonds, the "Series 2010 Bonds");
- $107,285,000 aggregate principal amount of Senior Airport Revenue Bonds, Series 2013A (the "Series 2013A Bonds");
- $272,300,000 aggregate principal amount of Senior Airport Revenue Bonds, Series 2013B (the "Series 2013B Bonds" and, collectively with the Series 2013A Bonds, the "Series 2013 Bonds");
- $29,390,000 Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014A (the "Series 2014A Bonds");

- $275,895,000 Senior Special Facilities Revenue Bonds (Consolidated Rental Car Facility Project), Series 2014B (the Series 2014B Bonds" and collectively with the Series 2014A Bonds, the "Series 2014 Bonds");
- $146,040,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2017A (the "Series 2017A Bonds"); and
- $145,170,000 aggregate principal amount of Subordinate Airport Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and collectively with the Series 2017A Bonds, the "Series 2017 Bonds", and together with the Series 2010 Bonds, the Series 2013 Bonds and the Series 2014 Bonds, the "Bonds").

This Report is provided pursuant to covenants made by the Authority in connection with the issuance of the (i) Series 2010 Bonds pursuant to that certain Continuing Disclosure Certificate of the Authority dated October 5, 2010 (the "2010 Continuing Disclosure Certificate"), (ii) the Series 2013 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated January 30, 2013 (the "Series 2013 Continuing Disclosure Certificate"), (iii) the Series 2014 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated February 19, 2014 (the "Series 2014 Continuing Disclosure Certificate"), and (iv) the Series 2017 Bonds pursuant to that Continuing Disclosure Certificate of the Authority dated August 3, 2017 (the "Series 2017 Continuing Disclosure Certificate" and together with the Series 2010 Continuing Disclosure Certificate, the Series 2013 Continuing Disclosure Certificate and the Series 2014 Continuing Disclosure Certificate, the "Continuing Disclosure Certificates").

Official Statements and Prior Reports

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

This Report contains financial and operating information updating certain information contained in the Official Statements issued in conjunction with the Bonds (the "Official Statements"). Reference is made to the Authority's Financial Report and Independent Auditor's Report for the Fiscal Year ended June 30, 2017 (the "Audited Financial Statements"), a copy of which is filed with and hereby made part of this Report. Due to its date of publication, certain information contained in this Report, including information concerning prior years, has been updated and is more current than some of the information contained in the Audited Financial Statements, previous audited financial statements and Prior Reports of the Authority, including, but not limited to, the unaudited information therein.

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

The Series 2010 Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenues received by the Authority from the operation of the Airport System less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System, the aggregate annual debt service on the Senior Bonds and the reserve and replenishment requirements on and relating to the Senior Bonds, and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture.

The Series 2013 Bonds are special obligations of the Authority, payable solely from and secured by (a) a pledge of Net Revenues, which include certain income and revenue received by the Authority from the operation of the Airport System less all amounts that are required to pay Operation and Maintenance Expenses of the Airport System; and (b) certain funds and accounts held by the Senior Trustee under the Senior Indenture.

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

The Series 2017 Bonds are special obligations of the Authority, payable solely from and secured by a pledge of (a) Subordinate Net Revenues, which include certain income and revenues received by the Authority from the operation of the Airport System less all amounts which are required to be used to pay the Operation and Maintenance Expenses of the Airport System, the aggregate annual debt service on the Senior Bonds and the reserve and replenishment requirements on and relating to the Senior Bonds, and (b) certain funds and accounts held by the Subordinate Trustee under the Subordinate Indenture.

Neither the project financed by the Series 2017 Bonds (as described under "Recent Developments – The Series 2017 Bonds" herein) nor any other properties of the Airport System are subject to any mortgage or other lien for the benefit of the owners of the Bonds and neither the full faith and credit nor the taxing power of the Authority (if any), the City of San Diego (the "City"), the County of San Diego, the State of California (the "State") or any political subdivision or agency of the State is pledged to the payment of the principal of or interest on the Bonds.

By providing the information in this Report, the Authority does not imply or represent (a) that all information provided in this Report is material to investors' decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational or other information not included in this Report or in the Official Statement, (c) that no changes, circumstances or events have occurred since the end of the Fiscal Year ended June 30, 2017 (other than as contained in this Report), or (d) that no other information exists which may have a bearing on the Authority's financial condition, the security for the Bonds or an investor's decision to buy, sell or hold the Bonds.

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

Recent Developments

Executive Management

Kimberly J. Becker was appointed President and CEO of the Authority on May 1, 2017. Ms. Becker is responsible for management oversight of the Authority and SDIA. Prior to joining the Authority, Ms. Becker served as Director of Aviation for the Norman Y. Mineta San José International Airport ("San José Airport"), a position she assumed in September 2013. Prior to being appointed the Director of Aviation for San José Airport, she was appointed the Chief Operating Officer for the San José Airport in 2011, and the Assistant Director of Aviation at San José Airport in 2008. Ms. Becker succeeded Thella F. Bowens who retired in March 2017.

Dennis Probst was appointed as Vice President of Development for the Authority on December 4, 2017 and will oversee the Planning and Environmental Affairs, Airport Design and Construction, and Facilities Development departments at the Authority. Mr. Probst previously served as Chief Operating Officer of the Metropolitan Airports Commission in Minnesota. Mr. Probst succeeded Jeffrey Woodson, who retired after serving as a vice president at the Authority for 15 years.

The current Chief Auditor, Mark Burchyett, has announced that he will retire in April of 2018 and the Authority has initiated a search for his successor.

The Series 2017 Bonds

On July 18, 2017, the Authority issued the Series 2017 Bonds to finance, among other things, a portion of the costs of certain projects included in the Authority's current 5-year capital program (the "Capital Program") including, among others things, the Terminal 2 West Parking Plaza (a three-story parking garage being built in front of Terminal 2 that will provide approximately 2,900 parking spaces (an increase of 1,700 new parking spaces over the number that were available at SDIA prior to the start of construction of the parking plaza), and the new FIS facility in Terminal 2 West, as more particularly described in the Official Statement for the Series 2017 Bonds (the "Subordinate Series 2017 Projects").

Subordinate Revolving Obligations

Pursuant to the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement, the Authority is authorized to issue and have outstanding, from time to time, up to $125,000,000 in aggregate principal amount of Subordinate Revolving Obligations. As of July 2, 2017, the Authority had $58,998,000 aggregate principal amount of Subordinate Revolving Obligations outstanding (the "Revolving Credit Notes"). On September 1, 2017, the Authority repaid $32,550,000 of the Subordinate Revolving Obligations with a portion of the proceeds of the Subordinate Series 2017A Bonds and certain other available moneys of the Authority. All Subordinate Revolving Obligations issued by the Authority are purchased by the Subordinate Revolving Obligations Bank (U.S. Bank National Association) in accordance with the terms of the Subordinate Credit Agreement. Except as otherwise provided in the Subordinate Credit Agreement, the principal of all Subordinate Revolving Obligations outstanding pursuant the Master Subordinate Indenture, the Third Supplemental Subordinate Indenture and the Subordinate Credit Agreement are due and payable on June 29. 2020. However, subject to the terms of the Subordinate Credit Agreement, on June 29, 2020, the Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in twelve equal quarterly installments beginning 90 days following June 29, 2020, with the final payment being due on June 29, 2023.

Subordinate Drawdown Bonds

Pursuant to the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture, the Bondholder's Agreement, dated as of April 1, 2017 (the "Subordinate Drawdown Bondholder's Agreement"), by and between the Authority and RBC Municipal Products, LLC (the "Subordinate Drawdown Bond Purchaser"), and the Bond Purchase Agreement, dated April 19, 2017 (the "Subordinate Drawdown Bond Purchase Agreement"), between RBC Capital Markets, LLC, as the subordinate drawdown bond underwriter, and the Authority, the Authority is authorized to issue and have outstanding, from time to time, up to $100,000,000 in aggregate principal amount of its San Diego County Regional Airport Authority Subordinate Airport Revenue Drawdown Bonds (collectively, the "Subordinate Drawdown Bonds"). As of the date of this Report, the Authority had no Subordinate Drawdown Bonds outstanding. 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. Except as otherwise provided in the Subordinate Drawdown Bondholder's Agreement, the principal of all Subordinate Drawdown Bonds outstanding pursuant the Master Subordinate Indenture, the Fourth Supplemental Subordinate Indenture and the Subordinate Drawdown Bondholder's Agreement are due and payable on April 17, 2020. However, subject to the terms of the Subordinate Drawdown Bondholder's Agreement, on April 17, 2020, the Authority can convert any outstanding Subordinate Revolving Obligations to a term loan that will be payable in eleven equal quarterly installments beginning 180 days following April 17, 2020, with the final payment being due on April 17, 2023.

Pension and Retirement Plans

<u>Authority Pension Plan</u>

All full-time employees of the Authority are eligible to participate in the Authority's defined-benefit pension plan, the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2013 (the "Authority Pension Plan"), which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Authority Pension Plan is administered by the San Diego City Employees' Retirement System ("SDCERS"), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for the City, the Port District and the Authority, and is administered by the Retirement Board of Administration (the "Retirement Board"). Each of the Authority, the City and the Port District has a separate plan and each employer's contributions are held in trust although all contributions to SDCERS are pooled for investment purposes, managed and invested by the Retirement Board.

In fiscal year 2016, SDCERS undertook a review of the pension members' demographic experience. Based on new mortality tables released by the Society of Actuaries and actual population experience, the assumptions used to calculate the Authority's pension liability and required annual funding were revised. These changes resulted in an increase in the unfunded actuarial liability of approximately $18.1 million. Consistent with Board Resolution No. 2010-0049, SDCRAA maintains a 95% or greater funded ratio with a minimum threshold funding level of 90%

triggering a required strategy to achieve and/or maintain the 95% funded level. The Authority continues to operate consistent with Board policy and it is anticipated, once the actuarial report is issued, the total impact in the next fiscal year will be an increase of approximately $1.7 million in annual funding requirements.

In September 2017, the Authority amended the Authority Pension Plan as follows: (i) Plan Amendment No. 4 clarified that a full-time employee who does not receive service credits or benefits under another SDCERS-administered plan and is not contributing to another SDCERS administered pension plan must participate in the Authority Plan; and (ii) Plan Amendment No. 5 corrected a conflict in plan administration that occurred as a result of the enactment of the Public Employees' Pension Reform Act. Neither amendment has a material effect on the Authority Pension Plan benefits or funding status.

In addition, the SDCERS Board of Directors in September took action to lower the discount rate for the Authority Pension Plan to 6.75% for the June 30, 2017 actuarial valuation and 6.5% for the June 30, 2018 actuarial valuation. This action combined with other recent changes in applicable assumptions have increased the Authority's pension liability and triggered additional funding requirements under Authority policy in the current fiscal year.

See Note 6 of the Audited Financial Statements for more information on the Authority Pension Plan and other actuarial assumptions. Complete copies of the SDCERS Comprehensive Annual Financial Reports and the Actuarial Valuation Reports for the Authority Pension Plan ("Actuarial Reports") prepared by Cheiron, Inc. can be obtained from SDCERS by writing to the San Diego City Employees' Retirement System, Suite 400, 401 West A Street, San Diego, California 92101 and from the SDCERS website at www.sdcers.org. No information contained on such website is incorporated into this Report.

The Authority has always made its full required contributions to the Authority Pension Plan. The Authority cannot predict the levels of funding that will be required in the future.

Postemployment Health Benefits

In addition to the pension benefits provided under the Authority Pension Plan, the Authority provides medical, dental and $10,000 life insurance postretirement benefits ("Postemployment Health Benefits") for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The Authority has budgeted $2,000,000 for Postemployment Health Benefits for Fiscal Year 2018, as compared with $2,013,000 for Fiscal Year 2017. See Audited Financial Statements, Note 8, for more information on the Authority's Postemployment Health Benefits.

Investigative Order – Downtown Anchorage Area in the San Diego Bay

On or about November 2, 2011, the Authority received information that the California Regional Water Quality Board ("RWQCB") intended to issue for comment a draft investigative order ("IO") based on technical reports pertaining to two studies of bay sediments at the Downtown Anchorage Area in San Diego Bay. The IO describes the Downtown Anchorage Area as a portion of the bay located south of Harbor Drive, immediately south of Solar Turbines, and east of the U.S. Coast Guard Station. The IO alleges an unauthorized discharge of wastes has occurred as evidenced by the presence of PCBs, TPH, VOCs, PAHs, metals and pesticides in the bay sediments in the Downtown Anchorage Area. The IO names as parties responsible for the alleged unauthorized discharge the Authority, Teledyne Ryan Industries, Inc., General Dynamics and Solar Turbines. The Authority, along with the other named parties, provided comments to the RWQCB, inter alia, raising the following concerns about the IO: (1) the geographic extent of the Downtown Anchorage Area is not adequately defined; (2) the IO contains no sediment data demonstrating impacts to the bay were caused by the Authority; (3) the RWQCB must name all responsible parties, including the San Diego Unified Port District ("Port") and the City; and (4) the studies relied upon by the RWQCB predate the formation of the Authority. On June 18, 2014, the RWQCB issued a Final Order directing the Authority, General Dynamics ("GD"), and the Port to submit technical reports pertaining to an investigation of sediment chemistry in the Laurel Hawthorn Central Embayment in San Diego Bay, redefining the area subject to the investigation and study. Although the Authority believes it is not legally responsible for any harmful discharges at the identified location, it agreed with the other parties to participate in and share in the funding of the investigation and study. The Final Sediment Chemistry Report was provided to the RWQCB as required by Investigative Order No. R9-2014-0007 and that investigation was completed.

In August 2017, the RWQCB sent the Parties a new administrative draft investigative order that gives the Authority, the Port, and GD an opportunity to provide comments to the RWQCB prior to the formal issuance of the investigative order. If issued in its current state, the draft investigative order requires the Authority, the Port, and GD to further investigate the Laurel Hawthorne Central Embayment and provide an investigative report of its findings to the RWQCB. As of the date of this Report, the Authority cannot predict whether or to what extent it may be liable for the costs of any necessary remediation.

Municipal Separate Stormwater Sewer System

On May 8, 2013, the San Diego Regional Water Quality Control Board ("SDRWQCB") adopted a new Municipal Separate Stormwater Sewer System ("MS4") Permit naming the Authority as a co-permittee and requiring, among other things, strict numeric limitations on pollutants being discharging into the San Diego Bay and other receiving waters. Although the Authority has not been formally determined to be out of compliance with the MS4 Permit, it is at least conceivable that it (and all other co-permittees subject to the MS4 Permit) may not be in technical compliance with these numeric limitations at all times. The Authority and other co-permittees appealed the MS4 Permit issued by the SDRWQCB to the State Water Resources Board. In November 2015, the SDRWQCB issued an amendment to the MS4 Permit which provides an alternative pathway to achieving compliance with the MS4 Permit's strict receiving water limitations through implementation of a Water Quality Improvement Plan ("WQIP"). In accordance with the requirements of the amended MS4 Permit, the Authority filed a WQIP with the SDRWQCB which was approved by the SDRWQCB in February 2016. Currently, the Authority has not received any notices of non-compliance.

Pending Claims or Litigation

From time to time, the Authority is a party to litigation and is subject to claims arising out of its normal course of business and operations. Summaries of notable litigation and claims relating to the Authority are provided in the Audited Financial Statements, and herein. While the Authority cannot predict the new exposure to the Authority with respect to these matters, or the possibility or remoteness of any outcome in these matters, except as provided herein, the Authority does not reasonably expect that these matters or any other pending litigation relating to the Authority, the Airport or the Authority's operations or business will have a material impact on the Authority's revenues or the operation of the Airport.

Dryden Oaks, LLC v. San Diego County Regional Airport Authority, San Diego Superior Court Case No. 37-2014-00004077-CU-EI-NC.

This complaint for inverse condemnation and unreasonable pre-condemnation delay and conduct damages was filed February 24, 2014, alleging the Authority Board, while acting as the County Airport Land Use Commission, inversely condemned an avigation easement in Plaintiff's properties thereby diminishing their value. The complaint alleges the Plaintiffs are foreclosed by the Authority from developing their property. The Authority demurred to the complaint and the court sustained the demurrer. On September 18, 2015, the court granted the Authority's motion for summary judgment and dismissed the Plaintiffs' case in its entirety. Plaintiffs filed an appeal and the appellate court ruled in favor of the Authority. The Plaintiff has filed a petition for review with the California Supreme Court. The Authority cannot predict the outcome of this matter.

Updated Tables

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

As of June 30, 2017, the Authority had outstanding the following principal amounts of the Series 2010 Bonds, Series 2013 Bonds, Series 2014 Bonds, and Revolving Credit Notes.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUTSTANDING PRINCIPAL AMOUNTS
OF THE SERIES 2010 BONDS, THE SERIES 2013 BONDS, THE SERIES 2014 BONDS, AND THE REVOLVING CREDIT NOTES AS OF JUNE 30, 2017*
(000's)

	Outstanding Principal Amount[1]
Outstanding Senior Bonds	
Series 2013 Bonds	$ 375,465
Series 2014 Bonds	305,285
Subtotal	$ 680,750
Outstanding Subordinate Obligations	
Series 2010 Bonds	$ 546,420
Revolving Credit Notes	58,998
Subtotal	$ 605,418
Total	$ 1,286,168

* Required to be provided pursuant to the Series 2013 Continuing Disclosure Certificate. Not shown as a table in Official Statements for the Bonds. See "Recent Developments – Subordinate Revolving Obligations" above regarding the outstanding commercial paper notes.

(1) The Authority issued the Series 2017 Bonds on July 18, 2017. See "Recent Developments – The Series 2017 Bonds" above regarding the outstanding Series 2017 Bonds.

Source: San Diego County Regional Airport Authority

As of June 30, 2017, the Authority estimated future rental commitments under the Authority's lease agreements to be as follows.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FUTURE RENTAL COMMITMENTS
AS OF JUNE 30, 2017*

Fiscal Year Ending June 30	Rental Payment Amounts
2018	$ 10,176,660
2019	10,176,660
2020	10,176,660
2021	10,176,660
2022	10,176,660
2023-2027	50,883,300
2028-2032	50,883,300
2033-2037	50,883,300
2038-2042	50,883,300
2043-2047	50,883,300
2048-2052	50,883,300
2053-2057	50,883,300
2058-2062	50,883,300
2063-2067	50,883,300
2068-2069	15,264,990
Total	$ 524,097,990

* Shown as Table 3 "Future Rental Commitments" in the Official Statement for the Series 2010 Bonds. Shown as Table 4 "Future Rental Commitments" in the Official Statement for the Series 2013 Bonds. Shown as Table 4 "Future Rental Commitments" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.
Source: San Diego County Regional Airport Authority

The following table sets forth the air carriers serving the Authority as of November 2017.

SAN DIEGO INTERNATIONAL AIRPORT
AIR CARRIERS SERVING
SAN DIEGO INTERNATIONAL AIRPORT*
AS OF NOVEMBER 2017

Scheduled U.S. Carriers	Foreign Flag Carriers	All-Cargo Carriers
Alaska Airlines[1,2]	Air Canada Rouge[6]	Ameriflight
Allegiant	British Airways	Atlas Air, Inc.
American Airlines	Edelweiss	Federal Express
Compass Air[3]	Japan Airlines	United Parcel Service
Delta Air Lines	Jazz Aviation[6]	West Air, Inc.
Frontier Airlines	WestJet Airlines	
Hawaiian Airlines		
Horizon Air[1,4]		
JetBlue Airways		
SkyWest Airlines[5]		
Southwest Airlines		
Spirit		
Sun Country Airlines		
United Airlines		
Virgin America[2]		

* Shown as Table 4 "Air Carriers Serving San Diego International Airport" in the Official Statement for the Series 2010 Bonds. Shown as Table 5 "Air Carriers Serving San Diego International Airport" in the Official Statement for the Series 2013 Bonds. Shown as Table 5 "Air Carriers Serving San Diego International Airport" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) Alaska Airlines and Horizon Air Industries are separately certificated airlines owned by Alaska Air Group, Inc. ("Alaska Air Group").

(2) In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.

(3) An affiliate of and doing business as American Airlines and Delta Air Lines.

(4) An affiliate of and doing business as Alaska Airlines.

(5) An affiliate of and doing business as United Express, Delta Connection, US Airways Express, Alaska Airlines and American Airlines.

(6) Air Canada has entered into an Airline Lease Agreement, but service at the Airport is provided by Air Canada Rouge and Jazz Aviation.

Source: San Diego County Regional Airport Authority

The following table sets forth the total domestic and international enplanements at the Airport for the last five Fiscal Years and the total enplanements and deplanements at the Airport for Fiscal Year 2017.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL ENPLANEMENTS AND DEPLANEMENTS*
FISCAL YEARS 2013-2017

	Domestic		International		Total Enplanements		Total Deplanements		Total Enplanements and Deplanements	
Fiscal Year	Enplanements	Percent of Total	Enplanements	Percent of Total	Enplanements	Percent Change	Deplanements	Percent Change	Total Enplanements and Deplanements	Percent Change
2013	8,460,959	96.8%	276,658	3.17%	8,737,617	1.9%	8,703,351	1.6%	17,440,968	1.8%
2014	8,745,640	96.3%	336,604	3.71%	9,082,244	3.9%	9,062,886	4.1%	18,145,130	4.0%
2015	9,381,259	96.6%	331,807	3.42%	9,713,066	6.9%	9,696,617	7.0%	19,409,683	7.0%
2016	9,848,924	96.5%	357,298	3.50%	10,206,222	5.1%	10,190,948	5.1%	20,397,170	5.1%
2017	10,194,718	96.2%	401,765	3.79%	10,596,483	3.8%	10,543,584	3.5%	21,140,067	3.6%

* Shown as Table 5 "Total Enplanements" in the Official Statement for the Series 2010 Bonds. Shown as Table 6 "Total Enplanements" in the Official Statement for the Series 2013 Bonds. Shown as Table 5 "Total Enplanements and Deplanements" in the Official Statement for the Series 2014 Bonds. Shown as Table 6 "Total Enplanements and Deplanements" in the Official Statement for the Series 2017 Bonds. The Authority was not required to provide Total Deplanements and Total Enplanements and Deplanements data prior to the date of the 2014 Continuing Disclosure Certificate.

Source: San Diego County Regional Airport Authority

The following table sets forth total revenue operations (landings and takeoffs) and total enplaned and deplaned passengers at the Airport for Fiscal Years 2013 through 2017.

SAN DIEGO INTERNATIONAL AIRPORT
AIR TRAFFIC DATA*
FISCAL YEARS 2013-2017

Fiscal Year	Total Operations(1)	Operations Growth	Total Passengers(2)	Passenger Growth
2013	187,322	0.6%	17,440,968	1.8%
2014	187,757	0.2%	18,145,130	4.0%
2015	195,268	4.0%	19,409,683	7.0%
2016	194,151	-0.6%	20,397,170	5.1%
2017	201,038	3.5%	21,140,067	3.6%

* Shown as Table 6 "Air Traffic Data" in the Official Statement for the Series 2010 Bonds. Shown as Table 7 "Air Traffic Data" in the Official Statement for the Series 2013 Bonds. Shown as Table 7 "Revenue Operations" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) For revenue related departures and arrivals.

(2) Enplaned and deplaned passengers.

Source: San Diego County Regional Airport Authority

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

SAN DIEGO INTERNATIONAL AIRPORT
HISTORICAL ENPLANED AND DEPLANED
FREIGHT AND U.S. MAIL CARGO
(IN TONS)
FISCAL YEARS 2013-2017*

Fiscal Year	Freight	Annual Percentage Change	U.S. Mail	Annual Percentage Change	Total	Annual Percentage Change
2013	138,760	2.0%	18,265	5.4%	157,025	2.4%
2014	145,831	5.1%	19,135	4.8%	164,966	5.1%
2015	157,229	7.8%	21,386	11.8%	178,614	8.3%
2016	165,046	5.0%	20,609	-3.6%	185,656	3.9%
2017	166,446	0.8%	22,161	7.5%	188,606	1.6%

* Shown as Table 7 "Historical Enplaned and Deplaned Freight and U.S. Mail Cargo" in the Official Statement for the Series 2010 Bonds. Shown as Table 8 "Historical Enplaned and Deplaned Freight and U.S. Mail Cargo" in the Official Statement for the Series 2013 Bonds. Shown as Table 8 "Historical Enplaned and Deplaned Freight and U.S. Mail Cargo" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

Source: San Diego County Regional Airport Authority.

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

SAN DIEGO INTERNATIONAL AIRPORT
ENPLANEMENTS BY AIR CARRIERS
(RANKED ON FISCAL YEAR 2017 RESULTS)*(†)

Air Carrier	Fiscal Year 2013 Enplanements	2013 Percent	Fiscal Year 2014 Enplanements	2014 Percent	Fiscal Year 2015 Enplanements	2015 Percent	Fiscal Year 2016 Enplanements	2016 Percent	Fiscal Year 2017 Enplanements	2017 Percent
Southwest Airlines	3,253,225	37.2%	3,352,870	36.9%	3,736,688	41.1%	3,840,455	37.6%	3,967,487	38.9%
American Airlines[(1)]	1,211,564	13.9%	1,248,239	13.7%	1,270,527	14.0%	1,369,003	13.4%	1,339,489	13.1%
United Airlines[(2)]	1,175,869	13.5%	1,167,661	12.9%	1,113,510	12.3%	1,165,565	11.4%	1,266,055	12.4%
Delta Airlines	904,734	10.4%	915,907	10.1%	992,498	10.9%	1,061,889	10.4%	1,088,647	10.7%
Alaska Airlines[(3)]	673,731	7.7%	830,349	9.1%	871,775	9.6%	902,705	8.8%	918,841	9.0%
Spirit	164,189	1.9%	201,414	2.2%	252,219	2.8%	327,183	3.2%	287,208	2.8%
Virgin America[(3)]	168,297	1.9%	156,729	1.7%	175,973	1.9%	211,075	2.1%	212,158	2.1%
JetBlue Airlines	152,571	1.7%	173,282	1.9%	178,590	2.0%	182,605	1.8%	224,700	2.2%
Frontier Airlines	184,020	2.1%	185,270	2.0%	150,595	1.7%	118,990	1.2%	180,235	1.8%
Hawaiian Airlines	94,283	1.1%	98,667	1.1%	96,963	1.1%	102,462	1.0%	107,776	1.1%
Air Canada	45,058	0.5%	36,636	0.4%	41,175	0.5%	48,985	0.5%	93,274	0.9%
British Airways	81,534	0.9%	84,600	0.9%	84,263	0.9%	89,723	0.9%	90,200	0.9%
Japan Airlines	18,249	0.2%	54,213	0.6%	59,372	0.7%	59,647	0.6%	59,916	0.6%
Allegiant	15,466	0.0%	7,859	0.0%	7,406	0.0%	16,825	0.0%	49,480	0.5%
WestJet	27,746	0.0%	31,805	0.0%	33,723	0.0%	34,516	0.0%	41,043	0.4%
Sun Country Airlines	23,836	0.3%	27,276	0.3%	28,732	0.3%	34,886	0.3%	40,109	0.4%
Volaris[(4)]	30,885	0.4%	23,285	0.3%	20,004	0.2%	21,343	0.2%	3,948	0.0%
Other	43,212	0.5%	39,664	0.4%	41,129	0.5%	51,341	0.5%	5,117	0.1%
Total Air Carrier	8,225,257	94.1%	8,596,062	94.6%	9,114,013	93.8%	9,587,857	93.9%	9,975,683	94.1%
Regional										
SkyWest Airlines[(5)]	352,189	4.0%	341,365	3.8%	371,979	3.8%	301,592	2.9%	372,157	3.6%
Compass[(6)]	-	0.0%	8,563	0.1%	140,012	1.4%	249,723	2.4%	195,126	1.9%
Express Jet Airlines	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Horizon[(7)]	77,392	0.9%	84,000	0.9%	83,764	0.9%	64,758	0.6%	53,517	0.5%
Seaport Airlines	196	0.0%	1,128	0.0%	3,298	0.0%	2,292	0.0%	-	0.0%
American Eagle	82,377	0.9%	51,126	0.6%	-	0.0%	-	0.0%	-	0.0%
Mesa Airlines	206	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Regional	512,360	5.9%	486,182	5.4%	599,053	6.2%	618,365	6.1%	620,800	5.9%
Total Enplanements	8,737,617	100.0%	9,082,244	100.0%	9,713,066	100.0%	10,206,222	100.0%	10,596,483	100.0%

* Shown as Table 8 "Enplanements by Air Carriers" in the Official Statement for the Series 2010 Bonds. Shown as Table 9 "Enplanements by Air Carriers" in the Official Statement for the Series 2013 Bonds. Shown as Table 9 "Enplanements by Air Carriers" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) 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. Enplanements are for both American and US Airways.

[2] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Enplanements are for both United Airlines and Continental Airlines.

[3] In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.

[4] Volaris ceased operations at the Airport in August 2016.

[5] An affiliate of and doing business as United Express, Delta Connection and Alaska Airlines.

[6] An affiliate of and doing business as American Airlines and Delta Air Lines.

[7] An affiliate of and doing business as Alaska Airlines.

[†] Totals may not add due to rounding.

Source: San Diego County Regional Airport Authority.

The following table sets forth the total revenue landed weight for the 15 largest air and cargo carriers serving the Airport for the last five Fiscal Years, ranked on Fiscal Year 2017 results.

SAN DIEGO INTERNATIONAL AIRPORT
TOTAL REVENUE LANDED WEIGHT[*(†)]
FISCAL YEARS 2013-2017
(TOP 15 RANKED ON FISCAL YEAR 2017 RESULTS)
(IN THOUSANDS OF LBS.)

Airline	2013	2014	2015	2016	2017	2017 % of Total
Southwest	3,907,554	3,925,362	4,214,314	4,257,162	4,470,104	35.4%
American[(1)]	1,339,751	1,349,554	1,359,911	1,467,922	1,428,538	11.3%
United[(2)]	1,387,854	1,340,736	1,227,974	1,250,500	1,355,185	10.7%
Delta	1,023,608	1,016,878	1,077,103	1,153,074	1,175,285	9.3%
Alaska[(3)]	750,000	884,727	888,065	924,310	999,875	7.9%
SkyWest[(4)]	428,595	396,054	408,608	359,197	465,023	3.7%
Federal Express	451,797	419,127	384,686	444,038	390,716	3.1%
Compass[(5)]	-	10,979	172,754	307,793	296,581	2.4%
Spirit	208,200	245,669	296,925	351,977	286,162	2.3%
Virgin America[(3)]	235,934	232,136	240,781	281,411	278,741	2.2%
JetBlue	168,080	189,979	193,848	199,232	244,364	1.9%
British Airways	163,760	166,980	166,980	183,760	217,360	1.7%
Hawaiian	140,637	147,325	146,284	147,406	147,568	1.2%
United Parcel	118,180	121,742	127,660	135,318	146,778	1.2%
Japan Airlines	47,125	138,700	138,700	139,080	139,626	1.1%
Others	644,639	600,817	479,127	445,964	574,163	5%
Total	11,015,716	11,186,765	11,523,720	12,048,144	12,616,069	100%
Annual % Change	1.8%	1.6%	3.0%	4.6%	4.7%	

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[*] Shown as Table 9 "Total Revenue Landed Weight" in the Official Statement for the Series 2010 Bonds. Shown as Table 10 "Total Revenue Landed Weight" in the Official Statement for the Series 2013 Bonds. Shown as Table 10 "Total Revenue Landed Weight" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

[(†)] Totals may not add due to rounding. Landed weight is the maximum gross certificated landed weight in one thousand 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.

[(1)] Effective December 9, 2013, AMR Corporation, along with its subsidiaries American Airlines and American Eagle, merged with US Airways Group, Inc. American Airlines and US Airways began operating as a single airline (under the American brand) in October 2015. Enplanements are for both American and US Airways.

[(2)] On October 1, 2010, United Airlines and Continental Airlines merged. United Airlines and Continental Airlines began operating as a single airline (under the United brand) in March 2012. Enplanements are for both United Airlines and Continental Airlines.

[(3)] In December 2016, Alaska Air Group acquired Virgin America Inc. Alaska and Virgin currently are operating under separate FAA certificates, but are expected to begin operating under one certificate in the first quarter of 2018.

[(4)] An affiliate of and doing business as United Express, Delta Connection and Alaska Airlines.

[(5)] An affiliate of and doing business as American Airlines and Delta Air Lines.

Source: San Diego County Regional Airport Authority

The following table sets forth a summary of the Authority's investments as of June 30, 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
INVESTMENTS*
(AS OF JUNE 30, 2017)(1)

Security Type	Market Value as of June 30, 2017	Percentage of Portfolio
U.S. Treasuries	$ 109,437,000	23.8%
U.S. Agency Securities	85,201,000	18.5%
San Diego County Investment Pool	54,555,000	11.8%
Local Area Investment Fund (LAIF)	48,114,000	10.4%
Negotiable CDs	46,593,000	10.1%
Collateralized Bank Demand Deposits	39,564,000	8.6%
Medium Term Notes	31,400,000	6.8%
Certificates of Deposit	15,415,000	3.3%
Cal Trust	15,297,000	3.3%
Commercial Paper	8,485,000	1.8%
Supra Nationals	5,982,000	1.3%
Money Market Fund	631,000	0.1%
Total	$ 460,674,000	100.0%

* Shown as Table 11 "Investments" in the Official Statement for the Series 2010 Bonds. Shown as Table 12 "Investments" in the Official Statement for the Series 2013 Bonds. Shown as Table 12 "Investments" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) Totals may not add due to rounding.

Source: San Diego County Regional Airport Authority

The following table summarizes the financial results from operations for the Authority for Fiscal Years 2013 through 2017 (derived from audited financial statements).

SAN DIEGO INTERNATIONAL AIRPORT
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
(DOLLARS IN THOUSANDS)[1]
FISCAL YEARS 2013-2017

	2013	2014	2015	2016	2017
Operating revenue:					
Aviation revenue					
Landing fees	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612
Aircraft parking fees	3,191	2,503	2,716	2,701	2,927
Building rentals	41,840	46,001	48,153	51,273	56,575
Security surcharge	23,360	25,777	25,180	29,223	29,468
Other aviation revenue	1,591	4,488	4,893	5,023	2,799
Concession revenue	42,041	47,770	52,496	56,274	32,624
Parking and ground transportation revenue	35,750	38,959	41,632	48,106	78,039
Ground rentals	9,162	9,603	13,074	16,226	20,053
Other operating revenue	905	1,529	971	1,183	1,750
Total operating revenues	177,498	195,737	210,505	233,994	248,847
Operating expenses:					
Salaries and benefits	38,092	39,135	39,212	42,067	46,874
Contractual services	29,284	31,559	32,422	38,215	44,927
Safety and security	23,994	24,151	23,466	28,721	28,422
Space rental	10,897	10,478	10,433	10,367	10,206
Utilities	6,659	8,680	10,152	11,480	10,736
Maintenance	11,204	13,982	14,516	14,122	14,270
Equipment and systems	469	643	1,805	708	502
Materials and supplies	406	440	519	536	651
Insurance	795	988	1,145	949	956
Employee development and support	1,235	1,171	1,136	1,242	1,393
Business development	2,444	2,661	2,493	2,390	2,351
Equipment rentals and repairs	1,317	2,932	2,951	2,852	2,438
Total operating expenses before depreciation and amortization	126,796	136,821	140,250	153,651	163,726
Income from operations before depreciation and amortization	50,702	58,916	70,255	80,343	85,121
Depreciation and amortization	41,624	77,205	77,559	83,578	95,229
Operating income (loss)	9,078	(18,289)	(7,304)	(3,235)	(10,108)
Non-operating revenues (expenses):					
Passenger facility charges	35,437	35,770	38,517	40,258	42,200
Customer facility charges	19,117	27,545	32,465	33,208	36,528
Quieter Home Program, net	(1,589)	(2,750)	(2,811)	(3,698)	(785)
Joint Studies Program	(55)	(152)	(145)	(101)	-
Interest income	4,140	5,211	5,747	5,999	8,134
Interest expense	(16,530)	(56,376)	(59,516)	(54,878)	(58,179)
Build America Bonds Rebate	4,779	4,636	4,631	4,656	4,651
Other revenues (expenses), net	(4,279)	434	1,367	2,247	(17,121)
Nonoperating revenue, net	41,020	14,318	20,255	27,690	15,428
Income before capital grant contributions	50,098	(3,971)	12,951	24,456	5,321
Capital grant contributions	16,077	3,924	10,765	10,477	1,904
Change in net position	66,175	(47)	23,716	34,933	7,224
Net position, beginning of year	660,889	727,064	719,024[2]	742,740	775,949
Net position, end of year	$ 727,064	$ 727,018	$ 742,740	$ 777,673	$ 783,173

[*] Shown as Table 12 "Historical Operating Statements" in the Official Statement for the Series 2010 Bonds. Shown as Table 13 "Historical Operating Statements" in the Official Statement for the Series 2013 Bonds. Shown as Table 13 "Statements of Revenues, Expenses and Change in Net Position" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) Totals may not add due to rounding.

(2) Net position as of July 1, 2014 was restated for the effects of GASB Statement No.68. Refer to Note 1of the Financial Statements.

Source: Derived from the audited financial statements of the Authority

The following table sets forth the top ten operating revenue providers at the Airport for Fiscal Year 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TOP TEN OPERATING REVENUE PROVIDERS*
FISCAL YEAR 2017

	Revenue Provider	Revenues	Percent of Total Operating Revenue
1.	Southwest Airlines	$ 35,960,638	14.5%
2.	American Airlines	17,075,112	6.9
3.	United Airlines	16,227,363	6.5
4.	Delta Airlines	16,123,110	6.5
5.	Alaska Airlines	11,705,334	4.7
6.	Enterprise Holdings	11,188,393	4.5
7.	Hertz Global Holdings	11,142,905	4.5
8.	Avis Budget Rent-A-Car Group	6,174,859	2.5
9.	Landmark Aviation	5,675,514	2.3
10.	SSP America	5,004,393	2.0

* Shown as Table 13 "Top Ten Operating Revenue Providers" in the Official Statement for the Series 2010 Bonds. Shown as Table 14 "Top Ten Operating Revenue Providers" in the Official Statement for the Series 2013 Bonds. Shown as Table 14 "Top Ten Operating Revenue Providers" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

Source: San Diego County Regional Airport Authority

The following table sets forth the top ten top ten revenue sources at the Airport for Fiscal Year 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TOP TEN OPERATING REVENUE SOURCES*
FISCAL YEAR 2017

	Source	Revenue	Percent of Operating Revenue
1.	Terminal Rent-Airlines	$ 56,574,915	22.7%
2.	Parking	41,355,249	16.6
3.	Security Surcharge	29,468,089	11.8
4.	Car Rental License[1]	28,295,513	11.4
5.	Terminal Concession	26,145,801	10.5
6.	Landing Fees	24,612,412	9.9
7.	Ground Rent	18,496,911	7.4
8.	Ground Transportation Permits	7,814,088	3.1
9.	Ground Handling Services	3,139,688	1.3
10.	Aircraft Parking Fees	2,926,972	1.2

* Shown as Table 14 "Top Ten Operating Revenue Sources" in the Official Statement for the Series 2010 Bonds. Shown as Table 15 "Top Ten Operating Revenue Sources" in the Official Statement for the Series 2013 Bonds. Shown as Table 15 "Top Ten Operating Revenue Sources" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) Excludes CFC revenues of which the Authority recorded the receipt of $36,527,853 in Fiscal Year 2017.

Source: San Diego County Regional Airport Authority

The following table shows historical debt service coverage for Fiscal Years 2013 through 2017.

SAN DIEGO INTERNATIONAL AIRPORT
HISTORICAL SENIOR AND SUBORDINATE DEBT SERVICE COVERAGE*
FISCAL YEARS 2013-2017

	2013	2014	2015	2016	2017
Net Revenues					
Revenues(1)	$ 181,051,929	$ 199,834,430	$ 214,770,544	$ 238,640,326	$ 255,540,858
Operating and Maintenance Expenses	126,662,546	136,604,105	142,781,639	151,327,219	151,455,699
Net Revenues Available for Debt Service	$ 54,389,383	$ 63,230,326	$ 71,988,905	$ 87,313,106	$ 101,085,159
Senior Debt Service(2)(3)					
Principal	--	-	$ 2,030,000	$ 2,090,000	$ 2,155,000
Interest(8)	2,478,489	16,645,435	18,034,575	18,414,600	18,349,950
PFC Funds Applied to Senior Debt	(714,077)	(7,140,301)	(8,669,966)	(9,490,326)	(9,548,626)
Total Senior Debt Service	$ 1,764,412	$ 9,505,134	$ 11,394,609	$ 11,014,274	$ 10,956,324
Senior Debt Service Coverage	30.83x	6.65x	6.32x	7.93x	9.23x
Subordinate Debt Service(4)					
Subordinate Net Revenues Available for Debt Service	$ 52,624,971	$ 53,725,192	$ 60,594,296	$ 76,298,832	$ 90,128,835
Subordinate Bonds					
Principal	$ 1,000,000	$ 5,785,000	$ 8,665,000	$ 9,000,000	$ 9,430,000
Interest(5)	26,194,616	27,069,283	26,853,179	26,495,600	26,085,029
Variable Rate Debt (6)	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066
PFC Funds Applied to Debt Service	(20,061,962)	(20,718,863)	(21,554,245)	(20,331,674)	(20,456,707)
Total Subordinate Debt Service	$ 12,652,526	$ 18,582,372	$ 20,700,879	$ 21,924,115	$ 22,058,389
Subordinate Debt Service Coverage	4.16x	2.89x	2.93x	3.48x	4.09x
Aggregate Senior and Subordinate Debt Service					
Net Revenues Available for Debt Service	$ 54,389,383	$ 63,230,326	$ 71,988,905	$ 87,313,106	$ 101,085,159
Aggregate Debt Service					
Principal(7)	$ 1,000,000	$ 5,785,000	$ 10,695,000	$ 11,090,000	$ 11,585,000
Interest(5)(7)	28,673,105	43,714,718	44,887,754	44,910,200	44,434,979
Variable Rate Debt (6)	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066
PFC Funds Applied to Debt Service	(20,776,039)	(27,859,164)	(30,224,211)	(29,822,000)	(30,005,333)
Total Aggregate Debt Service	$ 14,416,938	$ 28,087,505	$ 32,095,488	$ 32,938,389	$ 33,014,712
Aggregate Debt Service Coverage	3.77x	2.25x	2.24x	2.65x	3.06x

* Shown as Table 15 "Historical Senior Coverage" in the Official Statement for the Series 2010 Bonds. Shown as Table 16 "Historical Senior and Subordinate Debt Service Coverage" in the Official Statement for the Series 2013 Bonds. Shown as Table 16 "Historical Senior and Subordinate Debt Service Coverage" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

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

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

(3) Includes principal of and interest paid on the Authority's Airport Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds"), which were fully defeased on December 21, 2012, and Senior Series 2013 Bonds.

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

(5) Net of interest paid with proceeds of the Subordinate Series 2010 Bonds and Federal Direct Payments received by the Authority with respect to the Subordinate Series 2010C Bonds.

(6) Includes principal of and interest on the Authority's previous commercial paper program and the fees paid to the commercial paper letter of credit bank, and the Subordinate Revolving Obligations.

(7) Includes principal of and interest on the Senior Series 2005 Bonds (which were fully defeased on December 21, 2012), the Senior Series 2013 Bonds and the Subordinate Series 2010 Bonds.

(8) Net of Interest paid with the Senior Series 2013 Bonds.

Source: San Diego County Regional Airport Authority

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

SAN DIEGO INTERNATIONAL AIRPORT
AIRLINE DERIVED REVENUE PER PASSENGER*(1)
FISCAL YEARS 2013-2017

Airline Revenues	2013	2014	2015	2016	2017
Landing Fees[1]	$ 20,186,247	$ 19,442,312	$ 21,616,219	$ 24,073,489	$ 24,856,800
Aircraft Parking Fees[2]	3,190,928	2,503,181	2,715,854	2,701,219	2,926,972
Terminal Rentals[3]	41,582,243	46,091,817	48,227,864	51,389,765	54,235,615
FIS Use Charges	424,433	745,116	710,178	735,034	845,360
Security Surcharge	23,359,938	25,776,517	25,179,679	29,223,097	29,468,089
Common Use Charges	-	1,133,839	1,254,818	1,152,458	1,181,660
Total Airline Revenue	$ 88,743,789	$ 95,692,782	$ 99,704,612	$ 109,275,061	$ 113,514,496
Enplaned Passengers	8,737,617	9,082,244	9,713,066	10,206,222	10,596,483
Airline Derived Revenue Per Passenger	$10.16	$10.54	$10.26	$10.71	$10.71

* Shown as Table 16 "Airline Derived Revenue Per Passenger" in the Official Statement for the Series 2010 Bonds. Shown as Table 17 "Airline Derived Revenue Per Passenger" in the Official Statement for the Series 2013 Bonds. Shown as Table 17 "Airline Derived Revenue Per Passenger" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate. Totals may not add due to rounding.

(1) Excludes rebates.

(2) Amount excludes general aviation remote overnight parking.

(3) Excludes Executive Lounge rent and rebates in the amount of approximately $1.4 million in Fiscal Year 2016.

Source: San Diego County Regional Airport Authority

The following table sets forth a summary of the Authority's approved PFC applications through June 30, 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
APPROVED PFC APPLICATIONS[*]
AS OF JUNE 30, 2017

PFC Application	Approval Date	Amended Approval Amount[(1)(2)]
1-5, 7[(3)] and 11[(4)]	Various	$ 359,095,656
8	2010	1,118,567,229
10[(5)]	2012	27,835,280
12	2016	43,795,768
Total		$ 1,549,293,933

[*] Shown as Table 19 "Approved PFC Applications" in the Official Statement for the Series 2010 Bonds. Shown as Table 21 "Approved PFC Applications" in the Official Statement for the Series 2013 Bonds. Shown as Table 21 "Approved PFC Applications" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.

(1) Includes the amount of PFCs the FAA has authorized the Authority to collect at the Airport. The Authority is authorized to use approximately $1.510 billion of PFCs at the Airport.

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

(3) The Authority withdrew PFC Application #6.

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

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

Source: San Diego County Regional Airport Authority

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The following table sets forth the amount of PFCs received by the Authority in Fiscal Years 2012 through 2017.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
ANNUAL RECEIPT OF PFCS*(1)
FISCAL YEARS 2013-2017

Fiscal Year	PFCs Collected
2013	35,437,453
2014	35,769,515
2015	38,517,355
2016	40,257,993
2017	42,199,763

* Shown as Table 20 "Annual Receipt of PFCs" in the Official Statement for the Series 2010 Bonds. Shown as Table 22 "Annual Receipt of PFCs" in the Official Statement for the Series 2013 Bonds. Shown as Table 22 "Annual Receipt of PFCs" in the Official Statement for the Series 2017 Bonds. Not required to be provided pursuant to the 2014 Continuing Disclosure Certificate.
(1) The information in this table is presented on an accrual basis.
Source: San Diego County Regional Airport Authority

The following table sets forth the market share of the rental car companies operating at the Airport for Fiscal Year 2017.

SAN DIEGO INTERNATIONAL AIRPORT
MARKET SHARE OF RENTAL CAR BRANDS*
FISCAL YEAR 2017

Corporate Entity	Rental Car Brands	Fiscal Year 2017 Share by Gross Revenues
Hertz Global Holdings, Inc.	Hertz, Dollar, and Thrifty	31.6%
Enterprise Holdings, Inc.	Enterprise, Alamo and National	34.1
Avis Budget Group, Inc.	Avis, Budget,[1] Payless[1] and Zipcar	27.0
Others	A1, Ace, Advantage, Airport Van Rental, American Car Rental, Economy, Flight Car, Fox, Green Motion, Go-Rentals, Midway, Pacific, and Travcar	7.3

* Shown as Table 2 "Market Share of Rental Car Brands" in the Official Statement for the Series 2014 Bonds. Not required to be provided pursuant to the 2010 Continuing Disclosure Certificate, 2013 Continuing Disclosure Certificate or 2017 Continuing Disclosure Certificate.
1 Operated as a franchise at the Airport.
Source: San Diego County Regional Airport Authority

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

Fiscal Year	CFC Rate	CFCs Collected	Interest Earnings[1]	Total CFCs Collected and Interest Earnings	Balance in Rolling Coverage Fund[2]	Series 2014 Debt Service Requirement[3]	Total Debt Service Coverage[4]
2014	$7.50[5]	$27,545,001	$204,194	$27,749,195	--	--	--
2015	$7.50	$32,464,843	$295,726	$32,760,569	--	--	--
2016	$7.50	$33,207,946	$332,761	$33,540,707	$2,451,182	$8,170,605	4.41
2017	$9.00[6]	$36,527,853	$466,134	$36,993,987	$4,902,363	$16,341,210	2.56

* Shown as Table 6 “Projected Debt Service Coverage of the Series 2014 Bonds” in the Official Statement for the Series 2014 Bonds. Not required to be provided pursuant to the 2010 Continuing Disclosure Certificate, 2013 Continuing Disclosure Certificate or 2017 Continuing Disclosure Certificate.

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

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

3 Includes debt service on the Series 2014 Bonds. For FY 2014 and FY 2015 debt service was paid with the proceeds of the 2014 Bonds.

4 Calculated by dividing (a) the sum Total CFCs Collected and Interest Earnings and Balance in Rolling Coverage Fund by (b) Series 2014 Debt Service Requirements.

5 CFC Rate was $6.00 between July 1, 2013 and December 31, 2013. CFC Rate increased to $7.50 on January 1, 2014.

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

Source: San Diego County Regional Airport Authority

Further Information

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

Mr. Scott Brickner, Vice President, Finance and Asset Management/Treasurer
San Diego County Regional Airport Authority
3225 North Harbor Drive
San Diego, California 92101

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

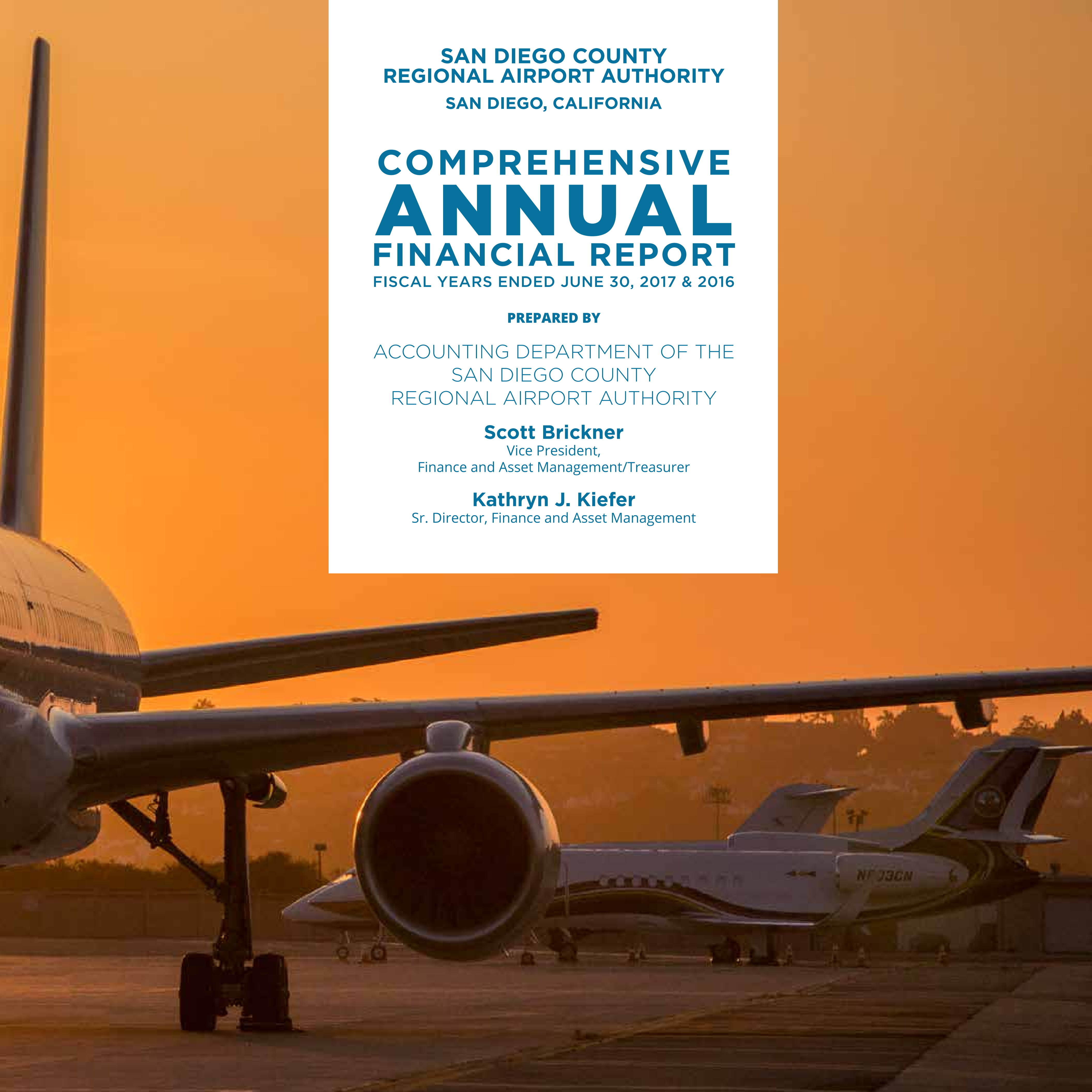
FISCAL YEARS ENDED JUNE 30, 2017 & 2016

PREPARED BY

ACCOUNTING DEPARTMENT OF THE
SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Scott Brickner
Vice President,
Finance and Asset Management/Treasurer

Kathryn J. Kiefer
Sr. Director, Finance and Asset Management



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 & 2016

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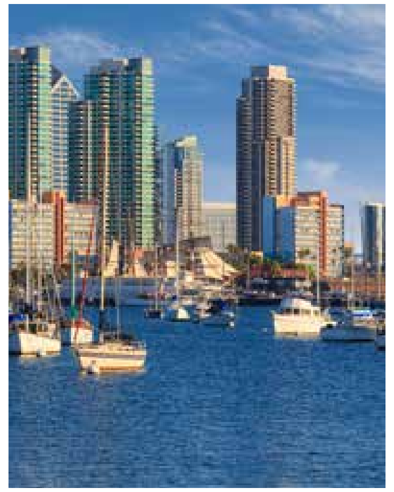


INTRODUCTORY SECTION

LETTER OF TRANSMITTAL
AUTHORITY ORGANIZATION CHART
AUTHORITY BOARD MEMBERS AND EXECUTIVE STAFF
GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
P.O. BOX 82776, SAN DIEGO, CA 92138-2776
619.400.2400 WWW.SAN.ORG

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

October 23, 2017
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, 2017 and 2016. 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 in the United States of America (GAAP).

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, 2017 and 2016.

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 day-to-day operations of San Diego International Airport (SDIA) 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 ("Board") 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.

ECONOMIC CONDITION

Economic and industry trends drive passenger traffic and airline operations at SAN, directly impacting our operating environment and airport finances. The U.S. economy continues to slowly strengthen. Gross Domestic Product (GDP) increased 2.0% during 2016, reflecting continued modest growth in the national economy.

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 estimated the population of San Diego County to be 3.3 million as of January 1, 2017. The county is the second largest in California, behind Los Angeles County, and the fifth largest county in the United States. The majority of the County's population is concentrated in the western coastal areas. The largest cities in the County are San Diego (42 percent), Chula Vista (8 percent), Oceanside (5 percent), Escondido (5 percent), Carlsbad (3 percent), and El Cajon (3 percent). The combined San Diego/Tijuana metropolitan population exceeds five million inhabitants.

The region's economy is diverse with a strong tourism sector, a large defense industry and a bustling technology cluster. Over the next five years, job gains are expected in professional and business services, leisure and hospitality, education and healthcare and government. San Diego County has enjoyed a relatively stable economic climate during the past four years, with lower unemployment rates than the State of California. In June 2017, the County's unemployment rate was 4.3 percent compared to June 2016, at 4.9 percent. California's unemployment rate was 4.7 percent in June 2017 and 5.6 percent in June 2016, and the national unemployment rate was 4.4 percent as of June 2017 compared to 4.9 percent as of June 2016. See the Statistical Section for additional economic information.

SAN's enplaned passengers grew 3.8 percent in fiscal year 2017, reflecting continuing economic strength. Total enplaned passengers were 10.6 million, compared to 10.2 million in fiscal year 2016. See the MD&A section of the Financial Section of this report for further discussion of the current year activity.

AIRPORT AUTHORITY NAMES NEW PRESIDENT/CEO

Kim Becker was hired as the Airport Authority's second President/CEO, effective May 1, 2017. She had been with Mineta San Jose International Airport since 1995, and Director since 2013. Becker succeeded Thella F. Bowens, who retired March 31, 2017.

Airport Authority Board Chairman April Boling said she looks forward to Becker continuing the fine work started by Bowens, including execution of a five-year strategic plan recently approved by the Board. Strategic goals of the plan include:

1. Exceed our customers' expectations by introducing innovative service and facility enhancements
2. Grow and efficiently manage capacity for future demand, both landside and airside, including international facilities
3. Enhance community understanding of SAN as an economic engine and a portal for prosperity that enhances our quality of life
4. Develop leaders and a workforce aligned to the needs of our Strategic Plan and an inclusive environment that reflects the diversity of our community
5. Execute a Plan of Finance that provides the financial resources necessary to achieve the 2022 Future State while maintaining the enterprise's strong financial position

Becker's proven leadership capabilities and collaborative style will be instrumental in SAN's future success. She intends to spend time in the community to hear what the public wants.

Becker also worked at Teterboro Airport in New Jersey and Burbank-Glendale-Pasadena Airport for a total of 10 years. She earned a B.S. in Business Administration from Indiana University of Pennsylvania and an MBA in Aeronautics from Embry-Riddle Aeronautical University.

AIRPORT BREAKS GROUND ON FEDERAL INSPECTION STATION IN TERMINAL 2 WEST

The Airport Authority officially kicked off construction of a new Federal Inspection Station (FIS) at the west end of Terminal 2 in May 2017. The new Customs facility is being designed to accommodate the increase in international passengers resulting from recently added overseas flights and expected future demand.

SAN has experienced significant growth in international arrivals in the past 25 years – from about 50,000 passengers annually in the early 1990s to nearly 300,000 annually in 2016. That number – and the associated economic impact – will continue to grow as more international nonstop flights are added.

SAN offers nonstop flights to and from six countries – Japan, Germany, Switzerland, the U.K., Mexico and Canada. Construction of a larger Customs facility for international flight arrivals will allow the airport to process these passengers with greater ease and efficiency.

The new facility will improve the processing experience for passengers with reduced wait times and create a more welcoming environment. Features of the new facility will include a second baggage claim and more queuing space in the lower level Customs hall, as well as the newest processing technologies introduced by U.S. Customs and Border Protection.

The new FIS facility will replace the current facility in Terminal 2 East. It will be an estimated 130,000 square feet, compared to the 26,000 square feet in the current facility. The new facility will also increase the number of international gates from three to six.

The $229.4 million facility is scheduled to be operational in summer 2018. The economic impact of international flights is significant – about $432 million annually for the region.

AIRPORT COMMEMORATES START OF CONSTRUCTION ON TERMINAL 2 PARKING PLAZA

Construction on the highly anticipated Terminal 2 Parking Plaza began in September 2016. The cutting-edge Parking Plaza will be located in front of Terminal 2 and will have three floors with approximately 3,000 parking stalls. It will replace the existing surface parking lot for Terminal 2.

There is great demand for more close-in parking at the airport. The Parking Plaza will enhance customer service by integrating state-of-the-art parking technology that will allow motorists to reserve spaces in advance, find available parking spaces, and streamline payment.

The Parking Plaza is also expected to have environmental benefits by reducing air emissions caused by vehicles that are circulating and idling while searching for an available parking space. Additionally, it will have an aesthetically pleasing design with open light wells, glass-front elevators and public art.

The Parking Plaza has an estimated cost of $127.8 million, will take approximately 20 months to complete and will be open for summer travel in 2018.

LUFTHANSA TO LAUNCH NON-STOP SERVICE LINKING FRANKFURT & SAN

Lufthansa announced in June 2017 that it will offer direct flights between its largest hub, Frankfurt, Germany, and San Diego on a year-round basis beginning in March 2018.

The flight represents a speedy, efficient and convenient connection between Europe and Southern California for both business and leisure travelers.

The flight will operate out of Frankfurt International Airport (FRA) five-times weekly. It will maintain year-round service to the European Union, and will connect to over 85 destinations in Europe, Africa, Middle East and the Indian sub-continent. New destinations available with a single flight connection include: Bangalore, Casablanca, Florence, Gdansk, Kiev, Krakow, Nuremberg, Riga, Riyadh, St. Petersburg, Sofia and Zagreb.

Lufthansa, which has never served SAN before, will use the 279-seat Airbus 340-300 aircraft on the route configured with Business, Premium Economy and Economy class cabins. The flight will be co-marketed and sold in conjunction with United Airlines.

AIRPORT AUTHORITY ISSUES ANNUAL SUSTAINABILITY REPORT

The Airport Authority's Sustainability Report was released in June 2017. This report, produced annually, highlights the Airport Authority's activities and accomplishments for calendar year 2016 and serves as a useful barometer for SAN's relationship to the environment, the traveling public, its stakeholders and the greater San Diego community. As before, the Global Reporting Initiative (GRI) has guided the development of this report.

In 2008, SAN was the first major airport in the U.S. to establish a sustainability policy, and in 2011 was one of the first to publish a sustainability report adhering to Global Reporting Initiative (GRI) standards. In November 2017, SAN will sign the "Airports Sustainability Declaration" that is aligned with the United Nations Sustainable Development Goals, calling for action on climate change.

SAN has defined sustainability as "building an enduring and resilient enterprise by effectively managing our financial, social and environmental risks, obligations and opportunities." That definition is founded on the concept of a "triple bottom line" using financial, social and environmental yardsticks.

Financial: Although all three metrics are vitally important to carrying out the Airport Authority's sustainability mission, the financial strategy serves as the bedrock. The Airport Authority is committed to a financial strategy that is flexible, nimble and able to proactively address future changes in the aviation industry and in the overall economy.

Social: The "social" part of the sustainability strategy has two components, the first being a commitment to ensuring the highest level of employee commitment and performance; and the second being more externally focused on the community and acting as a good neighbor and responsive regional agency.

Environment: SAN occupies 661 acres of sensitive waterfront property. In addition, the airport is a major consumer of water and energy. The extent to which it can preserve and protect the immediate environment while conserving scarce natural resources will ultimately define the airport's success as a sustainable enterprise.

A copy of the report is available at sustain.san.org.

AIRPORT EARNS LEED GOLD CERTIFICATION FOR CONSOLIDATED RENTAL CAR CENTER

SAN was awarded Leadership in Energy and Environmental Design (LEED) Gold certification for its consolidated Rental Car Center from the U.S. Green Building Council (USGBC) in February 2017. LEED certification is considered the industry standard in defining and measuring "green," sustainable construction.

The $316 million Rental Car Center opened in January 2016. The 2-million-square-foot facility houses most of the rental car companies serving the airport, including national brands, as well as local, independent and small business rental car companies, in one central location off Pacific Highway.

Sustainability was a key goal of the project. The Rental Car Center was designed and built with sustainable strategies to achieve LEED certification. As a 24-hour, 365-day-a-year operation, the lighting was designed to be energy efficient by reducing lighting levels in some areas during off-peak times. The facility's energy efficient design also earned a $150,000 incentive from San Diego Gas & Electric by achieving an annual energy savings of over 2 million kilowatt hours (kWh) – equivalent to powering more than 300 homes for a full year.

Featuring 15 car wash bays, utilizing resourceful water collection and reuse methods were important components to the project. The facility reclaims 85–90 percent of the water used onsite, and 7 bio-swale areas collect rainwater and run-off, preventing either from reaching San Diego Bay. Aesthetically, landscaping around the facility is climate and site appropriate, drought tolerant and low maintenance.

The facility's convenient location off Pacific Highway means that virtually all rental car traffic (vehicles and shuttle buses) is removed from Harbor Drive, reducing total traffic volume by 15 percent. Use of SAN-owned, alternate-fuel buses along a dedicated, on-airport roadway helps to reduce GHG emissions.

AIRPORT ACHIEVES AIRPORT CARBON ACCREDITATION

SAN was certified through the Airports Council International's Airport Carbon Accreditation program in October 2016. The program creates a framework that helps airports identify, manage, and ultimately reduce their carbon emissions.

SAN was certified at "Level 2," which means that the airport is actively implementing a carbon management plan and has reduced the emissions under its control. Over the past two years, SAN built highly energy efficient facilities such as its Rental Car Center, installed solar energy panels on roofs and in parking lots, converted its shuttle fleet to alternative fuels, and launched a carbon offset program to enable passengers to reduce the environmental impact of their travel.

Recognition of SAN's certification took place during the Airports Council International – North America's (ACI-NA) 2016 World Annual Conference in Montréal in September 2016. SAN is one of only 20 commercial airports in North America to successfully become certified through this program.

AIRPORT LAUNCHES FASTER, MORE EFFICIENT WI-FI SERVICE

SAN kicked off 2017 with enhanced Wi-Fi service throughout the terminals. The improved service provides bandwidth speeds up to 30 times faster than previously available. Customers are now able to download and stream movies, music and much more. Most importantly, the service will continue to be free to airport visitors.

As part of the upgrade, passengers can connect to the airport's Wi-Fi service for up to 2 hours per session, an increase from 30 minutes previously.

In November 2016, SAN ranked third best among 30 of the busiest airports in the country according to a study by ThePointsGuy.com. The study looked at factors impacting a passenger's airport experience, including timeliness, accessibility and amenities, including Wi-Fi.

AWARDS

THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (“GFOA”) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

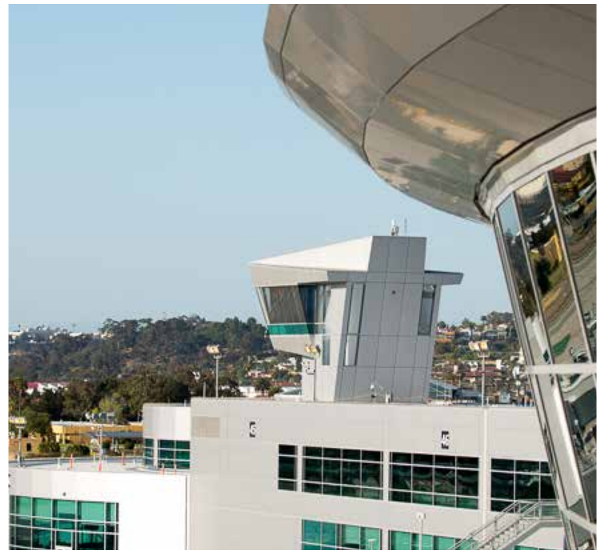
This recognition is for the Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended June 30, 2016. The Airport Authority has received this award each year since its inception in 2003. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Airport Authority believes its current CAFR continues to meet the Certificate of Achievement Program’s requirements. We will submit it to the GFOA to determine its eligibility for another certificate.

THE GFOA DISTINGUISHED BUDGET PRESENTATION AWARD

In recognition for its annual budget for the fiscal year beginning July 1, 2016 the Airport Authority received the GFOA Distinguished Budget Presentation Award. The achievement of this award is based on a governmental entity’s preparation and issuance of 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 recommended practices on budgeting. This was the twelfth consecutive year that the Airport Authority received this award.

EXCELLENCE IN PROCUREMENT AWARD

The Achievement of Excellence in Procurement Award is designated to recognize organizational excellence within Procurement. The continuously evolving criteria measures innovation, ethics, electronic commerce, leadership, trends and best practices. The Airport Authority was one of 28 special districts in the United States and Canada to receive the award. The team also received special recognition for innovation. This is the eighth year that the Authority has received this award.



BUDGET PROCESS AND FINANCIAL PLAN

Annually, the Airport Authority prepares a five year capital program budget, an operating budget for the fiscal year and a conceptual budget for the next year. 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.

The capital program provides critical improvements and asset preservation. The security, environmental remediation, terminal upgrades and development are the main focus of the capital program.

To ensure that the budget and the financial plan is funded adequately and to maintain the Airport Authority's strong financial condition, the Financial Management team prepares a revenue budget that incorporates budget expenditure requests into the rate setting formula to determine projected rates, fees and charges to the airlines and other tenants.

The financial plan includes the operating budget, the next year conceptual operating budget and the capital program. Other major factors affecting the Airport Authority's financial plan include the airline operating agreement, master and subordinate bond indentures, Memorandum of Understanding with the California Attorney General, and various levels of federal funding.

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 completed fiscal year 2017 with operating income (before depreciation) of $85.1 million. Fiscal year 2017 also grew as compared to fiscal year 2016, with enplanements increasing 3.8 percent, total passengers increasing 3.6 percent, and freight and mail tons increasing 1.6 percent. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

INDEPENDENT AUDIT

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 Vision, Voice and Engagement Departments. 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

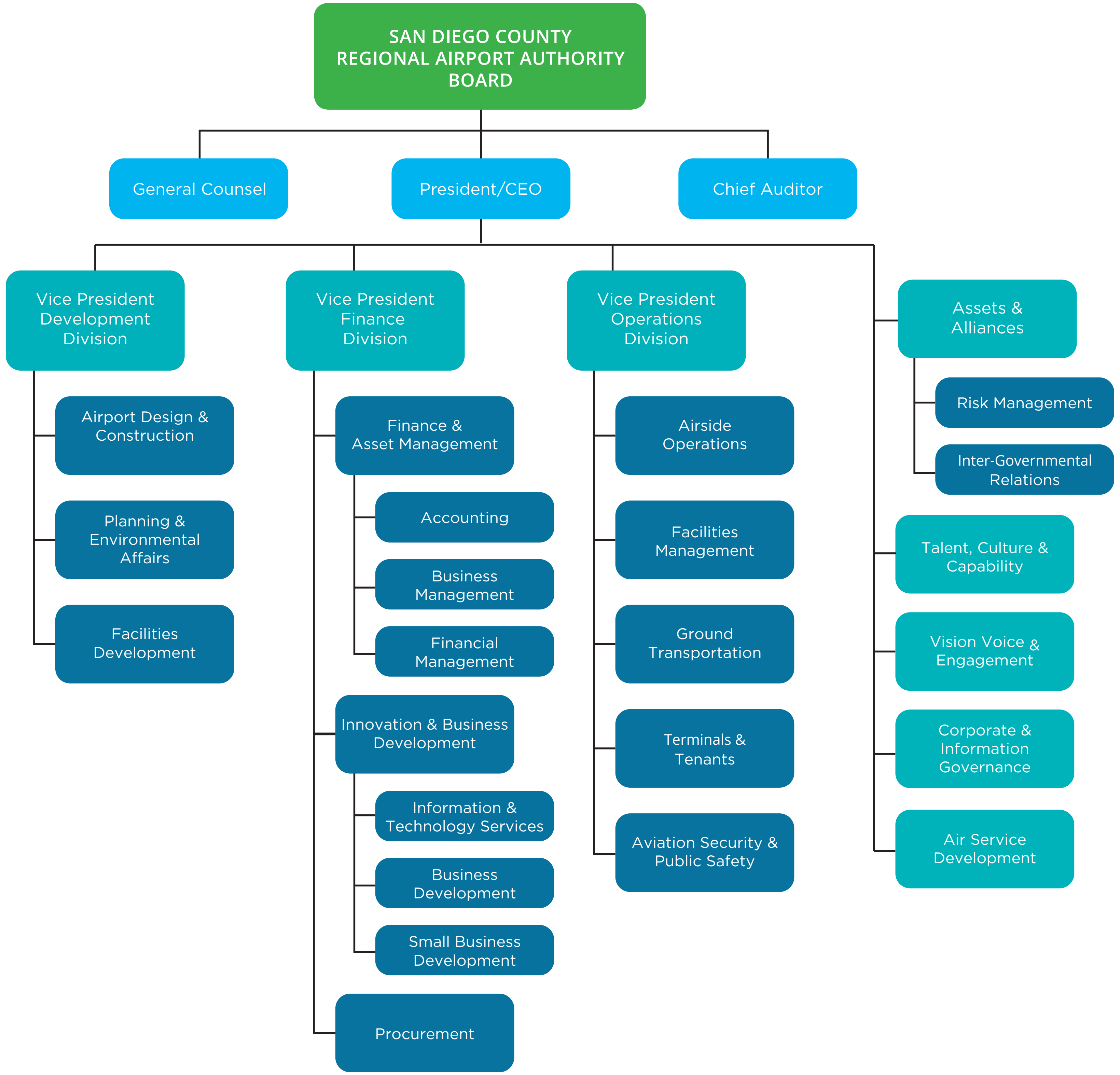
Kimberly J Becker

Scott Brickner, CPA

Vice President Finance & Asset Management | Treasurer

Scott Brickner

ORGANIZATION CHART



AUTHORITY BOARD MEMBERS AND EXECUTIVE STAFF

AS OF JUNE 30, 2017

AIRPORT AUTHORITY BOARD

EXECUTIVE COMMITTEE MEMBERS

C. APRIL BOLING, CHAIR

PAUL ROBINSON, VICE CHAIR

JIM JANNEY

GENERAL MEMBERS

SUPERVISOR GREG COX

MAYOR JIM DESMOND

ROBERT H. GLEASON

COUNCILMEMBER MARK KERSEY

COUNCILMEMBER MICHAEL SCHUMACHER

MARY SESSOM

EX-OFFICIO MEMBERS

LAURIE BERMAN

ERAINA ORTEGA

COLONEL JASON G. WOODWORTH

EXECUTIVE STAFF

KIMBERLY J. BECKER, PRESIDENT/CHIEF EXECUTIVE OFFICER

SCOTT BRICKNER, VICE PRESIDENT, CFO/TREASURER, FINANCE AND ASSET MANAGEMENT

ANGELA SHAFER-PAYNE, VICE PRESIDENT, OPERATIONS DIVISION

JEFFREY WOODSON, VICE PRESIDENT, DEVELOPMENT DIVISION

MARK BURCHYETT, CHIEF AUDITOR

AMY GONZALEZ, GENERAL COUNSEL

HAMPTON BROWN, DIRECTOR, AIR SERVICE DEVELOPMENT

KURT GERING, DIRECTOR, TALENT CULTURE & CAPABILITY

MATT HARRIS, SENIOR DIRECTOR, ASSETS AND ALLIANCES

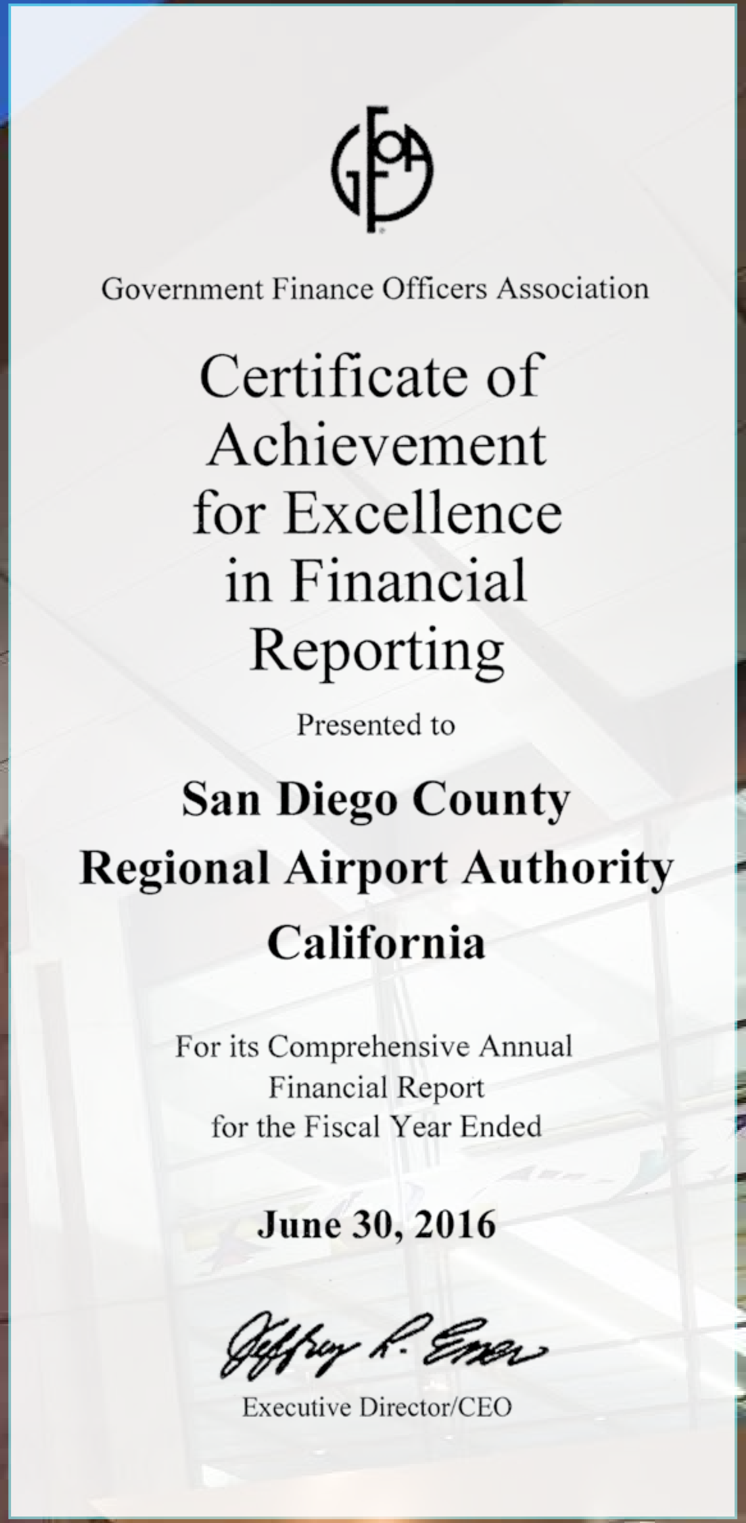
DIANA LUCERO, DIRECTOR, VISION, VOICE AND ENGAGEMENT

TONY RUSSELL, DIRECTOR/AUTHORITY CLERK, CORPORATE AND INFORMATION GOVERNANCE

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, 2016. This is the thirteenth 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.

GFOA CERTIFICATE OF ACHIEVEMENT



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, 2016

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 LLP
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 basic financial statements of the San Diego County Regional Airport Authority (Airport Authority) which are comprised of a statements of net position as of June 30, 2017 and 2016, and statements of revenues, expenses and changes in net position and of cash flows for the years then ended and the related notes to the 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 audit. We conducted our audit 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension 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 basic financial statements as a whole. The Introductory and Statistical Sections 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 23, 2017

INTRODUCTION

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

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA.

Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

SAN DIEGO INTERNATIONAL AIRPORT

HISTORY OF OWNERSHIP

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

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

LEGISLATIVE BACKGROUND

AB 93 was signed into California State law in October 2001. The 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).

AIRPORT ACTIVITIES HIGHLIGHTS (2015 – 2017)

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 (2015 – 2017)

The Airport Authority experienced continued growth in all areas during the current and prior two fiscal years. This followed the trend seen at many commercial airports reflecting the gradual improvements in the economy.

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

	FY 2015	FY 2016	**FY 2017**
Enplaned passengers	9,713,066	10,206,222	**10,596,483**
% increase	6.9%	5.1%	**3.8%**
Total passengers	19,409,683	20,397,170	**21,140,067**
% increase	7.0%	5.1%	**3.6%**
Aircraft operations	195,268	193,451	**201,011**
% increase	4.0%	(0.9%)	**3.9%**
Freight and mail (in tons)	178,615	185,655	**188,607**
% increase	8.3%	3.9%	**1.6%**
Landed weight (in thousands)	11,524	12,048	**12,456**
% increase	3.0%	4.6%	**3.4%**

Overall, the strong economy is reflected in the aircraft operation results at SDIA. There was an increase in enplaned passengers in fiscal year 2017 of 3.8 percent. Also, total passengers increased by 3.6 percent and freight and mail tons increased slightly by 1.6 percent. New airline routes factored into the increases of aircraft operations and landed weight.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (IN THOUSANDS)

The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year. Net position increased in 2015, followed by a 4.7 percent increase in 2016, and was followed by a slight .9 percent increase in 2017.

Following is a summary of the statements of revenues, expenses and changes in net position (in thousands):

	FY 2015	FY 2016	**FY 2017**
Operating revenues	$ 210,505	$ 233,994	**$ 248,847**
Operating expenses	(222,136)	(241,429)	**(258,955)**
Nonoperating revenues, net	24,583	31,933	**15,428**
Capital contributions and grants	10,765	10,477	**1,904**
Increase in net position	23,717	34,975	**7,224**
Net position, beginning of year	727,017	742,741	**775,949**
Prior-period adjustment	(7,993)	(1,767)	
Net position, end of year	$ 742,741	$ 775,949	**$ 783,173**

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 68 in fiscal year 2015 caused a prior-period adjustment in that year. The cumulative changes in accounting for pension liabilities are reflected in this adjustment.

OPERATING REVENUES (IN THOUSANDS)

	FY 2016	FY 2017	From 2016 to 2017 Increase (Decrease)	From 2016 to 2017 % Change
Airline revenue:				
Landing fees	$ 23,985	**$ 24,612**	$ 627	2.6%
Aircraft parking fees	2,701	**2,927**	226	8.4%
Building rentals	51,273	**54,283**	3,010	5.9%
Security surcharge	29,223	**29,468**	245	0.8%
Other aviation revenue	5,023	**5,091**	68	1.4%
Total airline revenue	112,205	**116,381**	4,176	3.7%
Concession revenue	56,274	**61,256**	4,982	8.9%
Parking and ground transportation revenue	48,106	**49,407**	1,301	2.7%
Ground and non-airline terminal rentals	16,226	**20,053**	3,827	23.6%
Other operating revenue	1,183	**1,750**	567	47.8%
Total operating revenue	$ 233,994	**$ 248,847**	$ 14,853	6.3%

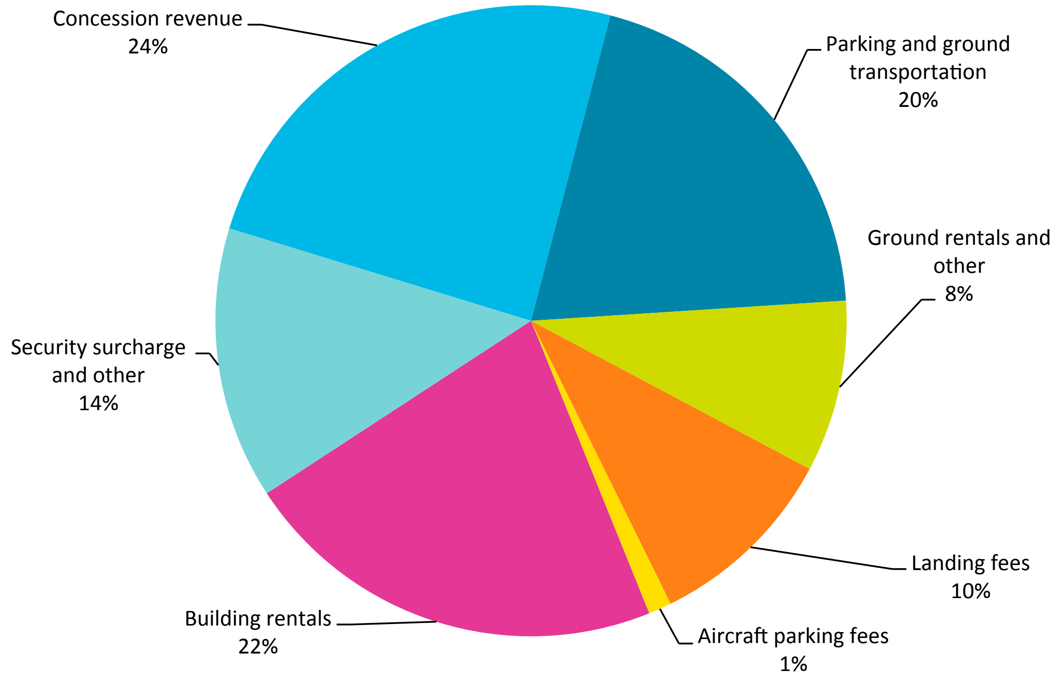
	FY 2015	FY 2016	From 2015 to 2016 Increase (Decrease)	From 2015 to 2016 % Change
Airline revenue:				
Landing fees	$ 21,390	$ 23,985	$ 2,595	12.1%
Aircraft parking fees	2,716	2,701	(15)	(0.6%)
Building rentals	48,153	51,273	3,120	6.5%
Security surcharge	25,180	29,223	4,043	16.1%
Other aviation revenue	4,893	5,023	130	2.7%
Total airline revenue	102,332	112,205	9,873	9.6%
Concession revenue	52,496	56,274	3,778	7.2%
Parking and ground transportation revenue	41,633	48,106	6,473	15.5%
Ground and non-airline terminal rentals	13,073	16,226	3,153	24.1%
Other operating revenue	971	1,183	212	21.8%
Total operating revenue	$ 210,505	$ 233,994	$ 23,489	11.2%

OPERATING REVENUES (CONTINUED)

FISCAL YEAR 2017 COMPARED TO 2016:
Total airline revenues increased by $4.2 million, or 3.7 percent, primarily due to an increased cost recovery from the airlines which was higher in fiscal year 2017, compared to 2016. Landing fees increased by $627 thousand or 2.6 percent due to increased airfield operating costs and new capital projects. Aircraft parking fees increased by $226 thousand or 8.4 percent, due to increased airfield-related costs. Building rentals increased by $3.0 million or 5.9 percent due to higher terminal maintenance costs and changes in rentable square footage. Security surcharge increased slightly by $245 thousand or .8 percent, partially due to increased security checkpoint expenses and increased security equipment costs. Concession revenue increased by $5.0 million or 8.9 percent, reflecting higher sales per enplaned passenger. Parking and ground transportation increased by $1.3 million or 2.7 percent, due to higher enplanements, valet revenue, and permits. Ground and non-airline terminal rentals increased by $3.8 million or 23.6 percent, due in part to new non-tenant agreements and increased FBO rents. Other operating revenue increased by $567 thousand or 47.8 percent, primarily due to higher landing fees at the Fixed Base Operator, and higher fees for miscellaneous services.

FISCAL YEAR 2016 COMPARED TO 2015:
Total airline revenues increased by $9.9 million, or 9.6 percent, primarily due to an increased cost recovery for the airlines which was higher in fiscal year 2016, compared to 2015. Landing fees increased by $2.6 million or 12.1 percent due to increased airfield costs. Building rentals increased by $3.1 million or 6.5 percent due to increased terminal costs. Security surcharge increased by $4.0 million or 16.1 percent, primarily due to increased Harbor Police expenses and higher terminal rental rate for security checkpoints. Non-airline terminal rent decreased by $473 thousand or 31.4 percent, primarily due to consolidation of ground servicing companies. Concession revenue increased by $3.8 million or 7.2 percent, reflecting increased enplanements and higher sales per enplaned passenger. Parking and ground transportation increased by $6.5 million or 15.5 percent, due to higher enplanements and higher cost recovery on ground transportation. Ground rentals increased by $3.6 million or 31.3 percent, primarily due to the Rental Car Center land lease starting January 2016. Other operating revenue increased by $212 thousand or 21.8 percent, primarily due to higher landing fees at the Fixed Base Operator, higher utility reimbursements, and higher fees for miscellaneous services.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FISCAL YEAR ENDED JUNE 30, 2017 | OPERATING REVENUES



OPERATING EXPENSES (IN THOUSANDS)

	FY 2016	FY 2017	From 2016 to 2017 Increase (Decrease)	% Change
Salaries and benefits	$ 42,025	**$ 46,874**	$ 4,849	11.5%
Contractual services	38,215	**44,927**	6,712	17.6%
Safety and security	28,721	**28,422**	(299)	(1.0%)
Space rental	10,367	**10,190**	(177)	(1.7%)
Utilities	11,480	**10,736**	(744)	(6.5%)
Maintenance	14,122	**14,270**	148	1.0%
Equipment and systems	708	**502**	(206)	(29.1%)
Materials and supplies	536	**651**	115	21.5%
Insurance	950	**956**	6	0.6%
Employee development and support	1,242	**1,393**	151	12.2%
Business development	2,390	**2,351**	(39)	(1.6%)
Equipment rentals and repairs	2,852	**2,454**	(398)	(14.0%)
Total operating expenses before depreciation	153,608	**163,726**	10,118	6.6%
Depreciation	87,821	**95,229**	7,408	8.4%
Total operating expense	$ 241,429	**$ 258,955**	$ 17,526	7.3%

	FY 2015	FY 2016	From 2015 to 2016 Increase (Decrease)	% Change
Salaries and benefits	$ 39,212	$ 42,025	$ 2,813	7.2%
Contractual services	32,422	38,215	5,793	17.9%
Safety and security	23,466	28,721	5,255	22.4%
Space rental	10,433	10,367	(66)	(0.6%)
Utilities	10,152	11,480	1,328	13.1%
Maintenance	14,516	14,122	(394)	(2.7%)
Equipment and systems	1,805	708	(1,097)	(60.8%)
Materials and supplies	519	536	17	3.3%
Insurance	1,145	950	(195)	(17.0%)
Employee development and support	1,136	1,242	106	9.3%
Business development	2,493	2,390	(103)	(4.1%)
Equipment rentals and repairs	2,951	2,852	(99)	(3.4%)
Total operating expenses before depreciation	140,250	153,608	13,358	9.5%
Depreciation	87,887	87,821	(66)	(0.1%)
Total operating expense	$ 228,137	$ 241,429	$ 13,292	5.8%

FISCAL YEAR 2017 COMPARED TO 2016:
Total fiscal year 2017 operating expenses increased by $17.5 million or 7.3 percent. Salaries and benefits increased by $4.8 million or 11.5 percent, due to a GASB 68 valuation adjustment and planned wage and benefit increases. Contractual services increased by $6.7 million or 17.6 percent, mainly due to higher expenses in parking, noise monitoring and a full year of RCC bussing. Maintenance expenses increased $148 thousand, or 1.0 percent, due in part to slightly higher major maintenance projects. Materials and supplies increased $115 thousand or 21.5 percent due to higher expenditures. Employee development and support increased by $151 thousand or 12.2 percent, mainly due to higher recruitment and training expenses. Depreciation increased by $7.4 million or 8.4 percent, due to the Rental Car Center being in service for a full year.

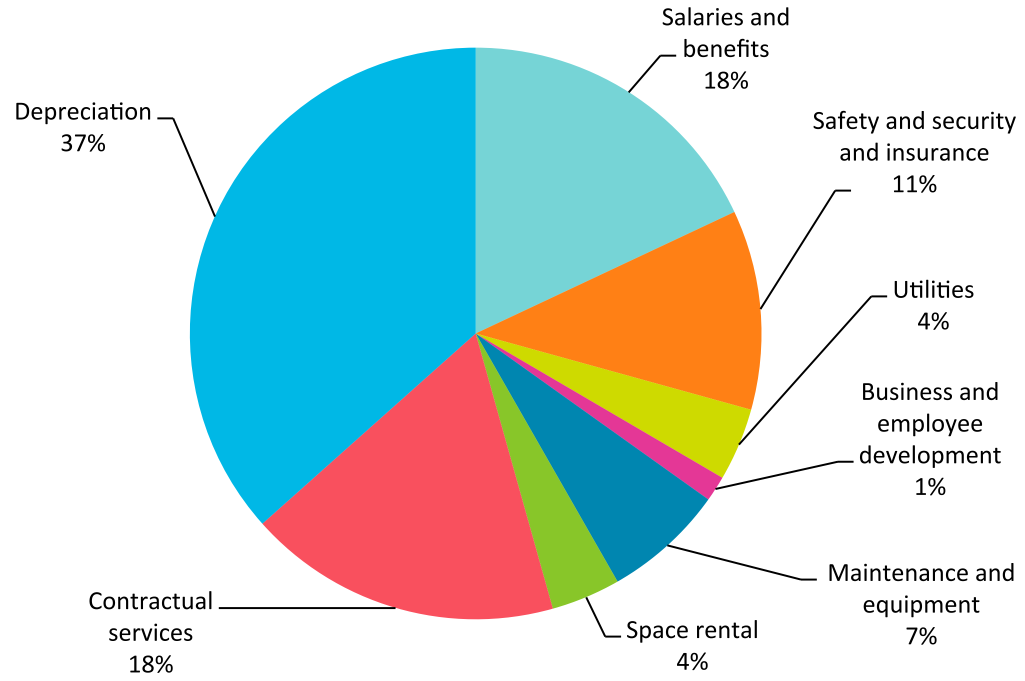
Offsetting this increase in operating expenses were the following decreases: Safety and security decreased by $299 thousand or 1.0 percent due to a retroactive adjustment recorded in fiscal year 2016 pertaining to expenses incurred in 2015. Space rental reduced by $177 thousand on 1.7 percent due to the termination of the taxi hold lot. Utilities decreased by $744 thousand or 6.5 percent, mainly due to lower rates and usage, as well as state energy credits. Equipment and systems decreased by $206 thousand or 29.1 percent, mainly due to lower office movement and reconfiguration expenses. Equipment rentals and repairs decreased by $398 thousand or 14.0 percent, mainly due to lower maintenance contract and computer licensing expenses.

FISCAL YEAR 2016 COMPARED TO 2015:
Total fiscal year 2016 operating expenses increased by $13.3 million or 5.8 percent. Salaries and benefits increased $2.8 million or 7.2 percent, mostly due to planned wage and benefit increases. Contractual services increased by $5.8 or 17.9 percent, resulting in higher busing costs of the Rental Car Center that opened in January 2016. Safety and Security increased $5.3 million or 22.4 percent, reflecting an increase in law enforcement training and benefit costs. Utilities increased $1.3 million or 13.1 percent, due to higher rates and increased power usage of the Rental Car Center. Materials and supplies increased slightly by $17 thousand or 3.3 percent, mainly due to higher purchases of small equipment and operating supplies. Employee development and support increased by $106 thousand or 9.3 percent, primarily due to higher training costs.

Offsetting this increase in operating expenses were the following decreases: Maintenance of $394 thousand or 2.7 percent, due to access control expenses being transferred to the Safety and security category; Equipment and systems of $1.1 million or 60.8 percent, due to lower office equipment purchases; Insurance of $195 thousand or 17.0 percent, primarily due to lower property insurance rates; Business development of $103 thousand or 4.1 percent, due to a delay in planned advertising; Equipment rentals and repairs of $99 thousand or 3.4 percent, due primarily to lower IT maintenance contracts and lower printer costs.

OPERATING EXPENSES (CONTINUED)

San Diego County Regional Airport Authority
Fiscal Year Ended June 30, 2017 | Operating Expenses



NON-OPERATING REVENUES & EXPENSES (IN THOUSANDS)

	FY 2016	FY 2017	From 2016 to 2017 Increase (Decrease)	% Change
Passenger facility charges	$ 40,258	**$ 42,200**	$ 1,942	4.8%
Customer facility charges	33,208	**36,528**	3,320	10.0%
Quieter Home Program, net	(3,698)	**(785)**	2,913	78.8%
Joint studies program	(101)	**-**	101	100.0%
Interest income	5,999	**8,134**	2,135	35.6%
Interest expense, net	(45,979)	**(53,528)**	(7,549)	(16.4%)
Other nonoperating income (expenses)	2,246	**(17,121)**	(19,367)	(862.3%)
Nonoperating revenues, net	$ 31,933	**$ 15,428**	$ (16,505)	(51.7%)

	FY 2015	FY 2016	From 2015 to 2016 Increase (Decrease)	% Change
Passenger facility charges	$ 38,517	$ 40,258	$ 1,741	4.5%
Customer facility charges	32,465	33,208	743	2.3%
Quieter Home Program, net	(2,811)	(3,698)	(887)	(31.6%)
Joint studies program	(145)	(101)	44	30.3%
Interest income	5,747	5,999	252	4.4%
Interest expense, net	(50,557)	(45,979)	4,663	8.5%
Other nonoperating income (expenses)	1,367	2,246	879	64.3%
Nonoperating revenues, net	$ 24,583	$ 31,933	$ 7,435	36.7%

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 or to repay debt service issued to build such 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 1936 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 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 $2.17 to $2.42 per day, up to five days for rental car transactions.

QUIETER HOME PROGRAM includes sound attenuation construction improvements at all eligible single-family and multifamily dwellings with six or fewer units located in the Year 2000 65 dB Community Noise Equivalent Level contour. The project is eligible for the Airport Improvement Program (AIP). From inception through the end of fiscal year 2017, the Airport Authority has spent $191.9 million and received reimbursement for $154.6 million.

INTEREST INCOME is derived from interest earned by the Airport Authority on investments and notes receivable from the District.

INTEREST EXPENSE includes interest paid and accrued on the 2010, 2013 and 2014 Series Bonds, Variable Debt, and Lease Interest. This is netted with the capitalization of bond interest to the construction in progress assets that the bond and variable debt finances. The capitalized interest in fiscal years ended June 30, 2017 and 2016 was $4.8 million and $12.4 million, respectively. The bond premium amortization from all three bond series is also netted with interest expense. The 2010 Series C Bonds were issued as Build America Bonds and, as such, the Airport Authority receives a cash subsidy from the U.S. Treasury equal to 32.59 percent of the interest payable. The interest subsidy for the fiscal years ended June 30, 2017 and 2016 was $4.7 million.

OTHER NONOPERATING INCOME (EXPENSE) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets, unrealized gain (loss) on investments, and other miscellaneous revenue and expenses.

NON-OPERATING REVENUES & EXPENSES (CONTINUED)

Fiscal year 2017 compared to 2016:
Nonoperating revenues (net) decreased by $16.5 million or 51.7 percent. Passenger facility charges increased by $1.9 million or 4.8 percent, mainly due to a 3.8 percent increase in enplaned passengers. Customer facility charges increased by $3.3 million or 10.0 percent, due to a corresponding increase in rental car transactions and increase in fee effective January 1, 2017. Quieter Home Program expenses (net) decreased by 2.9 million or 78.8 percent, due to lower sound attenuation activity. Interest income increased by $2.1 million or 35.6 percent, due to an increase in dollars invested as well as improved market performance compared to fiscal year 2016.

Offsetting the nonoperating income was a higher net interest expense of $7.5 million or 16.4 percent, mainly due to lower capitalized interest. Other nonoperating expense increased by $19.4 million or 862.3 percent, primarily due to a loss on fixed asset disposal resulting from the new FIS project.

Fiscal year 2016 compared to 2015:
Nonoperating revenues (net) increased by $7.4 million or 36.7 percent. Passenger facility charges increased by $1.7 million or 4.5 percent, due to a 5.1 percent increase in enplaned passengers. Customer facility charges increased by $743 thousand or 2.3 percent, due to an overall increase in rental car transactions. Interest income increased by $252 thousand or 4.4 percent, primarily due to improved market performance compared to fiscal year 2015, though dollars invested had decreased. Net Interest expense decreased by $4.7 million or 8.5 percent, mainly due to higher capitalized interest. Other nonoperating income increased by $879 thousand or 64.3 percent, mainly due to unrealized gains on investments.

Offsetting the nonoperating income was a higher net expense in the Quieter Home Program of $887 thousand or 31.6 percent, due to increased program activity.

CAPITAL GRANT CONTRIBUTIONS (IN THOUSANDS)

	FY 2016	FY 2017	From 2016 to 2017 Increase (Decrease)	% Change
Federal grants	$ 10,477	**$ 1,903**	$ (8,574)	(81.8%)

	FY 2015	FY 2016	From 2015 to 2016 Increase (Decrease)	% Change
Federal grants	$ 10,765	$ 10,477	$ (288)	(2.7%)

CAPITAL GRANT CONTRIBUTIONS are comprised of 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 2017 capital grant contributions decreased by $8.6 million or 81.8% compared to fiscal year 2016, and in fiscal year 2016, capital grant contributions decreased by $288 thousand or 2.7%, compared to fiscal year 2015. Variances from year to year relate to the amount of work completed on eligible projects during the fiscal year. In fiscal year 2017, the storm drain project and taxiway project were completed.

ASSETS, LIABILITIES & 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, 2015, 2016 and 2017, is as follows:

	FY 2015	FY 2016	FY 2017
Assets and Deferred Outflows of Resources			
Current assets	$ 204,491	$ 169,078	**$ 217,077**
Capital assets, net	1,544,909	1,551,007	**1,544,909**
Noncurrent assets	540,472	491,362	**468,270**
Total assets	2,231,673	2,211,447	**2,230,256**
Deferred outflows of resources	5,853	4,260	**20,245**
Total assets and deferred outflows of resources	2,237,526	2,215,707	**2,250,501**
Liabilities and Deferred Inflows of Resources			
Current liabilities	131,457	103,136	**136,975**
Long-term liabilities	1,355,160	1,334,816	**1,328,538**
Total liabilities	1,486,617	1,437,952	**1,465,513**
Deferred inflows of resources	8,168	1,807	**1,815**
Total liabilities and deferred inflows of resources	1,494,785	1,439,759	**1,467,328**
Net Position			
Net investment in capital assets	316,251	310,339	**263,952**
Restricted	215,968	214,533	**225,088**
Unrestricted	210,522	251,076	**294,133**
Total net position	$ 742,741	$ 775,948	**$ 783,173**

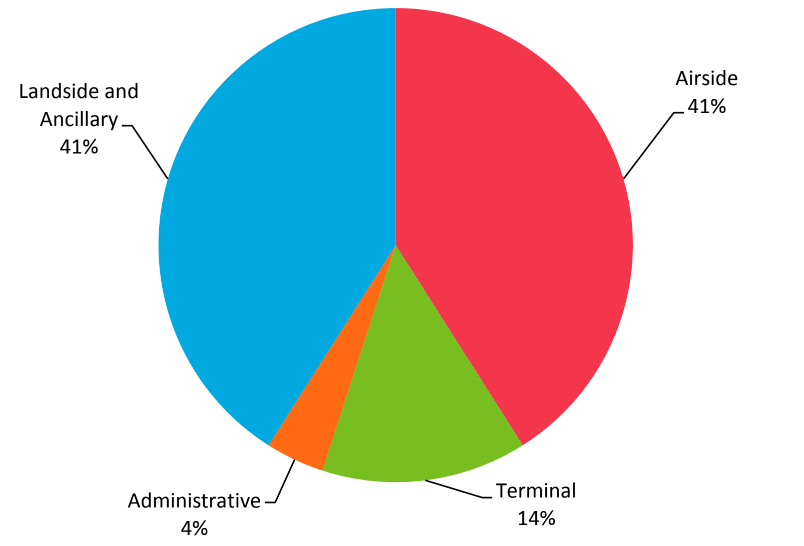
As of June 30, 2017, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $783.2 million. This reflects a $7.2 million increase in net position from June 30, 2016. The Airport Authority uses the capital assets to provide services 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, it is noted that the funds required to repay this debt must be provided annually from operations. The unrestricted net position of $294.1 million as of June 30, 2017, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2017, 2016 and 2015, management has designated unrestricted funds in the amount of $25.8 million, $31.3 million, $22.6 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake insurance and operating contingency.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is a rolling five-year program that provides critical improvements and asset additions. The program includes capital improvement 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 commercial paper/revolving lines of credit.

The current CIP, which includes projects through 2022, consists of $424.3 million for airside projects, $422.0 million for landside and ancillary projects, $140.3 million for terminal projects, and $45.6 million for administrative projects. The current SDIA CIP does not include noise reduction and related projects.

CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECTS BY TYPE



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

CAPITAL FINANCING AND DEBT MANAGEMENT

On October 5, 2010, the Airport Authority issued $572.6 million of Subordinate Airport Revenue Bonds Series 2010 A, B and C (Series 2010 Bonds). The bonds are rated A/A2/A by Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively. 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 $142.2 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 Series 2010 A and B bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00 percent to 5.00 percent and mature in fiscal years

2012 to 2041. The Series 2010 C Bonds were issued as Build America Bonds and include a cash subsidy payment from the U. S. Treasury; currently, 32.62 percent of interest payable. The interest rate on the Series 2010 C Bonds, net of subsidy, is 4.48 percent and the bonds mature in fiscal year 2041.

The Subordinate Series 2010 Bonds are special obligations of the Airport Authority, payable 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 2010 Bonds were issued with a pledge of and lien on subordinate net revenues on parity with the Airport Authority's subordinate commercial paper notes. As of June 30, 2017, the principal balance on the subordinate Series 2010 Bonds was $546.4 million.

On January 30 2013, the Airport Authority issued $379.6 million of Senior Airport Revenue Bonds Series 2013 A and B (Series 2013 Bonds). The Series 2013 Bonds are rated A+/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively. The Senior Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the senior Series 2013 Bonds through and including July 1, 2015, 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, 2017, amounted to $18.35 million, including accrued interest of $9.2 million. The principal balance on the Series 2013 Bonds as of June 30, 2017 was $375.5 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 (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 1, 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 through January 1, 2016, 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. As of June 30, 2017, the principal balance on the Series 2014 Bonds was $305.3 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 September 5, 2014, the Airport Authority replaced its commercial paper program with a $125,000,000 revolving line of credit, issued by US Bank, which was used to refund the outstanding Series B and Series C commercial paper balances. The revolving line of credit is a three year facility. As of June 30, 2017, the Airport Authority's outstanding debt under this agreement consists of $15.8 million of Series B (AMT) and $10.6 million Series C (taxable).

Subsequent to end of the fiscal year end, on August 3, 2017, the Airport Authority issued $291,210,000 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 $32,550,000 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 $48,423,687, 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.

The revolving line of credit is 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.

CAPITAL FINANCING & DEBT MANAGEMENT (CONTINUED)

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 November 1, 2037.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately $24.7 million in grant awards for the federal fiscal year ended September 30, 2017, as compared to $500 thousand for 2016. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.

REQUEST FOR INFORMATION

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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2017 AND 2016

Assets and Deferred Outflows of Resources	2017	2016
Current Assets		
Unrestricted:		
Cash and cash equivalents (*Note 2*)	$ 10,743,557	$ 16,244,182
Investments (*Notes 2 and 10*)	97,353,685	74,354,944
Tenant lease receivables, net	9,321,940	8,528,816
Grants receivable	3,354,396	7,623,419
Note receivable, current portion (*Note 3*)	1,801,694	1,705,491
Other current assets	4,433,986	3,392,579
Total unrestricted current assets	**127,009,258**	111,849,431
Restricted cash, cash equivalents and investments with trustees (*Notes 2 and 5*)	64,297,770	57,228,146
Total current assets	**191,307,028**	169,077,577
Noncurrent Assets		
Restricted assets (*Notes 2 and 5*):		
Restricted cash, cash equivalents and investments not with trustees	175,907,551	168,074,212
Restricted investments with trustees	97,763,717	127,070,127
Passenger facility charges receivable (*Note 1*)	6,155,618	4,497,657
Customer facility charges receivable (*Note 1*)	3,717,575	2,968,920
Other restricted assets	2,791,385	3,033,990
Total restricted assets	**286,335,846**	305,644,906
Other noncurrent assets:		
Investments, noncurrent (*Note 2*)	148,319,754	119,052,416
Note receivable, long-term portion (*Note 3*)	33,242,085	35,043,779
Cash and cash equivalents designated for specific capital projects and other commitments (*Notes 2 and 10*)	25,792,246	31,270,718
Workers' compensation security deposits	349,943	349,943
Total other noncurrent assets	**207,704,028**	185,716,856
Capital assets (*Note 4*):		
Land, land improvements and nondepreciable assets	111,041,142	109,974,224
Buildings and structures	1,431,417,373	1,415,691,585
Machinery and equipment	98,289,644	94,326,157
Runways, roads and parking lots	626,871,756	590,772,032
Construction in progress	171,498,031	152,703,001
	2,439,117,946	2,363,466,999
Less accumulated depreciation	(894,209,246)	(812,459,642)
Capital assets, net	1,544,908,700	1,551,007,357
Total noncurrent assets	**2,038,948,574**	2,042,369,119
Total assets	**2,230,255,602**	2,211,446,696
Deferred outflows of resources		
Deferred pension contributions (*Note 6*)	5,197,849	3,972,596
Deferred pension investment loss (*Note 6*)	6,089,002	-
Deferred pension change of assumptions (*Note 6*)	8,728,242	-
Deferred pension experience loss (*Note 6*)	230,441	288,051
Total deferred outflows of resources	**20,245,534**	4,260,647
Total assets and deferred outflows of resources	**$ 2,250,501,136**	$ 2,215,707,343

See Notes to Financial Statements.

Liabilities, Deferred Inflows of Resources and Net Position	2017	2016
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	$ 7,195,303	$ 9,643,474
Accrued liabilities	29,254,589	33,062,074
Compensated absences, current portion (*Note 5*)	3,217,748	2,833,970
Other current liabilities	160,600	92,887
Long-term debt, current portion (*Note 5*)	298,449	275,421
Total payable from unrestricted assets	**40,126,689**	45,907,826
Payable from restricted assets:		
Accounts payable	1,135,312	3,168,316
Accrued liabilities	18,873,753	10,016,026
Long-term debt, current portion (*Note 5*)	11,585,000	11,090,000
Accrued interest on bonds and commercial paper (*Note 5*)	32,703,705	32,953,804
Total payable from restricted assets	**64,297,770**	57,228,146
Total current liabilities	**104,424,459**	103,135,972
Long-Term Liabilities		
Compensated absences, net of current portion (*Note 5*)	13,278	528,143
Other noncurrent liabilities	804,082	827,143
Long-term debt, net of current portion (*Note 5*)	1,342,159,363	1,331,779,357
Net pension liability (*Note 6*)	18,111,482	1,680,759
Total long-term liabilities	**1,361,088,205**	1,334,815,402
Total liabilities	**1,465,512,664**	1,437,951,374
Deferred inflows of resources		
Deferred pension experience gains (*Note 6*)	1,815,440	-
Deferred pension investment gains (*Note 6*)	-	1,807,420
Total liabilities and deferred inflows of resources	**$ 1,467,328,104**	$ 1,439,758,794
Net Position		
Net investment in capital assets (*Note 1*)	263,951,847	310,339,489
Restricted:		
Debt Service	83,274,140	80,712,157
Construction	121,177,898	113,669,206
Operation and maintenance expenses	13,844,912	13,118,064
Small business bond guarantee	4,000,000	4,000,000
OCIP loss reserve	2,791,385	3,033,990
Total restricted net position	225,088,335	214,533,417
Unrestricted net position	294,132,850	251,075,643
Total net position	**$ 783,173,032**	$ 775,948,549

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2017 AND 2016

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

JUNE 30, 2017 AND 2016

	2017	2016
Operating revenues:		
Airline revenue:		
Landing fees	**$ 24,612,412**	$ 23,984,793
Aircraft parking fees	**2,926,972**	2,701,219
Building rentals (*Note 11*)	**54,283,330**	51,273,320
Security surcharge	**29,468,089**	29,223,097
Other aviation revenue	**5,090,654**	5,022,809
Concession revenue	**61,255,811**	56,274,089
Parking and ground transportation revenue	**49,407,235**	48,105,641
Ground and non-airlilne terminal rentals (*Note 11*)	**20,053,031**	16,225,648
Other operating revenue	**1,749,405**	1,183,435
Total operating revenues	**248,846,939**	233,994,051
Operating expenses:		
Salaries and benefits (*Notes 6, 7 and 8*)	**46,873,859**	42,024,678
Contractual services (*Note 13*)	**44,927,419**	38,215,315
Safety and security	**28,421,603**	28,721,250
Space rental (*Note 12*)	**10,189,944**	10,367,148
Utilities	**10,735,957**	11,479,888
Maintenance	**14,269,953**	14,121,738
Equipment and systems	**501,897**	708,404
Materials and supplies	**650,706**	536,006
Insurance	**956,358**	949,491
Employee development and support	**1,392,564**	1,242,336
Business development	**2,351,124**	2,390,028
Equipment rentals and repairs	**2,454,148**	2,852,173
Total operating expenses before depreciation	**163,725,532**	153,608,455
Income from operations before depreciation	**85,121,407**	80,385,596
Depreciation expense	**95,229,026**	87,820,864
Operating loss	**(10,107,619)**	(7,435,268)

(Continued)

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

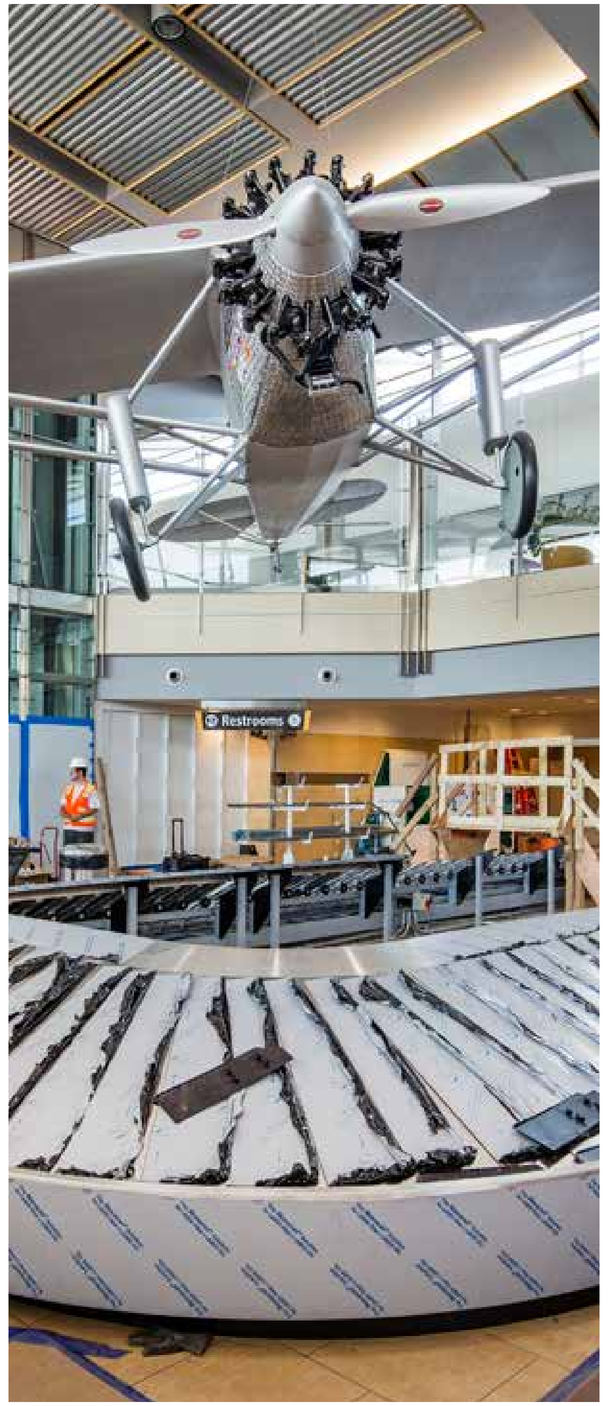
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

JUNE 30, 2017 AND 2016

	2017	2016
Nonoperating revenues (expenses):		
Passenger facility charges	**$ 42,199,763**	$ 40,257,993
Customer facility charges	**36,527,853**	33,207,946
Quieter Home Program grant revenue (*Note 1*)	**1,413,999**	8,573,133
Quieter Home Program expenses (*Note 1*)	**(2,198,744)**	(12,270,742)
Joint Studies Program	**-**	(101,360)
Interest income	**8,133,765**	5,998,970
Interest expense (*Note 5*)	**(58,178,865)**	(50,635,027)
Build America Bonds subsidy (*Note 5*)	**4,651,203**	4,656,199
Other revenues (expenses), net	**(17,120,558)**	2,246,541
Nonoperating revenue, net	**15,428,416**	31,933,653
Income before federal grants	**5,320,797**	24,498,385
Federal grants (*Note 1*)	**1,903,686**	10,477,054
Change in net position	**7,224,483**	34,975,439
Net position, as previously reported*	**775,948,549**	742,740,318
Prior-period adjustment	**-**	(1,767,208)
Net position, beginning of year	**775,948,549**	740,973,110
Net position, end of year	**$ 783,173,032**	$ 775,948,549

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
JUNE 30, 2017 AND 2016



	2017	2016
Cash Flows From Operating Activities		
Receipts from customers	**$ 247,823,092**	$ 233,448,605
Payments to suppliers	**(122,079,920)**	(108,629,115)
Payments to employees	**(49,487,337)**	(43,605,962)
Other receipts	**1,793,123**	10,801,571
Net cash provided by operating activities	**78,048,958**	92,015,099
Cash Flows From Noncapital Financing Activities		
Settlement receipts (payments)	**(2,350,067)**	377,167
Quieter Home Program grant receipts	**1,413,999**	5,784,088
Quieter Home Program payments	**(2,198,744)**	(12,270,742)
Joint Studies Program payments	**-**	(101,360)
Net cash used in noncapital financing activities	**(3,134,812)**	(6,210,847)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	**(97,053,113)**	(190,233,095)
Proceeds on Build America Bonds subsidy	**4,651,203**	4,656,199
Proceeds from sale of capital assets	**-**	248,255
Proceeds from variable debt	**32,550,000**	-
Federal grants received (excluding Quieter Home Program)	**6,172,709**	16,552,478
Proceeds from passenger facility charges	**40,541,802**	42,064,330
Proceeds from customer facility charges	**35,779,198**	34,090,936
Payment of principal on bonds	**(17,223,000)**	(16,819,000)
Payment of capital lease	**(275,421)**	(254,258)
Interest and debt fees paid	**(62,605,537)**	(54,720,481)
Net cash used in capital and related financing activities	**(57,462,159)**	(164,414,636)
Cash Flows From Investing Activities		
Sales and maturities of investments	**106,870,324**	250,352,658
Purchases of investments	**(144,732,956)**	(162,296,751)
Interest received on investments and note receivable	**7,726,057**	5,998,970
Principal payments received on notes receivable	**1,705,491**	1,608,986
Net cash provided by (used in) investing activities	**(28,431,084)**	95,663,863
Net increase (decrease) in cash and cash equivalents	**(10,979,097)**	17,053,479
Cash and cash equivalents, beginning of year	**47,514,900**	30,461,421
Cash and cash equivalents, end of year	**$ 36,535,803**	$ 47,514,900

(Continued)

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS
JUNE 30, 2017 AND 2016

	2017	2016
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Unrestricted cash and cash equivalents	**$ 10,743,557**	$ 16,244,182
Cash and cash equivalents designated for specific capital projects and other commitments	**25,792,246**	31,270,718
Total cash and cash equivalents	**$ 36,535,803**	$ 47,514,900
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	**$ (10,107,619)**	$ (7,435,268)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	**95,229,030**	87,820,864
Change in pension expense	**453,856**	(1,503,558)
Changes in assets and liabilities:		
Tenant lease receivables	**(793,124)**	633,506
Other assets	**(391,094)**	1,833,936
Accounts payable	**(2,448,171)**	159,929
Accrued liabilities	**(3,807,485)**	9,465,402
Compensated absences	**(131,087)**	185,602
Other liabilities	**44,652**	854,686
Net cash provided by operating activities	**$ 78,048,958**	$ 92,015,099
Supplemental Disclosure of Noncash Investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	**$ 20,009,065**	$ 13,184,342

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.

NOTE 1.

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

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 fair value based upon the Airport Authority's pro rata share of the fair value provided by the state and county investment pools for the entire respective pool. All other investments are stated at market 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.

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, 2017 and 2016, the Airport Authority recovered $1,903,686 and $10,477,054, respectively, for approved capital projects and $1,413,999 and $8,573,133 respectively, for the Quieter Home Program. Related recoverable costs as of June 30, 2017 and 2016 were $2,443,112 and $10,454,351 respectively, for capital projects and $1,767,499 and $12,270,742, respectively, for the Quieter Home Program.

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. As of June 30, 2017 and 2016, accrued PFC receivables totaled $6,155,618 and $4,497,657, respectively, and there were $73,311,497 and $73,279,889 PFC amounts collected but not yet applied for approved capital projects as of June 30, 2017 and 2016, 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 in 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. Effective January 1, 2017, the CFC rate went from $7.50 to $9.00 per day for a maximum of five days. As of June 30, 2017 and 2016, accrued CFC receivables totaled $3,717,575 and $2,968,920, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2017 and 2016, were $37,830,593 and $32,922,068, 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 period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions – 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. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Investment difference – Pensions – These amounts represent the difference in projected and actual earnings on pension 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 – These amounts represent the difference in expected and actual pension 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 – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension liability. 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.

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

NOTE 1.

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

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.

The costs of normal maintenance and repairs

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

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. For the fiscal years ended June 30, 2017 and 2016, the Airport Authority capitalized interest of $4,774,693 and $12,387,044, respectively.

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 excludes 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.

Unrestricted net position as of June 30, 2017 and 2016 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2017	2016
Operating contingency	$ 2,000,000	$ 2,000,000
Insurance contingency	9,531,966	8,813,970
Capital projects and other commitments	14,260,280	20,456,748
Total designated net position	$ 25,792,246	$ 31,270,718

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 and amortization 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

NOTE 1.

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

NOTE 1.

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

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 four largest airlines in terms of enplaned passengers are as follows:

	2017	2016
Southwest Airlines	**37.4%**	37.6%
American Airlines	**12.6%**	13.4%
United Airlines	**11.9%**	11.4%
Delta	**10.3%**	10.4%

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.

RECLASSIFICATIONS:
Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 presentation. The reclassifications had no effect on the changes in financial position.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for the Airport Authority's year ending June 30, 2018.

PRONOUNCEMENTS ADOPTED: The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2017:

- GASB Statement No. 82, Pension Issues –an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for the Airport Authority's year ending June 30, 2017.

The implementation of Statement No. 82 resulted in a restatement of beginning net position as of July 1, 2016, which is the beginning of the earliest period presented. This restatement reclassifies a portion of amounts previously classified as deferred outflows of resources for employer contributions to retirement expense. Based on application of this statement, member contributions paid by the employer should be recorded similar to salaries or fringe benefits in the period paid. Adjustments to beginning net position for the adoption of this statement follow:

Net position, July 1, 2016	$ 1,767,208	
Deferred pension contributions		$ 1,724,510
Retirement expense		42,698

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:

	2017	2016
Unrestricted and Undesignated:		
Cash and cash equivalents	$ 10,743,557	$ 16,244,182
Current investments	97,353,685	74,354,944
Noncurrent investments	148,319,754	119,052,416
Total unrestricted and undesignated	256,416,996	209,651,542
Designated for specific capital projects and other commitments: cash and cash equivalents	25,792,246	31,270,718
Restricted:		
Current cash, cash equivalents and investments, with trustees	90,068,047	57,228,146
Noncurrent cash, cash equivalents and investments, not with trustees	175,907,551	168,074,212
Noncurrent investments, with trustees	71,993,440	127,070,127
Total restricted cash, cash equivalents and investments	337,969,038	352,372,485
Total cash, cash equivalents and investments	$ 620,178,280	$ 593,294,745

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

	2017	2016
Restricted cash, cash equivalents and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	$ 41,534,736	$ 39,354,191
Operation and maintenance subaccount	13,844,912	13,118,064
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	60,779,648	57,872,255
Passenger facility charges unapplied	73,311,497	73,279,889
Customer facility charges unapplied	37,830,593	32,922,068
Customer facility charges unapplied	-	672
Small business development bond guarantee	4,000,000	4,000,000
Revolving Line of credit Construction Fund	162,616	-
2010 Series debt service reserve fund	51,512,762	51,351,322
2010 Series debt service account	25,001,407	24,660,324
2013 Series construction fund	1,720,948	13,037,611
2013 Series debt service reserve fund	33,322,247	33,460,392
2013 Series debt service account	11,338,002	11,297,645
2014 Series construction fund	37,044	13,582,767
2014 Series debt service reserve fund	22,180,178	22,170,728
2014 Series capital interest account	-	8,087,171
2014 Series debt service account	8,153,925	-
2014 Series rolling coverage fund	6,718,716	6,649,641
2014 Series renew and replace	1,899,455	-
Total restricted cash, cash equivalents and investments	$ 337,969,038	$ 352,372,485

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

INVESTMENTS AUTHORIZED IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 53601 AND UNDER THE PROVISIONS OF THE AIRPORT AUTHORITY'S INVESTMENT POLICY:

The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk and concentration of credit risk. 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	None
Bankers' acceptances	180 days	AAA/Aaa	40 percent	10 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	10 percent
Negotiable certificates of deposit	5 years	A	30 percent	10 percent
Medium-term notes	5 years	A	15 percent	10 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	10 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$65 million
San Diego County Investment Pool	N/A	N/A	None	$65 million
Local Government Investment Pool	N/A	N/A	None	$65 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	10 percent
Time certificates of deposit	3 years	*	20 percent	10 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 authorizes 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.

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 market 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)

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:

		2017			
		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	$ 85,201,348	$ 9,973,800	$ 49,865,262	$ 25,362,286	AAA (1)
U.S. agency securities	109,436,513	4,438,252	41,168,904	63,829,357	AAA (1)
Supranationals	5,982,120	-	2,968,080	3,014,040	AAA (1)
Commercial paper	8,485,280	8,485,280	-	-	A-1+/P-1
Negotiable certicates of deposit	46,592,680	25,528,280	21,064,400	-	A-1+/P-1
Medium-term notes	22,457,198	10,443,358	7,497,765	4,516,075	AA
	17,107,339	1,501,860	7,603,761	8,001,718	A
Money market mutual funds	630,996	630,996	-	-	AAA (1)
Local Agency Investment Fund	48,182,813	48,182,813	-	-	Unrated
San Diego County Investment Pool	157,252,092	157,252,092	-	-	AAA (1)
CalTrust Fund	15,297,174	15,297,174	-	-	AAA (1)
Total investments subject to credit and interest rate risk:	516,625,553	281,733,905	130,168,172	104,723,476	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	15,413,829				
Total Investments	$ 532,039,382				

		2016			
		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	$ 95,094,109	$ -	$ 47,437,150	$ 47,656,959	AAA (1)
U.S. agency securities	50,679,745	-	21,004,503	29,675,242	AAA (1)
Supranationals	3,010,290	-	-	3,010,290	AAA (1)
Commercial paper	13,942,250	13,942,250	-	-	A-1+/P-1
Negotiable certicates of deposit	3,999,640	3,999,640	-	-	A-1+/P-1
	21,013,400	4,000,000	17,013,400	-	AA
	17,500,000	9,000,000	8,500,000	-	A
Medium-term notes	25,955,952	800,272	19,057,880	6,097,800	AA
	12,742,165	-	5,039,500	7,702,665	A
Money market mutual funds	40,427,839	40,427,839	-	-	AAA (1)
Local Agency Investment Fund	47,906,365	47,906,365	-	-	Unrated
San Diego County Investment Pool	172,695,968	172,695,968	-	-	AAA (1)
CalTrust Fund	15,177,301	15,177,301	-	-	AAA (1)
Total investments subject to credit and interest rate risk:	520,145,024	307,949,635	118,052,433	94,142,956	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	36,247,049				
Total Investments	$ 556,392,073				

Ratings per Standard and Poor's, Moody's and Fitch.

(1) Includes investments that have split ratings between S&P (AA+), Moodys (AAA) and Fitch (AAA)

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, 2017 and 2016.

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, 2017 and 2016, the balance of the note receivable was $35,043,779 and $36,749,270, 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
2018	$ 1,801,694
2019	1,903,323
2020	2,006,052
2021	2,123,843
2022	2,243,644
2023-2027	13,261,730
2028-2031	11,703,493
	$ 35,043,779

NOTE 4. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2017 and 2016 are as follows:

	Balance at June 30, 2016	Increases	Decreases	**Balance at June 30, 2017**
Nondepreciable assets:				
Land	$ 22,167,595			**$ 22,167,595**
Construction in progress	152,703,001	100,687,513	(81,892,482)	**171,498,032**
Intangible asset	440,000			**440,000**
Total nondepreciable assets	175,310,596	100,687,513	(81,892,482)	**194,105,627**
Depreciable assets:				
Land improvements	87,806,629	1,066,918		**88,873,547**
Buildings and structures (1)	1,415,251,585	38,732,334	(23,006,546)	**1,430,977,373**
Machinery and equipment (2)	94,326,157	3,963,486		**98,289,643**
Runways, roads and parking lots	590,772,032	41,343,092	(5,243,368)	**626,871,756**
Total capital assets being depreciated	2,188,156,403	85,105,830	(28,249,914)	**2,245,012,319**
Less accumulated depreciation for:				
Land improvements	(9,315,258)	(4,279,999)		**(13,595,257)**
Building and structures	(492,481,777)	(63,647,619)	8,476,841	**(547,652,555)**
Machinery and equipment	(49,619,914)	(6,772,742)		**(56,392,656)**
Runways, roads and parking lots	(261,042,693)	(20,528,667)	5,002,582	**(276,568,778)**
Total accumulated depreciation	(812,459,642)	(95,229,026)	13,479,423	**(894,209,246)**
Total capital assets being depreciated, net	1,375,696,761	(10,123,196)	(14,770,492)	**1,350,803,073**
Capital assets, net	$ 1,551,007,357	$ 90,564,317	$ (96,662,974)	**$ 1,544,908,700**

(1) Includes capitalized lease of building with a net present value of future lease payments of $7,237,033

(2) Includes capitalized leases of office equipment with a net present value of future lease payments of $205,281

NOTE 4. CAPITAL ASSETS (CONTINUED)

	Balance at June 30, 2015	Increases	Decreases	Balance at June 30, 2016
Nondepreciable assets:				
Land	$ 22,415,850	$ -	$ (248,255)	$ 22,167,595
Construction in progress	387,054,944	150,231,346	(384,583,289)	152,703,001
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	409,910,794	150,231,346	(384,831,544)	175,310,596
Depreciable assets:				
Land improvements	50,147,668	37,658,961	-	87,806,629
Buildings and structures (1)	1,115,012,539	307,002,484	(6,763,438)	1,415,251,585
Machinery and equipment (2)	53,700,294	41,027,046	(401,183)	94,326,157
Runways, roads and parking lots	590,459,084	1,252,586	(939,638)	590,772,032
Total capital assets being depreciated	1,809,319,585	386,941,077	(8,104,259)	2,188,156,403
Less accumulated depreciation for:				
Land improvements	(6,249,662)	(3,065,596)	-	(9,315,258)
Building and structures	(441,622,939)	(57,470,295)	6,611,457	(492,481,777)
Machinery and equipment	(44,701,987)	(5,327,455)	409,528	(49,619,914)
Runways, roads and parking lots	(239,946,253)	(21,957,518)	861,078	(261,042,693)
Total accumulated depreciation	(732,520,841)	(87,820,864)	7,882,063	(812,459,642)
Total capital assets being depreciated, net	1,076,798,744	299,120,213	(222,196)	1,375,696,761
Capital assets, net	$ 1,486,709,538	$ 449,351,559	$ (385,053,740)	$ 1,551,007,357

(1) Includes capitalized lease of building with a net present value of future lease payments of $7,442,013

(2) Includes capitalized leases of office equipment with a net present value of future lease payments of $275,723

NOTE 5.

LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2017 and 2016:

	Principal Balance at June 30, 2016	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2017**	Due Within One Year
Variable Rate Debt					
Series A tax-exempt	$ -	$ 32,550,000	$ -	**$ 32,550,000**	$ -
Series B tax-exempt	16,884,000	-	(1,035,000)	**15,849,000**	-
Series C taxable	15,697,000		(5,098,000)	**10,599,000**	-
Total variable rate debt	32,581,000	32,550,000	(6,133,000)	**58,998,000**	-
Bonds payable:					
Series 2010 Bonds	555,420,000	-	(9,000,000)	**546,420,000**	9,430,000
Series 2013 Bonds	377,555,000	-	(2,090,000)	**375,465,000**	2,155,000
Series 2014 Bonds	305,285,000	-	-	**305,285,000**	-
Bond premiums	64,586,043	-	(4,153,545)	**60,432,498**	-
Total bonds payable	1,302,846,043	-	(15,243,545)	**1,287,602,498**	11,585,000
Capital leases	7,717,734	-	(275,420)	**7,442,314**	298,449
Total capital leases	1,343,144,777	32,550,000	(21,651,965)	**1,354,042,812**	11,883,449
Other liabilities					
Compensated absences	3,362,113	3,086,661	(3,217,748)	**3,231,026**	3,217,748
Net pension liability	1,680,759	27,275,582	(10,844,859)	**18,111,482**	
Total other liabilities	5,042,872	30,362,243	(14,062,607)	**21,342,508**	3,217,748
Total long-term liabilities	$ 1,348,187,649	$ 62,912,243	$ (35,714,572)	**$ 1,375,385,320**	$ 15,101,197

	Principal Balance at June 30, 2015	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2016	Due Within One Year
Variable Rate Debt					
Series B tax-exempt	$ 17,909,000	$ -	$ (1,025,000)	$ 16,884,000	$ -
Series C taxable	20,796,000		(5,099,000)	15,697,000	-
Total variable rate debt	38,705,000	-	(6,124,000)	32,581,000	-
Bonds payable:					
Series 2010 Bonds	564,085,000	-	(8,665,000)	555,420,000	9,000,000
Series 2013 Bonds	379,585,000	-	(2,030,000)	377,555,000	2,090,000
Series 2014 Bonds	305,285,000	-	-	305,285,000	-
Bond premiums	68,829,291	-	(4,243,248)	64,586,043	-
Total bonds payable	1,317,784,291	-	(14,938,248)	1,302,846,043	11,090,000
Capital Leases	7,971,993	-	(254,259)	7,717,734	275,421
Total capital leases	1,364,461,284	-	(21,316,507)	1,343,144,777	11,365,421
Other liabilities					
Compensated absences	3,176,511	3,019,571	(2,833,969)	3,362,113	2,833,970
Net Pension Liability	(3,351,341)	16,160,068	(11,127,968)	1,680,759	
Total other liabilities	(174,830)	19,179,639	(13,961,937)	5,042,872	2,833,970
Total long-term liabilities	$ 1,364,286,454	$ 19,179,639	$ (35,278,444)	$ 1,348,187,649	$ 14,199,391

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, together with investment income thereon, 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 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, 2017 and 2016, the amount held in escrow by the trustee was $20,603,125 and $25,668,549, respectively, and the amount of the defeased Series 2005 Bonds still outstanding was $18,985,000 and $23,145,000, 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, 2017 and 2016, was $18,349,950 and $18,414,600, respectively, including accrued interest of $9,174,975 and $9,207,300 for fiscal years ending June 30, 2017 and 2016, respectively. The principal balance on the Series 2013 Bonds as of June 30, 2017 and 2016, was $375,465,000 and $377,555,000, 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, 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 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, 2017 and 2016, the amount held by the trustee was $46,381,196 and $57,795,652, respectively, which included the July 1 payment, unspent project fund proceeds, the debt service reserve fund and capitalized interest funds. The total additional amounts reserved by the Airport Authority for fiscal years 2017 and 2016 was $60,779,648 and $57,782,255, respectively. The public ratings of the Series 2013 Bonds as of June 30, 2017, are A+/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively.

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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
2018	$ 2,155,000	$ 18,306,850	$ 20,461,850
2019	2,240,000	18,218,950	20,458,950
2020	2,320,000	18,127,750	20,447,750
2021	7,925,000	17,883,225	25,808,225
2022	8,315,000	17,477,225	25,792,225
2023-2027	48,240,000	80,552,500	128,792,500
2028-2032	51,890,000	67,536,775	119,426,775
2033-2037	28,990,000	58,678,000	87,668,000
2038-2042	97,485,000	47,728,375	145,213,375
2043-2044	125,905,000	6,220,125	132,125,125
	$ 375,465,000	$ 350,729,775	$ 726,194,775

SUBORDINATE LIEN SERIES 2010 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 Series 2010 A and 2010 B Bonds were structured as serial and term bonds that bear interest at rates ranging from 2.00 percent to 5.00 percent and mature in fiscal years 2012 to 2041. The Series 2010 C Bonds were issued as taxable Build America Bonds (BAB), which benefit from periodic cash subsidy payments from the U.S. Treasury, originally equal to 35 percent of interest payable on such bonds. As a result of the automatic spending cuts imposed under the Budget Control Act of 2011, the Airport Authority's BAB subsidies were reduced by 7.2 percent (the BAB Sequester) from October 2013 through September 2014 and 7.3 percent from October 2014 through September 2015. Due to the continued extension of the BAB Sequester, BAB subsidies for the remainder of fiscal year 2016 were reduced by 6.8 percent and such reduction will remain in place through September 2016. The BAB interest subsidies received by the Airport Authority for fiscal years ended June 30, 2017 and 2016, amounted to $4,651,203 and $4,656,199, respectively. The interest rate on the Series 2010 C Bonds, net of the subsidy, is 4.47 percent and the bonds mature in fiscal year 2041. The bonds were issued at a premium of $26,154,344, which is being amortized over the life of the bonds. Interest on the subordinate Series 2010 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2017 and 2016, amounted to $30,716,248 and $31,151,799, respectively, including accrued interest of $15,358,125 and $15,575,899, respectively. The principal balance on the subordinate Series 2010 Bonds as of June 30, 2017 and 2016 was $546,420,000 and $555,420,000, respectively.

The subordinate Series 2010 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 2010 Bonds were issued with a pledge of and lien on subordinate net revenues. The irrevocably committed PFC amount $19,209,338 was fully utilized in fiscal year 2016, there was no irrevocable pledge of PFCs in FY 2017.

As subordinate lien bonds, the Series 2010 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 Series 2010 Bonds require the Airport Authority to maintain a reserve account with the bond trustee. At June 30, 2017 and 2016, the amount held by the trustee was $76,514,170 and $76,011,647, respectively, which included the July 1 payment and a debt service reserve fund.

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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
2018	$ 9,430,000	$ 30,487,998	$ 39,917,998
2019	9,890,000	30,020,298	39,910,298
2020	10,365,000	29,529,823	39,894,823
2021	10,865,000	29,007,173	39,872,173
2022	11,415,000	28,463,486	39,878,486
2023-2027	66,060,000	133,041,898	199,101,898
2028-2032	94,955,000	114,089,164	209,044,164
2033-2037	168,560,000	76,049,488	244,609,488
2038-2041	164,880,000	20,516,435	185,396,435
	$ 546,420,000	$ 491,205,763	$ 1,037,625,763

SUBORDINATE VARIABLE RATE DEBT PROGRAM:
During fiscal year 2015, the Airport Authority replaced its commercial paper program with a $125,000,000 Revolving Line Of Credit issued by US Bank. The Revolving Line Of Credit was used to refund the outstanding Series B and Series C CP Note balances. The Revolving Line Of Credit is 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.

At June 30, 2017 the Authority had an outstanding principal balance on Series A Revolving Obligations of $32,550,000 (the balance was $0 as at June 30, 2016). At June 30 2017 and 2016, the outstanding principal balances of the Series B Revolving Obligations were $15,849,000 and $16,884,000, respectively. The Series A and Series B Revolving Obligations bear interest at the tax-exempt rate which is based on a spread to LIBOR. The outstanding principal balances of the Series C Revolving Obligations at June 30 2017 and 2016 were $10,599,000 and $15,697,000 respectively, and bear interest at the taxable rate, also based on a spread to LIBOR.

In April of 2017 the Authority established a Subordinate Drawdown Bond program

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

with RBC Municipal Products of up to $100,000,000. 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. The Authority currently has no Subordinate Drawdown Bonds outstanding. This commitment will expire 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.

SUBORDINATE LIEN SERIES 2017 BONDS: Subsequent to end of the fiscal year, the Airport Authority issued $291,210,000 of Series A and B Subordinate Airport Revenue Bonds (Series 2017 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 $48,423,687, 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.

The public ratings of the Series 2010 Bonds as of June 30, 2017, are A/A2/A by Standard & Poor's, Moody's Investors Service and Fitch Ratings, respectively.

SENIOR LIEN SPECIAL FACILITIES REVENUE BONDS, SERIES 2014:
On February 1, 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 through January 1, 2016, 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, 2017 and 2016, was $16,341,210, including accrued interest of $8,170,605 each year. The principal balance on the Series 2014 Bonds for fiscal years ended June 30, 2017 and 2016 was $305,385,000.

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 books, as shown previously in the notes. For the fiscal years ended June 30, 2017 and 2016, the amount held by the trustee was $38,989,317 and $50,490,303, respectively, which included the July 1 payment, unspent project fund proceeds, the debt service reserve fund, capitalized interest funds and the rolling coverage fund.

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
2018	$ -	$ 16,341,210	$ 16,341,210
2019	5,580,000	16,270,428	21,850,428
2020	5,720,000	16,114,217	21,834,217
2021	5,890,000	15,928,365	21,818,365
2022	6,090,000	15,714,362	21,804,362
2023-2027	35,330,000	73,277,825	108,607,825
2028-2032	46,385,000	61,917,390	108,302,390
2033-2037	60,890,000	47,003,086	107,893,086
2038-2042	79,935,000	27,424,786	107,359,786
2043-2045	59,465,000	4,721,599	64,186,599
	$ 305,285,000	$ 294,713,268	$ 599,998,268

LINE OF CREDIT: In fiscal year 2017, 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, 2017, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

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.

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.

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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, 2017:

Years Ending June 30,		Amount
2018	$	959,486
2019		959,486
2020		932,090
2021		877,298
2022		877,298
2023-2027		4,386,489
2028-2032		4,386,489
2033		365,541
Total lease payments		13,744,177
Less amount representing interest		(6,301,863)
Present value of future lease payments	$	7,442,314

NOTE 6.

DEFINED BENEFIT PLAN

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 be obtained by writing to the San Diego City Employees' Retirement System, 401 B Street, Suite 400, San Diego, California 92101.

BENEFITS PROVIDED:
The Airport Authority provides retirement, disability and death benefits.

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

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

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

The Airport Authority provides monthly payments for the life of the employee, with 50 percent continuance to the eligible spouse, 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.

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

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

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

As of the measurement dates June 30, 2016 and June 30, 2015, Plan membership was as follows:

	2016	2015
Inactive employees or beneficiaries currently receiving benefits	90	76
Inactive employees entitled to but not yet receiving benefits	112	99
Active employees	385	369
Total	587	544

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 the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2017, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2015 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, 2017 and 2016, employees contributed $2,967,269 and $2,840,236 respectively, and the Airport Authority contributed $4,047,780 and $3,897,545 respectively, to the Plan. For the

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

years ended June 30, 2017 and 2016, the Airport Authority paid 7.00% or 8.50% of general member contributions and 10.48% of executive member contributions. These contributions are included in the employee contribution.

NET PENSION LIABILITY:
The Airport Authority's net pension liability as of June 30, 2017 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability as of June 30, 2017 is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2016 and 2015, actuarial valuations were determined using the following actuarial assumptions, applied to all period included in the measurement:

	June 30, 2016	June 30, 2015
Valuation date	June 30, 2015	June 30, 2014
Measurement date	June 30, 2016	June 30, 2015
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]	7.00%	7.125%
Projected salary increase [2]	3.05%	3.175%
Cost-of-living adjustment	1.90%	2.000%
Termination rate [3]	3.0% - 11.0%	3.0% - 11.0%
Disability rate [4]	0.01% - 0.30%	0.02% - 0.45%
Mortality	0.02% - 13.54% [5]	0.02% - 18.34% [6]

[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, projected 20 years from the 2009 base year using variation of scale MP-2015, with a 10% increase to healthy retired female rates. Disabled: CalPERS Work Related Diability Mortality Table, projected 20 years from 2009 base year using a variation of scale MP-2015.

DISCOUNT RATE:
For the June 30, 2016 and 2015 actuarial valuations, the discount rates used to measure the total pension liability were 7.0 percent and 7.125 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, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgments from SDCERS general investment consultant specialist research teams.

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

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
U.S. equity	21.0%	4.5%	6.7%
Non-U.S. developed equity	15.0%	5.5%	7.8%
Global equity	5.0%	5.1%	7.3%
U.S. fixed income	22.0%	0.9%	3.0%
Emerging market debt	5.0%	3.7%	5.9%
Real estate	11.0%	3.6%	5.8%
Private equity and infrastructure	13.0%	6.6%	8.8%
Opportunity fund	8.0%	4.4%	6.6%
	100.0%		

CHANGES IN THE NET PENSION LIABILITY:
Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) through the year ended June 30, 2016 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of 6/30/15	$ 140,197,047	$ 138,516,288	$ 1,680,759
Changes for the year:			
Service cost	6,205,263	-	6,205,263
Interest on total pension liability	10,277,611	-	10,277,611
Difference between expected and actual experience	(2,178,527)	-	(2,178,527)
Changes in assumptions	10,473,890	-	10,473,890
Employer contributions	-	4,047,780	(4,047,780)
Member contributions	-	2,967,269	(2,967,269)
Net investment income	-	1,651,283	(1,651,283)
Benefit payments	(3,023,391)	(3,023,391)	-
Administrative expense	-	(318,818)	318,818
Net changes	21,754,846	5,324,123	16,430,723
Balances as of 6/30/16	$ 161,951,893	$ 143,840,411	$ 18,111,482

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

Changes in the total pension liability, plan fiduciary net position and the net pension liability (asset) through the year ended June 30, 2015, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of 6/30/14	$ 126,851,793	$ 130,203,134	$ (3,351,341)
Changes for the year:			
Service cost	6,154,579	-	6,154,579
Interest on total pension liability	9,327,538	-	9,327,538
Difference between expected and actual experience	345,661	-	345,661
Employer contributions	-	3,897,547	(5,664,755)
Member contributions	-	2,840,236	(1,073,028)
Net investment income	-	4,390,185	(4,390,185)
Benefit payments	(2,482,524)	(2,482,524)	-
Administrative expenses	-	(332,290)	332,290
Net changes	13,345,254	8,313,154	5,032,100
Balances as of 6/30/15	$ 140,197,047	$ 138,516,288	$ 1,680,759

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 7.00 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, 2017:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total pension liability	$ 184,896,870	$ 161,951,893	$ 143,053,624
Plan fiduciary net position	(143,840,411)	(143,840,411)	(143,840,411)
Net pension liability	$ 41,056,459	$ 18,111,482	$ (786,787)
Plan fiduciary net position as a percentage of the total pension liability	77.8%	88.8%	100.5%

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN:
For the years ended June 30, 2017 and 2016, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 68, of $7,451,396 and $4,048,248, respectively. At June 30, 2017 and 2016, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

For June 30, 2016 Measurement Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 6,089,002	$ -
Differences between expected & actual experience	230,441	1,815,440
Changes in assumptions	8,728,242	
Employer contributions made subsequent to June 30, 2016 measurement date	5,197,849	-
Total	$ 20,245,534	$ 1,815,440

For June 30, 2015 Measurement Date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 1,807,422
Differences between expected & actual experience	288,051	-
Employer contributions made subsequent to June 30, 2015 measurement date	3,972,596	-
Total	$ 4,260,647	$ 1,807,422

The deferred outflows of resources, at June 30, 2016 and 2015, 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, 2017 and 2016, respectively.

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

Fiscal Year-end:	
2018	$ 2,211,333
2019	2,211,333
2020	4,253,329
2021	3,173,690
2022	1,382,560
	$ 13,232,245

NOTE 7.

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 8.

OTHER POSTEMPLOYMENT BENEFITS

The Airport Authority provides a single-employer postemployment benefit plan (the OPEB Plan). The OPEB Plan provides postretirement 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 1.5 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 $250 billion in assets for more than 2,500 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 annual required contributions (ARCs). 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 ARC for its OPEB. In previous years, the Airport Authority has made contributions above the annual ARC which has resulted in a net OPEB asset.

ANNUAL OPEB COST AND ACTUARIAL METHODS AND ASSUMPTIONS:
The Airport Authority's annual OPEB cost is calculated based on the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The Airport Authority has elected to perform an actuarial valuation of the OPEB on a biennial basis, the most recent of which is dated as of July 1, 2015. According to the July 1, 2015, actuarial valuation, the ARC was $2,013,000 and $1,959,000 for fiscal year 2017, and 2016, respectively. The ARC was determined using the entry age normal cost method with amortization of the unfunded accrued liability occurring over a 30-year period ending June 30, 2037.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. The actuarial assumptions used by CERBT include (a) a 7.28 percent investment rate of return, (7.36 percent was used in the prior valuations), net of administrative expenses, RP-2015 Mortality Tables with fully generational projection using MP-2015 scale and (b) projected salary increases of 3.00 percent. The annual healthcare cost trend rate ranged from 4.5 to 9.0 percent for medical and assumes a 5.0 percent rate for dental. In establishing the discount rate, an inflation rate of 2.75 percent was used. The 2015 actuarial valuation included a 10 percent retirees' contribution of plan costs for single coverage; previously it was 5 percent.

The entry age normal cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the entry age normal cost method, the plan's normal cost is developed as a level percentage of payroll spread over the participants' working lifetime. The actuarial accrued liability is the cumulative value, on the valuation date, of prior service costs. For retirees, the actuarial accrued liability is the present value of all projected benefits.

The plan costs are derived by making certain specific assumptions as to the rates of interest, mortality, turnover and the like, which are assumed to hold for many years into the future. Actual experience may differ somewhat from the assumptions and the effect of such differences is spread over all periods. Due to these differences, the costs determined by the valuation must be regarded as estimates of the true plan costs.

NOTE 8.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Development of the net OPEB obligation (NOO/Asset) and annual OPEB cost for the past three years is as follows (dollars in thousands):

Actuarial Valuation Date	Fiscal Year	ARCs	Employer Contribution	NOO/(Asset) End of Year	Interest on NOO/(Asset)	Adjustment to the ARC	Annual OPEB Cost
7/1/13	14/15	2,403	2,403	(59)	(4)	4	2,403
7/1/15	15/16	1,959	1,959	(59)	(4)	4	1,959
7/1/15	16/17	2,013	2,013	(59)	(4)	4	2,013

NOTE 8.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The Airport Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2017, 2016 and 2015, were as follows (dollars in thousands):

Fiscal Year Ended	Annual OPEB Costs	Employer Contribution	Percentage of OPEB Cost Contributed	NOO/ (Asset)
6/30/15	2,403	2,403	100.0%	(59)
6/30/16	1,959	1,959	100.0%	(59)
6/30/17	2,013	2,013	100.0%	(59)

FUNDED STATUS AND FUNDING PROGRESS:
The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the accompanying notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The funded status of the Plan based on the most recent biennial actuarial valuation for the plan, dated as of July 1, 2015, was as follows (dollars in thousands):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
7/1/15	$ 18,917	$ 34,587	$ 15,670	54.7%	$ 16,809	93.2%	7.3%	3.0%

NOTE 9.

RISK MANAGEMENT

The Airport Authority has a comprehensive Risk Management Program comprising commercial insurance, self-insurance, loss 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 with a war, hijacking and other perils endorsement in the amount of $150 million.
- 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, 2017 and 2016, the Airport Authority has designated $9,531,966 and $8,813,970, 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 a periodic basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2017, 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 10.

DISCLOSURES ABOUT FAIR VALUE OF ASSETS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

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

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

NOTE 10.

DISCLOSURES ABOUT FAIR VALUE OF ASSETS (CONTINUED)

RECURRING MEASUREMENTS:
The following table presents the fair value measurements of assets and liabilities 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, 2017 and 2016:

June 30, 2017	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	$ 85,201,348	$ 85,201,348	$ -	$ -
U.S. agency securities	109,436,513	-	109,436,513	-
Non-U.S Securities	5,982,120	5,982,120	-	-
Commercial paper	8,485,280	-	8,485,280	-
Negotiable certicates of deposit	46,592,680	-	46,592,680	-
Medium-term notes	39,564,537	-	39,564,537	-
Local Agency Investment Fund	48,182,813	48,182,813	-	-
San Diego County Investment Pool	157,252,092	157,252,092	-	-
Total investments by fair value level	500,697,383	$ 296,618,373	$ 204,079,010	$ -
Investments measured at amortized cost	630,996			
Investments measured at net asset value	15,297,174			
Non-negotiable certificate of deposit	15,413,829			
Total investments	$ 532,039,382			

June 30, 2016	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	$ 95,094,109	$ 95,094,109	$ -	$ -
U.S. agency securities	50,679,745	-	50,679,745	-
Non-U.S Securities	3,010,290	3,010,290	-	-
Commercial paper	13,942,250	-	13,942,250	-
Negotiable certicates of deposit	42,513,040	-	42,513,040	-
Medium-term notes	38,698,117	-	38,698,117	-
Local Agency Investment Fund	47,906,365	47,906,365	-	-
San Diego County Investment Pool	172,695,968	172,695,968	-	-
Total investments by fair value level	464,539,884	$ 318,706,732	$ 145,833,152	$ -
Investments measured at amortized cost	40,427,839			
Investments measured at net asset value	15,177,301			
Non-negotiable certificate of deposit	36,247,049			
Total investments	$ 556,392,073			

NOTE 11.

LEASE REVENUES

The Airport Authority leases certain of its capital assets, such as loading bridges and building space, to signatory airlines and other tenants under operating leases. Substantially all capital assets are held by the Airport Authority for the purpose of rental or related use. A majority of the lease payments are determined each year based upon the actual costs of the airport. Such costs are allocated pro rata to each tenant based upon factors such as landed weights, enplanements, square footage, acres, etc. A majority of the Airport Authority's lease commitments are primarily on a month-to-month basis and accordingly are not reflected in the schedule below.

The Airport Authority's recent expansion of approximately 25,000 additional square feet results in the increase of the number of food service and retail concession locations from 55 to 87. The Authority has implemented a comprehensive Concessions Development Program (CDP) to provide a world class shopping and dining experience for the millions of passengers who use SDIA each year. The full program build out was completed during fiscal year 2015. The CDP replaces the Airport Authority's one master concessionaire.

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 small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and will continue until the Bonds are repaid or defeased. This land rent is a non-cancellable lease and will convert to Facility Rent when bonds are repaid.

The minimum future lease payments to be received under the above operating lease agreements as of June 30, are as follows:

Years Ending June 30,	Amount
2018	$ 13,525,790
2019	12,429,005
2020	12,576,606
2021	12,694,216
2022	12,746,504
2023-2027	66,508,364
2028-2032	72,625,155
2033-2037	79,948,801
2038-2042	88,646,995
2043-2047	92,401,712
2048-2052	27,619,069
2053-2057	724,440
2058-2062	724,440
2063-2067	724,440
2068-2072	217,332
Total	**$ 494,112,869**

NOTE 12.

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,	Amount
2018	$ 10,176,660
2019	10,176,660
2020	10,176,660
2021	10,176,660
2022	10,176,660
2023-2027	50,883,300
2028-2032	50,883,300
2033-2037	50,883,300
2038-2042	50,883,300
2043-2047	50,883,300
2048-2052	50,883,300
2053-2057	50,883,300
2058-2062	50,883,300
2063-2067	50,883,300
2068-2069	15,264,990
	$ 524,097,990

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

	2017	2016
Rental payments made	$ 10,189,944	$ 10,367,148

NOTE 13.

COMMITMENTS & CONTINGENCIES

COMMITMENTS:
As of June 30, 2017 and 2016, 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, 2017 and 2016, these funds totaled approximately $14.3 million and $20.5 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, 2017 and 2016, the Airport Authority expensed $17,799,133 and $18,764,780 respectively for these services.

iii. In fiscal year 2012, the Board approved two contracts with Ace Parking Management Inc., for parking management services in the amount of $29.7 million and airport shuttle services in the amount of $31.3 million. In fiscal year 2017, the Board approved an additional $9.9 million for parking management services and $19.7 million for shuttle services. The total amounts spent as of June 30, 2017, were $29.8 million for parking management services and $36.9 million for airport shuttle services. These contracts are scheduled for completion in 2018.

iv. In fiscal year 2014, the Board approved a contract with Austin-Sundt JV for the design and construction of the Rental Car Center in the amount of $14.0 million and an additional approval of $10.0 million. In fiscal year 2015, the Board approved an additional $223.9 million. In fiscal year 2016, the Board approved an additional $5.1 million. As of June 30, 2017, $252.4 million had been spent and the contract was completed in fiscal year 2017.

v. In fiscal year 2013, the Board approved a contract with Demattei Wong Architecture in support of the Rental Car Center project in the amount of $10.0 million and an additional approval of $12.0 million. In fiscal year 2015, the Board approved an additional $5.0 million. As of June 30, 2017, $25.2 million had been spent and the contract was completed in fiscal year 2017.

vi. In fiscal year 2015, the Board approved a $29.2 million contract with SP Plus Corporation to transport rental car Center

NOTE 13.

COMMITMENTS & CONTINGENCIES (CONTINUED)

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. As of June 30, 2017, $10.8 million had been spent and the contract is due to be completed in fiscal year 2021.

vii. In fiscal year 2015, the Board approved a $5.9 million contract with Granite Construction Company for the construction of the Northside bypass Taxiway. As of June 30, 2017, $5.9 million had been spent and the contract was completed early in the fiscal year 2017.

viii. In fiscal year 2015, the Board approved a $60.0 million contract with AECOM Technical Services, Inc. for project support for the development of the Northside solar projects. As of June 30, 2017, $27.5 million had been spent and the contract is due to be completed in fiscal year 2018.

ix. In fiscal year 2016, the Board approved a $3.2 million contract with Granite Construction Company for the Employee Parking Lot 6 Expansion. As of June 30, 2017, $3.2 million had been spent and the contract was completed early in the fiscal year 2017.

x. In fiscal year 2016, the Board approved a $12 million contract with Swinerton Builders for a Design-Build for the T2 Parking Plaza. In fiscal year 2017, the Board approved an additional $85.7 million As of June 30, 2017, $33.8 million had been spent and the contract is due to be completed in fiscal year 2019.

xi. In fiscal year 2016, the Board approved a $3.2 million contract with Hazard Construction Company for a Taxi hold lot. As of June 30, 2017, $3 million had been spent and the contract was completed in fiscal year 2017.

xii. In fiscal year 2016, the Board approved a $4.7 million contract with Hazard Construction Company to rehabilitate the Cross Taxiway. As of June 30, 2017, $4.2 million had been spent and the contract was completed in fiscal year 2017.

xiii. 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. As of June 30, 2017, $7.5 million had been spent and the contract is due to be completed in fiscal year 2020.

xiv. In fiscal year 2017, the Board approved a $3.3 million contract with Vasquez Construction Company to replace terminal seating in Terminal 1 and 2. As of June 30, 2017, $536 thousand had been spent and the contract is due to be completed in fiscal year 2018.

CONTINGENCIES:
As of June 30, 2017, the Airport Authority is subject to contingencies arising from legal 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.

NOTE 13.

COMMITMENTS & CONTINGENCIES (CONTINUED)

Schedule of OPEB funding progress for the Airport Authority is as follows (dollars in thousands)*:

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability AAL	Unfunded Actuarial Accrued Liability UAAL	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
7/1/09	$ 2,674	$ 12,206	$ 9,532	21.9%	$ 19,514	48.8%	7.75%	3.25%
7/1/10	4,474	14,149	9,675	31.6%	20,148	48.0%	7.75%	3.25%
7/1/11	7,604	22,197	14,593	34.3%	18,728	77.9%	7.60%	3.25%
7/1/12	7,604	22,197	14,593	34.3%	18,728	77.9%	7.61%	3.25%
7/1/13	12,667	31,553	18,886	40.1%	17,567	107.5%	7.36%	3.00%
7/1/15	18,917	34,587	15,670	54.7%	16,809	93.2%	7.36%	3.00%

* In accordance with GASB Statement No. 45, the Airport Authority has an actuarial valuation completed biennially.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSET), LAST 10 FISCAL YEARS (GASB STATEMENT NO. 68):

	2017	2016	2015
Total Pension Liability:			
Service cost	$ 6,205,263	$ 6,154,579	$ 6,099,481
Interest (includes interest on service cost)	10,277,611	9,327,538	8,465,485
Differences between expected and actual experience	(2,178,527)	345,661	-
Effect of changes of assumptions	10,473,890	-	-
Benefit payments, including refunds of member contributions	(3,023,391)	(2,482,524)	(2,913,221)
Net change in total pension liability	21,754,846	13,345,254	11,651,745
Total pension liability - beginning	140,197,047	126,851,793	115,200,048
Total pension liability - ending	$ 161,951,893	$ 140,197,047	$ 126,851,793
Plan Fiduciary Net Position:			
Contributions - employer	$ 4,047,780	$ 3,897,547	$ 3,924,988
Contributions - employee	2,967,269	2,840,236	2,765,079
Net investment income	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	(3,023,391)	(2,482,524)	(2,913,221)
Administrative expense	(318,818)	(332,290)	(332,645)
Net change in plan fiduciary net position	5,324,123	8,313,154	21,746,884
Plan fiduciary net position - beginning	138,516,288	130,203,134	108,456,250
Plan fiduciary net position - ending	$ 143,840,411	$ 138,516,288	$ 130,203,134
Net pension liability (asset) - ending	$ 18,111,482	$ 1,680,759	$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	88.82%	98.80%	102.64%
Covered employee payroll	$ 29,189,357	$ 27,955,455	$ 26,380,323
Net pension liability as a percentage of covered employee payroll	62.05%	6.01%	-12.70%

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2017 (CONTINUED)

Schedule of Contributions Last 10 Fiscal Years (in thousands) (GASB Statement No. 68):

	2017	2016	2015	2014	2013
Actuarially determined contribution	$ 3,765	$ 3,666	$ 3,823	$ 2,900	$ 2,600
Contributions in relation to the actuarially determined contribution	5,198	4,048	3,898	3,925	2,600
Contribution deficiency (excess)	$ (1,433)	$ (382)	$ (75)	$ (1,025)	$ -
Covered-employee payroll	$ 31,506	$ 29,189	$ 27,955	$ 26,380	$ 24,840
Contributions as a percentage of covered-payroll	16.50%	13.87%	13.94%	14.88%	10.47%

	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 3,800	$ 4,300	$ 3,000	$ 3,000	$ 2,200
Contributions in relation to the actuarially determined contribution	3,800	4,300	7,600	3,035	2,520
Contribution deficiency (excess)	$ -	$ -	$ (4,600)	$ (35)	$ (320)
Covered-employee payroll	$ 25,148	$ 25,596	$ 24,693	$ 23,488	$ 21,957
Contributions as a percentage of covered-payroll	15.11%	16.80%	30.78%	12.92%	11.48%

STATISTICAL SECTION

The Statistical Section is divided into five areas: financial trend data; revenue capacity data; operating information; demographic and economic information, and debt capacity data.

FINANCIAL TRENDS DATA:
- Authority operating revenues and O&M expenses
- Authority net position by component
- Authority changes in net position
- Authority largest sources of revenue

REVENUE CAPACITY DATA :
- Authority landing fee rate
- Terminal rates billed to airlines
- Airline cost per enplaned passenger

OPERATING INFORMATION:
- Authority employee head count
- Aircraft operations
- Aircraft landed weights
- Aircraft landed weights by airline
- Passenger enplanements
- Enplanement market share by airline by fiscal year
- Capital assets

ECONOMIC INFORMATION:
- Population and per capita personal income - San Diego County
- Principal employers in San Diego County
- San Diego County employment by industry sector
- Labor force, employment, and unemployment rates

DEBT INFORMATION:
- Debt service coverage
- Debt service coverage - Series 2014 CFC Bonds
- Debt per enplaned passenger

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

Fiscal Years Ended June 30,

Operating Revenues

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Airline revenue										
Landing fees	$ 24,763	$ 18,689	$ 18,672	$ 18,579	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612
Aircraft parking fees	-	3,221	3,406	2,921	3,134	3,191	2,503	2,716	2,701	2,927
Building rentals	24,265	23,057	23,835	26,980	30,633	41,840	46,001	48,153	53,536	56,575
Security surcharge	8,619	10,204	11,900	14,886	18,649	23,360	25,777	25,180	29,223	29,468
Other aviation revenue	1,808	1,565	1,585	1,597	1,595	1,591	4,488	4,893	2,760	2,799
Concession revenue	38,785	36,280	36,249	37,103	40,427	42,041	47,770	52,496	29,249	32,624
Parking and ground transportation revenue	31,038	31,492	30,296	31,645	31,470	35,750	38,959	41,633	75,131	78,039
Ground rentals	5,207	5,776	5,923	8,656	8,044	9,162	9,603	13,074	16,226	20,053
Other operating revenue	1,197	693	1,829	1,640	1,179	905	1,529	971	1,183	1,750
Total Operating Revenues	$ 135,682	$ 130,977	$ 133,695	$ 144,007	$ 153,550	$ 177,498	$ 195,737	$ 210,505	$ 233,994	$ 248,847

Operating Expenses Before Depreciation

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Salaries and benefits	$ 32,912	$ 34,741	$ 35,386	$ 38,267	$ 37,237	$ 38,092	$ 39,135	$ 39,211	$ 42,025	$ 46,874
Contractual services	27,378	27,464	27,999	26,113	26,906	29,284	31,559	32,422	38,215	44,927
Safety and security	19,110	19,930	20,131	21,344	22,625	23,994	24,151	23,464	28,721	28,422
Space rental	10,901	10,888	10,906	10,906	11,415	10,897	10,478	10,433	10,367	10,206
Utilities	6,430	6,912	6,871	6,413	6,674	6,659	8,680	10,152	11,480	10,736
Maintenance	8,735	8,002	9,231	8,174	8,497	11,204	13,982	14,516	14,122	14,270
Equipment and systems	1,333	678	891	570	403	469	643	1,805	708	502
Materials and supplies	795	641	413	345	304	406	440	519	536	651
Insurance	1,227	1,096	1,166	1,066	764	795	988	1,145	949	956
Employee development and support	1,035	1,030	990	1,041	916	1,235	1,171	1,136	1,242	1,393
Business development	2,733	2,509	2,033	2,275	2,093	2,444	2,661	2,493	2,390	2,351
Equipment rentals and repairs	1,396	1,387	1,271	1,327	1,335	1,317	2,932	2,951	2,852	2,438
Total Operating Expenses Before Depreciation	$ 113,985	$ 115,278	$ 117,288	$ 117,841	$ 119,169	$ 126,796	$ 136,821	$ 140,250	$ 153,608	$ 163,726

Source: San Diego County Regional Airport Authority

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

Fiscal Years Ended June 30,

	2008	2009	2010*	2011	2012	2013	2014	2015**	2016	2017
Net investment in capital assets	$ 238,144	$ 249,498	$ 274,769	$ 352,276	$ 339,467	$ 359,640	$ 312,780	$ 316,250	$ 310,339	$ 263,952
Other restricted net position	136,548	167,827	139,672	147,513	172,076	167,384	204,642	215,968	214,533	225,088
Unrestricted net position	120,429	95,858	145,224	102,466	149,346	200,040	209,594	210,522	251,076	294,133
Total net position	$ 495,121	$ 513,183	$ 559,664	$ 602,255	$ 660,889	$ 727,064	$ 727,016	$ 742,740	$ 775,949	$ 783,173

* Amounts for 2010 and after were restated as per GASB 65
** Amounts for 2015 were restated as per GASB 68
Source: San Diego County Regional Airport Authority

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

Fiscal Years Ended June 30,

	2008	2009	2010*	2011	2012	2013	2014	2015	2016**	2017
Operating revenues:										
Airline revenue:										
Landing fees	$ 24,763	$ 18,689	$ 18,672	$ 18,579	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612
Aircraft parking fees	-	3,221	3,406	2,921	3,134	3,191	2,503	2,716	2,701	2,927
Building rentals	24,265	23,057	23,835	26,980	30,633	41,840	46,001	48,153	53,536	56,575
Security surcharge	8,619	10,204	11,900	14,886	18,649	23,360	25,777	25,180	29,223	29,468
Other aviation revenue	1,808	1,565	1,584	1,597	1,595	1,591	4,488	4,893	2,760	2,799
Concession revenue	38,785	36,280	36,249	37,103	40,427	42,041	47,770	52,496	29,249	32,624
Parking and ground transportation revenue	31,038	31,492	30,296	31,645	31,470	35,750	38,959	41,633	75,131	78,039
Ground rentals	5,207	5,776	5,923	8,656	8,044	9,162	9,603	13,074	16,226	20,053
Other operating revenue	1,197	693	1,829	1,640	1,179	905	1,529	971	1,183	1,750
Total operating revenues	135,682	130,977	133,695	144,007	153,550	177,498	195,737	210,505	233,994	248,847
Operating expenses:										
Salaries and benefits	32,912	34,741	35,386	38,267	37,237	38,092	39,135	39,211	42,025	46,874
Contractual services	27,378	27,464	27,999	26,113	26,906	29,284	31,559	32,422	38,215	44,927
Safety and security	19,110	19,930	20,131	21,344	22,625	23,994	24,151	23,464	28,721	28,422
Space rental	10,901	10,888	10,906	10,906	11,415	10,897	10,478	10,433	10,367	10,206
Utilities	6,430	6,912	6,871	6,413	6,674	6,659	8,680	10,152	11,480	10,736
Maintenance	8,735	8,002	9,231	8,174	8,497	11,204	13,982	14,516	14,122	14,270
Equipment and systems	1,333	678	891	570	403	469	643	1,805	708	502
Materials and supplies	795	641	413	345	304	406	440	519	536	651
Insurance	1,227	1,096	1,166	1,066	764	795	988	1,145	949	956
Employee development and support	1,035	1,030	990	1,041	916	1,235	1,171	1,136	1,242	1,393
Business development	2,733	2,509	2,033	2,275	2,093	2,444	2,661	2,493	2,390	2,351
Equipment rentals and repairs	1,396	1,387	1,271	1,327	1,335	1,317	2,932	2,951	2,852	2,438
Total operating expenses before depreciation	113,985	115,278	117,288	117,841	119,169	126,796	136,821	140,250	153,608	163,726
Income from operations before depreciation	21,697	15,699	16,407	26,166	34,381	50,702	58,916	70,255	80,386	85,121
Depreciation	36,991	38,423	42,651	50,435	46,164	46,100	81,598	81,887	87,821	95,229
Operating income (loss)	(15,294)	(22,724)	(26,244)	(24,269)	(11,783)	4,602	(22,682)	(11,632)	(7,435)	(10,108)
Nonoperating revenues (expenses):										
Passenger facility charges	37,401	33,219	34,049	33,998	34,639	35,437	35,770	38,517	40258	42,200
Customer facility charges	-	1,695	10,783	10,986	11,487	19,117	27,545	32,465	33208	36,528
Quieter Home Program, net	(3,990)	(5,573)	(1,629)	(3,359)	(3,531)	(1,589)	(2,750)	(2,811)	(3698)	(785)
Joint Studies Program	(963)	(180)	(244)	(129)	(73)	(55)	(152)	(145)	(101)	-
Interest income	13,431	9,434	6,667	6,408	5,492	4,140	5,211	5,747	5999	8,134
Interest expense	(3,859)	(2,771)	(3,245)	(10,998)	(395)	(12,054)	(51,983)	(55,187)	(50,636)	(58,179)
Build America Bonds Rebate	-	-	-	3,691	4,996	4,779	4,636	4,631	4656	4,651
Other revenues (expenses), net	12	316	(1,004)	(92)	(3,032)	(4,279)	434	1,367	2247	(17,121)
Nonoperating revenue, net	42,032	36,140	45,376	40,505	49,583	45,496	18,711	24,584	31,933	15,428
Income before capital grant contributions	26,738	13,416	19,132	16,236	37,800	50,098	(3,971)	12,952	24,498	5,321
Capital grant contributions	2,850	4,646	27,350	26,355	20,834	16,077	3,924	10,765	10,477	1,904
Change in net position	29,588	18,062	46,482	42,591	58,634	66,175	(47)	23,717	34,975	7,224
Prior Period Adjustment	-	-	-	-	-	-	-	(7,995)	(1,767)	-
Net position, beginning of year	465,533	495,121	513,183	559,664	602,255	660,889	727,064	727,017	742,740	775,949
Net position, end of year	$ 495,121	$ 513,183	$ 559,666	$ 602,255	$ 660,889	$ 727,064	$ 727,017	$ 742,740	$ 775,949	$ 783,173

* Amounts for 2010 and after were restated as per GASB 65
Source: San Diego County Regional Airport Authority

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

Fiscal Years Ended June 30,

Tenant	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017 % of Total Operating Revenue
Southwest Airlines	$ 16,920,722	$ 17,658,629	$ 19,428,103	$ 21,306,108	$ 23,357,007	$ 27,598,908	$ 29,548,565	$ 33,107,335	$ 33,838,686	$ 35,960,638	14.5%
American Airlines	11,798,393	9,022,521	11,449,947	11,510,696	12,585,537	15,173,458	15,785,140	15,888,023	15,321,505	17,075,112	6.9%
United Airlines	6,522,426	6,344,127	7,905,284	9,280,812	10,931,601	15,817,886	15,364,094	15,687,045	14,518,119	16,227,363	6.5%
Delta Airlines	5,168,634	4,647,333	6,663,671	8,003,895	8,911,886	10,898,540	12,005,146	13,560,515	14,418,056	16,123,110	6.5%
Alaska Airlines	2,800,385	2,754,173	2,951,554	3,482,098	4,265,739	6,167,257	8,008,057	9,712,564	10,612,367	11,705,334	4.7%
Enterprise Rent-A-Car	2,530,192	2,501,720	2,517,682	4,431,129	7,290,392	6,934,784	7,162,116	7,998,222	9,451,127	11,188,393	4.5%
Hertz Rent-A-Car	6,860,949	5,816,230	5,861,737	5,635,151	5,795,690	5,961,730	6,149,759	6,236,082	8,225,179	11,142,905	4.5%
Avis Budget Rent-A-Car Group	6,193,565	5,505,770	3,378,607	3,842,594	4,507,266	4,697,455	4,822,212	5,131,645	5,540,949	6,174,859	2.5%
Landmark Aviation	-	-	-	-	-	-	2,027,308	5,042,672	5,536,511	5,675,514	2.3%
SSP America	-	-	-	-	-	-	-	-	4,476,873	5,004,393	2.0%

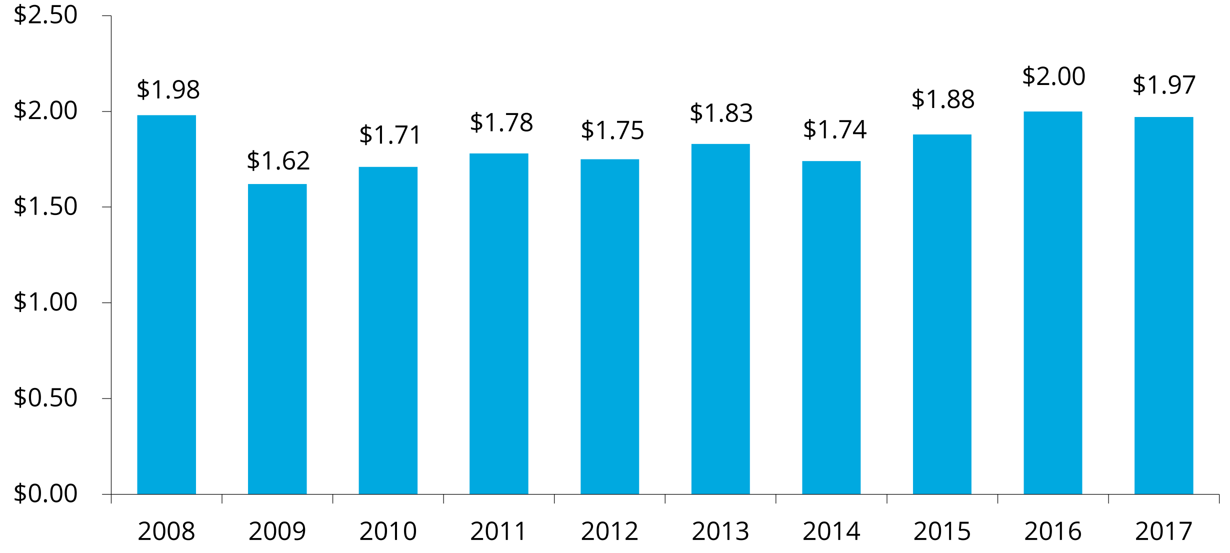
* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. Data for US Airways and American Airlines have been combined in this table.

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

Landing Fees are the revenues from passenger and cargo air carriers for landing aircraft at SDIA.

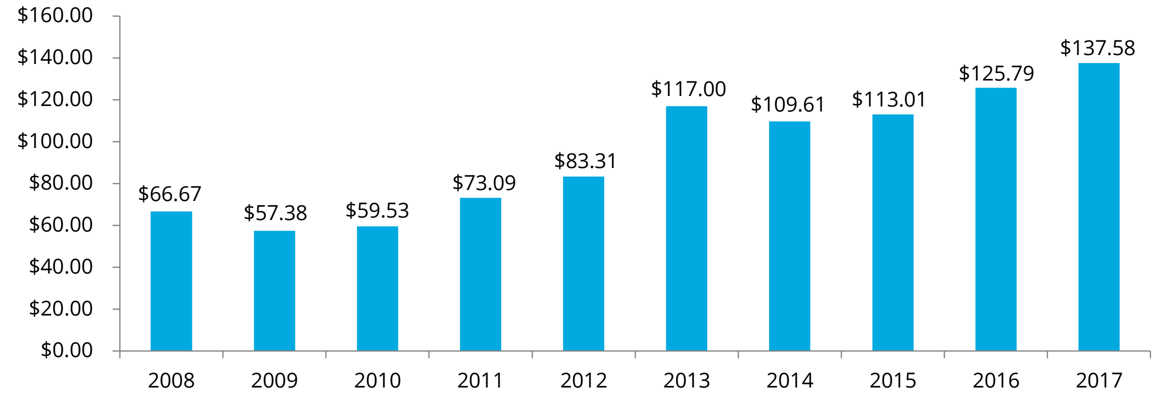
EXHIBIT S-6
TERMINAL RATES BILLED TO AIRLINES

Fiscal Years Ended June 30,

Fiscal Year	Terminal Rates Per Square Foot*	% Change
2008	$66.67	14.2 %
2009	$57.38	(13.9)%
2010	$59.53	3.7 %
2011	$73.09	22.8 %
2012	$83.31	14.0 %
2013	$117.00	40.4 %
2014	$109.61	(6.3)%
2015	$113.01	3.1 %
2016	$126.21	11.7 %
2017	$137.58	9.0 %

*Net of janitorial credit

TERMINAL RATE PER SQUARE FOOT

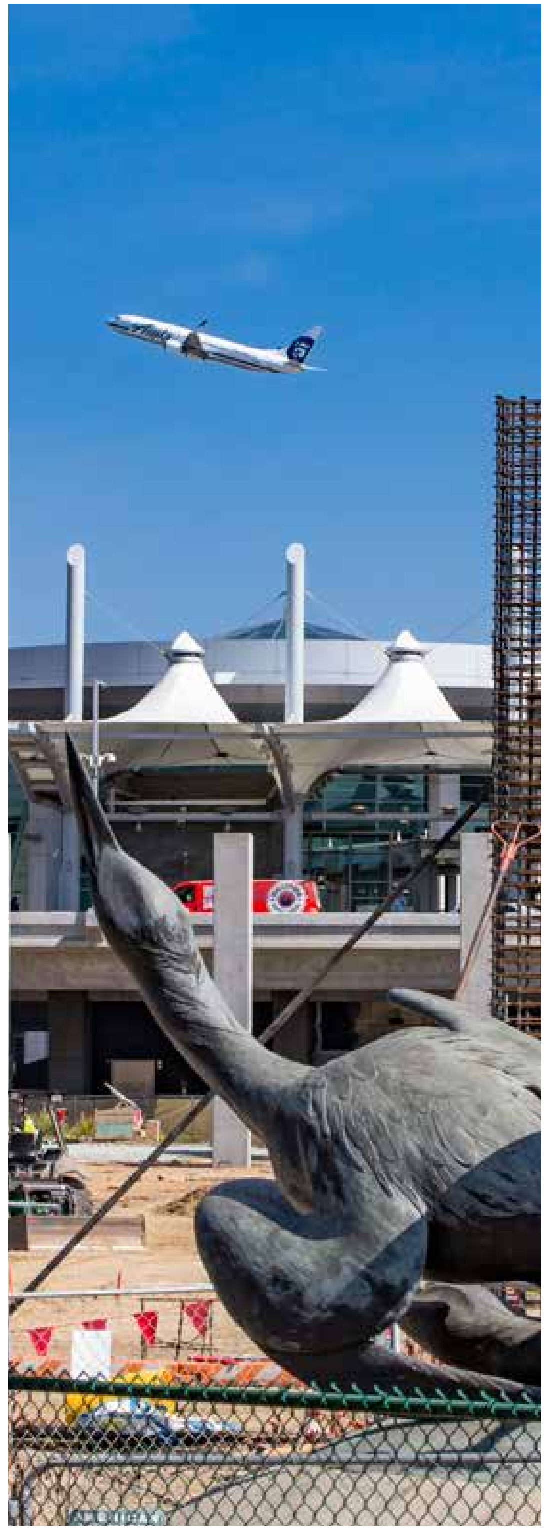


Source: San Diego County Regional Airport Authority
Information presented reflects those years that the Airport Authority was in operation.

Landing Fees are the revenues from passenger and cargo air carriers for landing aircraft at SDIA.

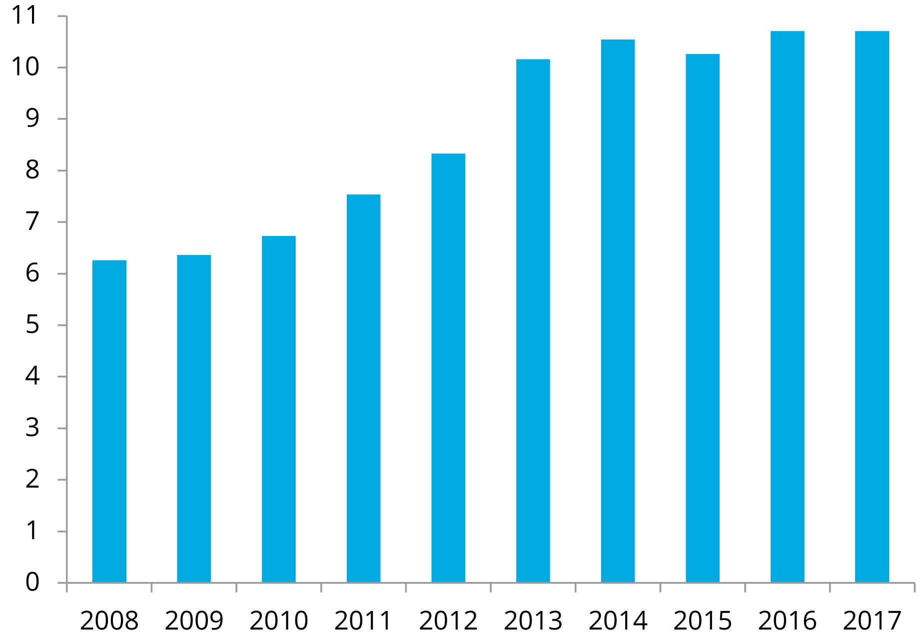
EXHIBIT S-7
AIRLINE COST PER ENPLANED PASSENGER

Fiscal Years Ended June 30,



Fiscal Year	Enplaned Passengers	Cost per Enplaned Passenger
2008	9,389,327	$6.26
2009	8,535,774	$6.36
2010	8,453,886	$6.73
2011	8,441,120	$7.54
2012	8,575,475	$8.33
2013	8,737,617	$10.16
2014	9,082,244	$10.54
2015	9,713,066	$10.26
2016	10,206,222	$10.71
2017	10,596,483	$10.71

COST PER ENPLANED PASSENGER



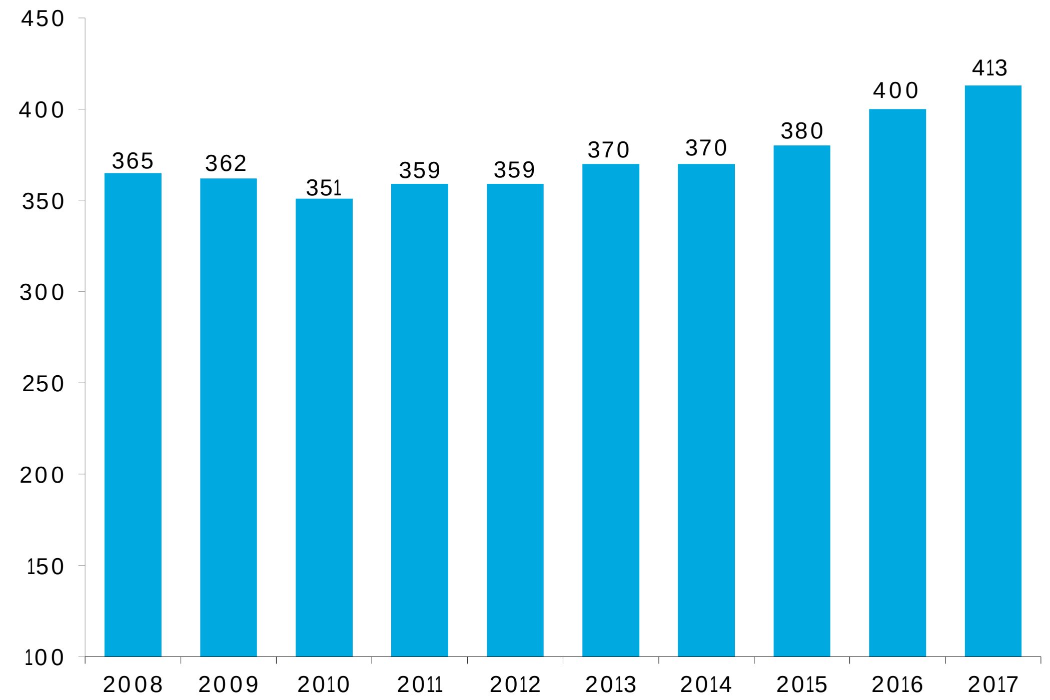
Source: San Diego County Regional Airport Authority

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
AUTORITY 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.

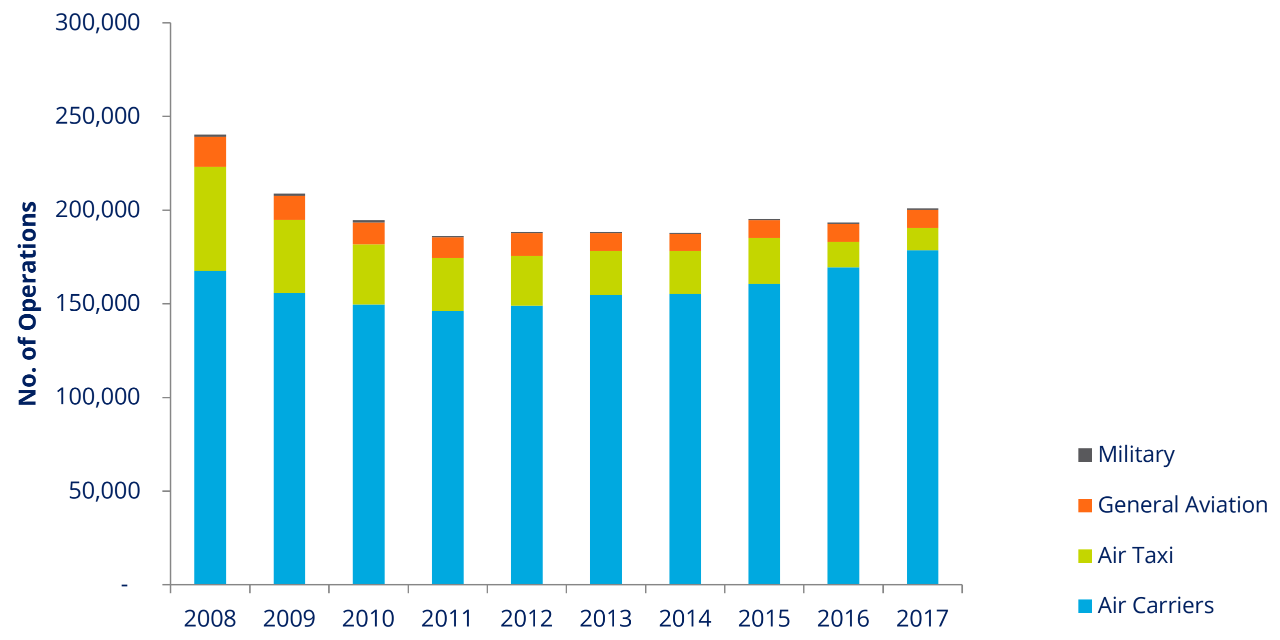
EXHIBIT S-9
AIRCRAFT OPERATIONS (TAKEOFFS & LANDINGS)

Fiscal Years Ended June 30,

Fiscal Year	Air Carriers	Air Taxi	General Aviation	Military	Total
2008	167,753	55,373	16,123	1,040	240,289
2009	155,766	39,122	12,721	1,174	208,783
2010	149,718	32,100	11,674	1,017	194,509
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

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

AIRCRAFT OPERATIONS



Source: San Diego County Regional Airport Authority

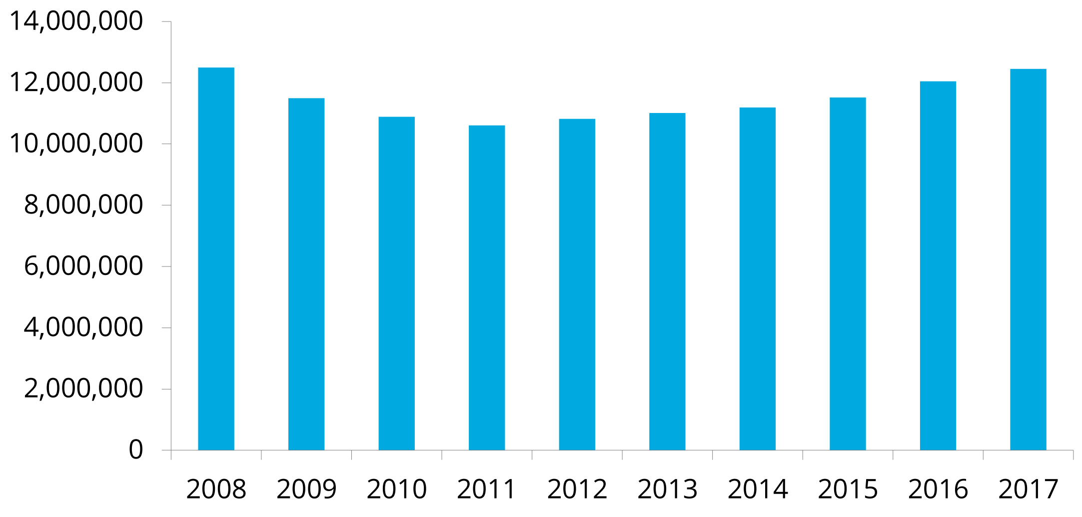
Aircraft Operations are the takeoffs and landings at SDIA.
They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10
AIRCRAFT LANDED WEIGHTS

Fiscal Years Ended June 30,

Fiscal Year	Aircraft Landed Weight in 1000lbs	% Change
2008	12,501,191	6.2 %
2009	11,496,758	(8.0)%
2010	10,892,867	(5.3)%
2011	10,606,160	(2.6)%
2012	10,819,902	2.0 %
2013	11,015,716	1.8 %
2014	11,186,768	1.6 %
2015	11,523,720	3.0 %
2016	12,048,142	4.6 %
2017	12,616,069	4.7 %

AIRCRAFT LANDED WEIGHTS (000 LBS)



Source: San Diego County Regional Airport Authority

Landed Weight is the maximum gross certificated landed weight in one thousand 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,

	Landed Weight (in thousands)									
Air Carrier	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Southwest Airlines	4,416,996	4,415,780	4,068,974	4,001,530	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	4,470,104
American Airlines *	1,603,826	1,532,867	1,392,660	1,275,498	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	1,428,538
United Airlines **	1,761,692	1,670,479	1,662,541	1,583,372	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	1,355,185
Delta Airlines	839,172	713,622	893,467	1,062,254	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	1,175,285
Alaska Airlines	612,282	536,281	511,813	595,238	648,359	750,000	884,727	888,065	924,310	999,875
Federal Express	447,636	402,665	400,303	421,239	452,453	451,797	419,127	384,686	444,038	390,716
Skywest Airlines	195,777	219,416	332,408	338,812	306,789	428,595	396,054	408,608	359,197	465,023
Spirit Airlines	-	-	-	-	98,931	208,200	245,669	296,925	351,977	286,162
Compass Airlines	-	-	-	-	-	-	10,979	172,754	307,793	296,581
Virgin America	3,122	221,333	205,348	173,686	208,253	235,934	232,136	240,781	281,411	278,741
JetBlue Airlines	288,239	297,340	201,071	167,369	166,232	168,080	189,979	193,848	199,232	244,364
British Airways	-	-	-	13,800	167,440	163,760	166,980	166,980	183,760	217,360
Hawaiian Airlines	235,200	137,145	121,600	134,080	118,088	140,637	147,325	146,284	147,406	147,568
Japan Airlines	-	-	-	-	-	47,125	138,700	138,700	139,080	139,626
United Parcel	-	127,900	118,874	120,158	120,454	118,180	121,742	127,660	135,318	146,778
Subtotal	10,403,942	10,274,828	9,909,059	9,887,036	10,133,945	10,371,076	10,585,948	11,044,593	11,602,178	12,041,906
All Others	2,097,549	1,221,930	983,808	719,124	685,956	644,639	600,817	479,127	445,964	574,163
Total	12,501,491	11,496,758	10,892,867	10,606,160	10,819,902	11,015,716	11,186,766	11,523,720	12,048,142	12,616,069
Annual % Change	6.2%	-8.0%	-5.3%	-2.6%	2.0%	1.8%	1.6%	3.0%	4.6%	4.7%

* 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.

** United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. Data for United and Continental have been combined in this table.

Source: San Diego County Regional Airport Authority.

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

Fiscal Years Ended June 30,

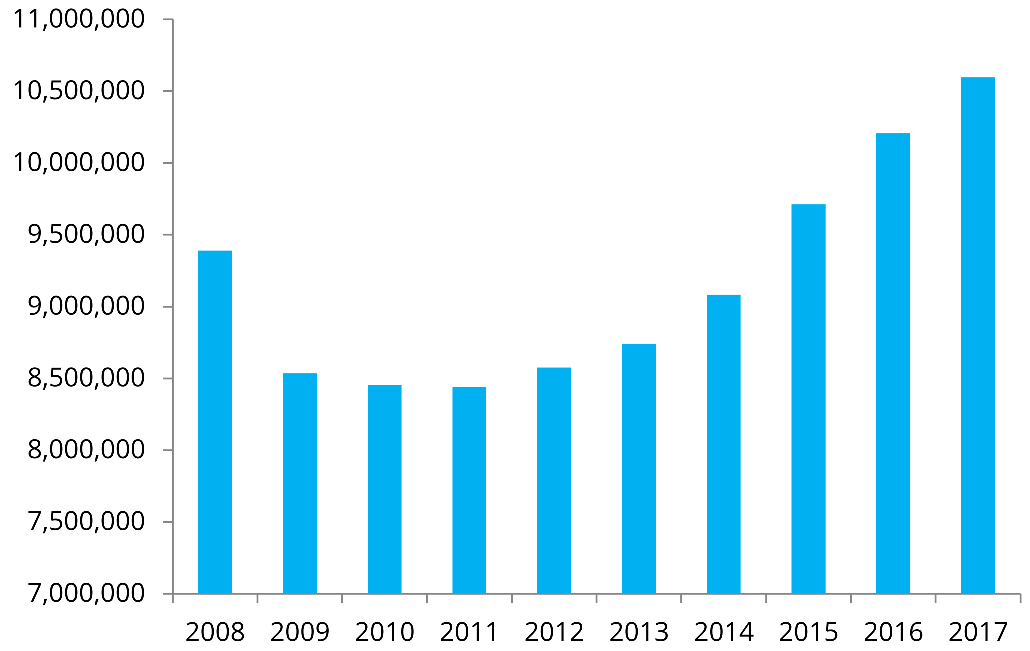
	Market Share									
Air Carrier	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Southwest Airlines	35.3%	38.4%	37.4%	37.7%	36.5%	35.5%	35.1%	36.6%	35.3%	35.4%
American Airlines *	12.8%	13.3%	12.8%	12.0%	12.4%	12.2%	12.1%	11.8%	12.2%	11.3%
United Airlines **	14.1%	14.5%	15.3%	14.9%	13.9%	12.6%	12.0%	10.7%	10.4%	10.7%
Delta Airlines	6.7%	6.2%	8.2%	10.0%	9.7%	9.3%	9.1%	9.3%	9.6%	9.3%
Alaska Airlines	4.9%	4.7%	4.7%	5.6%	6.0%	6.8%	7.9%	7.7%	7.7%	7.9%
Federal Express	3.6%	3.5%	3.7%	4.0%	4.2%	4.1%	3.7%	3.3%	3.7%	3.1%
Skywest Airlines	1.6%	1.9%	3.1%	3.2%	2.8%	3.9%	3.5%	3.5%	3.0%	3.7%
Spirit Airlines	-	-	-	-	0.9%	1.9%	2.2%	2.6%	2.9%	2.3%
Compass Airlines	-	-	-	-	-	-	0.1%	1.5%	2.6%	2.4%
Virgin America	-	1.9%	1.9%	1.6%	1.9%	2.1%	2.1%	2.1%	2.3%	2.2%
JetBlue Airlines		2.6%	1.8%	1.6%	1.5%	1.5%	1.7%	1.7%	1.7%	1.9%
British Airways	-	-	-	0.1%	1.5%	1.5%	1.5%	1.4%	1.5%	1.7%
Hawaiian Airlines	1.9%	1.2%	1.1%	1.3%	1.1%	1.3%	1.3%	1.3%	1.2%	1.2%
Japan Airlines	-	-	-	-	-	0.4%	1.2%	1.2%	1.2%	1.1%
United Parcel	-	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%
Subtotal	83.2%	89.4%	91.0%	93.2%	93.7%	94.1%	94.6%	95.8%	96.3%	95.4%
All Others	16.8%	10.6%	9.0%	6.8%	6.3%	5.9%	5.4%	4.2%	3.7%	4.6%
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,

Fiscal Year	Passenger Enplanements	% Change SAN	% Change US Average
2008	9,389,327	5.6%	2.0%
2009	8,535,774	(9.1%)	(7.9%)
2010	8,453,886	(1.0%)	(0.1%)
2011	8,441,120	(0.2%)	3.0%
2012	8,575,475	1.6%	1.1%
2013	8,737,617	1.9%	0.2%
2014	9,082,244	3.9%	1.6%
2015	9,713,066	6.9%	3.3%
2016	10,206,222	5.1%	5.0%
2017	10,596,483	3.8%	2.7%

PASSENGER ENPLANEMENTS



Source: San Diego County Regional Airport Authority

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

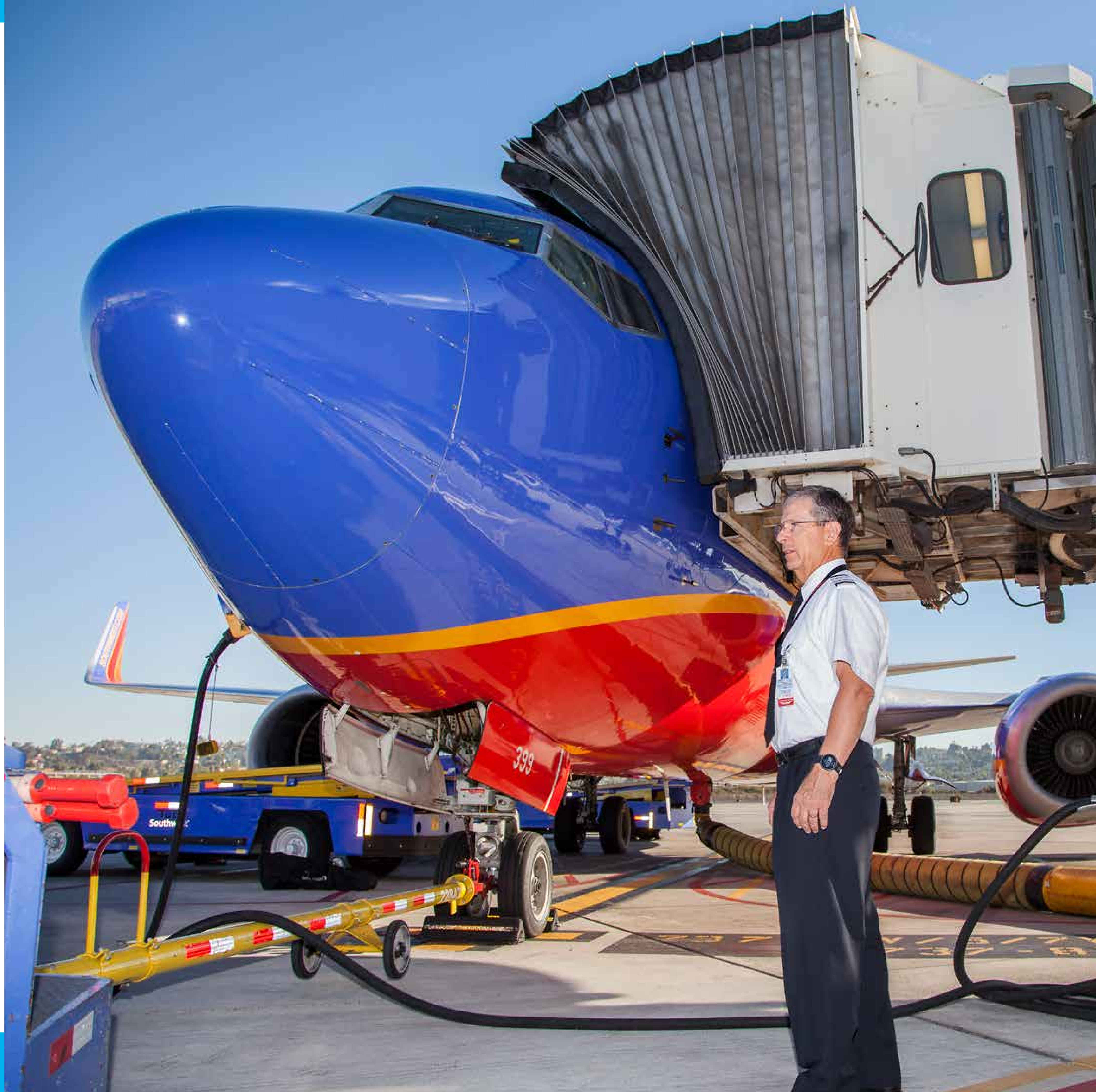


EXHIBIT S-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

Air Carrier	Enplanements 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aeromexico	32,223	27,772	24,335	-	-	-	-	-	-	-
Air Canada	55,031	27,255	46,959	58,539	56,470	45,058	36,636	41,175	48,985	74,018
AirTran Airways	97,937	66,475	37,530	17,978	-	-	-	-	-	-
Alaska Airlines	498,169	428,515	435,722	514,498	579,457	673,731	830,349	871,775	902,705	918,841
American Airlines*	808,790	735,067	704,909	658,752	664,466	650,826	693,995	747,493	1,369,003	1,339,489
British Airways	-	-	-	6,912	81,437	81,534	84,600	84,263	89,723	90,200
Condor	-	-	-	-	-	-	-	-	-	3,902
Continental Airlines	520,856	503,242	507,443	496,100	-	-	-	-	-	-
Delta Airlines	687,104	618,127	900,510	919,323	935,777	904,734	915,907	992,498	1,061,889	1,088,647
Edelweiss	-	-	-	-	-	-	-	-	-	1,215
Frontier Airlines	231,926	203,689	196,628	219,008	198,708	184,020	185,270	150,595	118,990	180,235
Hawaiian Airlines	160,939	100,626	90,874	98,887	86,211	94,283	98,667	96,963	102,462	107,776
Japan Airlines	-	-	-	-	-	18,249	54,213	59,372	59,647	59,916
JetBlue Airlines	224,205	235,199	167,031	141,684	147,051	152,571	173,282	178,590	182,605	224,700
Southwest Airlines	3,306,386	3,122,090	3,183,084	3,277,931	3,252,290	3,253,225	3,352,870	3,736,688	3,840,455	3,967,487
Spirit	-	-	-	-	77,873	164,189	201,414	252,219	327,183	287,208
Sun Country Airlines	44,454	35,885	24,984	24,175	15,889	23,836	27,276	28,732	34,886	40,109
United Airlines	978,816	927,023	920,960	878,307	1,266,007	1,175,869	1,167,661	1,113,510	1,165,565	1,266,055
US Airways*	552,751	563,392	512,558	523,378	535,906	560,738	554,244	523,034	-	-
Virgin America	57,292	155,649	151,110	133,377	166,326	168,297	156,729	175,973	211,075	212,158
Volaris	-	-	-	-	45,589	30,885	23,285	20,004	21,343	3,948
WestJet	-	1,526	18,738	19,360	25,535	27,746	31,805	33,723	34,516	41,043
Allegiant	47,257	21,309	32,803	18,416	18,099	15,466	7,859	7,406	16,825	49,480
Other	-	2,622	-	-	-	-	-	-	-	-
Total Air Carrier	8,754,541	8,056,527	7,956,178	8,006,625	8,153,091	8,225,257	8,596,062	9,114,013	9,587,857	9,975,683
Regional										
Compass	-	-	-	-	-	-	8,563	140,012	249,723	195,126
Express Jet Airlines	202,429	36,034	-	-	-	-	-	-	-	-
Horizon	-	-	-	-	5,900	77,392	84,000	83,764	64,758	53,517
Mesa Airlines	17,098	7,381	18,670	6,709	12,766	206	-	-	-	-
Seaport Airlines	-	-	-	-	-	196	1,128	3,298	2,292	-
Skywest Airlines	177,112	203,543	271,766	272,365	263,144	352,189	341,365	371,979	301,592	372,157
Total Regional	634,786	479,247	497,708	434,495	422,384	512,360	486,182	599,053	618,365	620,800
Total Passengers	9,389,327	8,535,774	8,453,886	8,441,120	8,575,475	8,737,617	9,082,244	9,713,066	10,206,222	10,596,483

* 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. The enplanements are shown separately for the purpose of this table.

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

Fiscal Years Ended June 30,

Air Carrier	Market Share 2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Aeromexico	0.3%	0.3%	0.3%	-	-	-	-	-	-	-
Air Canada	0.6%	0.3%	0.6%	0.7%	0.7%	0.5%	0.4%	0.4%	0.5%	0.7%
AirTran Airways	1.0%	0.8%	0.4%	0.2%	-	-	-	-	-	-
Alaska Airlines	5.3%	5.0%	5.2%	6.1%	6.8%	7.7%	9.1%	9.0%	8.8%	8.7%
American Airlines*	8.6%	8.6%	8.3%	7.8%	7.7%	7.4%	7.6%	7.7%	13.4%	12.6%
British Airways	-	-	-	0.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Condor	-	-	-	-	-	-	-	-	-	0.0%
Continental Airlines	5.5%	5.9%	6.0%	5.9%	0.0%	-	-	-	-	-
Delta Airlines	7.3%	7.2%	10.7%	10.9%	10.9%	10.4%	10.1%	10.2%	10.4%	10.3%
Edelweiss	-	-	-	-	-	-	-	-	-	0.0%
Frontier Airlines	2.5%	2.4%	2.3%	2.6%	2.3%	2.1%	2.0%	1.6%	1.2%	1.7%
Hawaiian Airlines	1.7%	1.2%	1.1%	1.2%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%
Japan Airlines	-	-	-	-	-	0.2%	0.6%	0.6%	0.6%	0.6%
JetBlue Airlines	2.4%	2.8%	2.0%	1.7%	1.7%	1.7%	1.9%	1.8%	1.8%	2.1%
Southwest Airlines	35.2%	36.6%	37.7%	38.8%	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%
Spirit	-	-	-	-	0.9%	1.9%	2.2%	2.6%	3.2%	2.7%
Sun Country Airlines	0.5%	0.4%	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%
United Airlines	10.4%	10.9%	10.9%	10.4%	14.8%	13.5%	12.9%	11.5%	11.4%	11.9%
US Airways*	5.9%	6.6%	6.1%	6.2%	6.2%	6.4%	6.1%	5.4%	0.0%	0.0%
Virgin America	0.6%	1.8%	1.8%	1.6%	1.9%	1.9%	1.7%	1.8%	2.1%	2.0%
Volaris	-	-	-	-	0.5%	0.4%	0.3%	0.2%	0.2%	0.0%
WestJet	0.0%	0.0%	0.2%	0.2%	0.3%	0.3%	0.4%	0.3%	0.3%	0.4%
Allegiant	0.5%	0.2%	0.4%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.5%
Other	-	0.0%	-	-	-	-	-	-	-	-
Total Air Carrier	93.2%	94.4%	94.1%	94.9%	95.1%	94.1%	94.6%	93.8%	93.9%	94.1%
Regional										
Compass	-	-	-	-	-	-	0.1%	1.4%	1.9%	1.8%
Express Jet Airlines	2.2%	0.4%	-	-	-	-	-	-	-	-
Horizon	-	-	-	-	0.1%	0.9%	0.9%	0.9%	0.6%	0.5%
Mesa Airlines	0.2%	0.1%	0.2%	0.1%	0.1%	0.0%	-	-	-	-
Seaport Airlines	-	-	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
Skywest Airlines	1.9%	2.4%	3.2%	3.2%	3.1%	4.0%	3.8%	3.8%	3.0%	3.5%
Total Regional	6.8%	5.6%	5.9%	5.1%	4.9%	5.9%	5.4%	6.2%	6.1%	5.9%
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	583,238
Airport Land Area	661 acres
On airport parking spaces (public)	2,932
Off airport parking spaces (public)	2,560

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
2008	3,051,262	1.2 %	$50,069	(0.8)%	$141.8	4.0 %
2009	3,077,633	0.9 %	$48,464	(3.2)%	$137.3	(3.2)%
2010	3,102,852	0.8 %	$48,286	(0.4)%	$138.3	0.7 %
2011	3,137,283	1.1 %	$49,745	3.0 %	$148.0	7.0 %
2012	3,174,808	1.2 %	$50,779	2.1 %	$156.0	5.4 %
2013	3,209,225	1.1 %	$51,250	0.9 %	$160.8	3.1 %
2014	3,247,522	1.2 %	$52,180	1.8 %	$167.9	4.4 %
2015	3,275,546	0.9 %	$54,249	4.0 %	$177.7	5.8 %
2016	3,305,481	0.9 %	$55,801	2.9 %	$187.9	5.7 %
2017	3,337,300	1.0 %	$57,037	2.2 %	$199.7	6.3 %

Source: California Department of Transportation San Diego County
(1) 2016 and 2017 population, per capita personal income and total personal income are estimates by the California Department ofTransportation.

EXHIBIT S-16
PRINCIPAL EMPLOYERS IN SAN DIEGO COUNTY

July 2016				July 2007			
Employer	Local Employees	Rank	Percentage of Total Industry Employment	Employer	Local Employees	Rank	Percentage of Total Industry Employment
State of California	48,300	1	3.1%	State of California	40,600	1	2.7%
U.S. Federal Government	46,700	2	3.0%	U.S. Federal Government	39,900	2	2.6%
University of California, San Diego	30,671	3	2.0%	University of California, San Diego	26,924	3	1.8%
Sharp Health Care	17,809	4	1.1%	County of San Diego	16,147	4	1.1%
Scripps Health	14,863	5	0.9%	San Diego Unified School District	14,555	5	1.0%
Qualcomm Inc.	12,186	6	0.8%	Sharp Health Care	13,872	6	0.9%
City of San Diego	11,347	7	0.7%	Scripps Health	12,196	7	0.8%
Kaiser Foundation	8,406	8	0.5%	San Diego State University	11,247	8	0.7%
UC San Diego Health System	7,438	9	0.5%	City of San Diego	11,195	9	0.7%
San Diego Community College District	5,902	10	0.4%	Qualcomm Inc.	8,008	10	0.5%
Total Civilian Labor Force in San Diego County (June 2016):			1,570,700	Total Civilian Labor Force in San Diego County (June 2007):			1,516,100

Source: Employers - San Diego Journal Book of Lists: 2008 & 2017
Total Industry Employment - California Employment Development Dept., Labor Market Info June 2016 - March 2007 Benchmark

EXHIBIT S-17
SAN DIEGO COUNTY EMPLOYMENT BY INDUSTRY SECTOR

Industry Sectors	Industry Employment June 2016	% of Total
Trade, Transportation and Utilities	218,400	15.3%
Government	245,400	17.1%
Professional and Business Services	233,000	16.3%
Leisure and Hospitality	193,500	13.5%
Education and Health Services	197,400	13.8%
Manufacturing	108,100	7.6%
Construction and Mining	75,400	5.3%
Financial Activities	72,500	5.1%
Other Services	54,400	3.8%
Information	23,500	1.6%
Agriculture	9,500	0.7%
Total	**1,431,100**	

Source: California Employment Development Dept., Labor Market Information Industry Employment & Labor Force, March 2016 Benchmark.

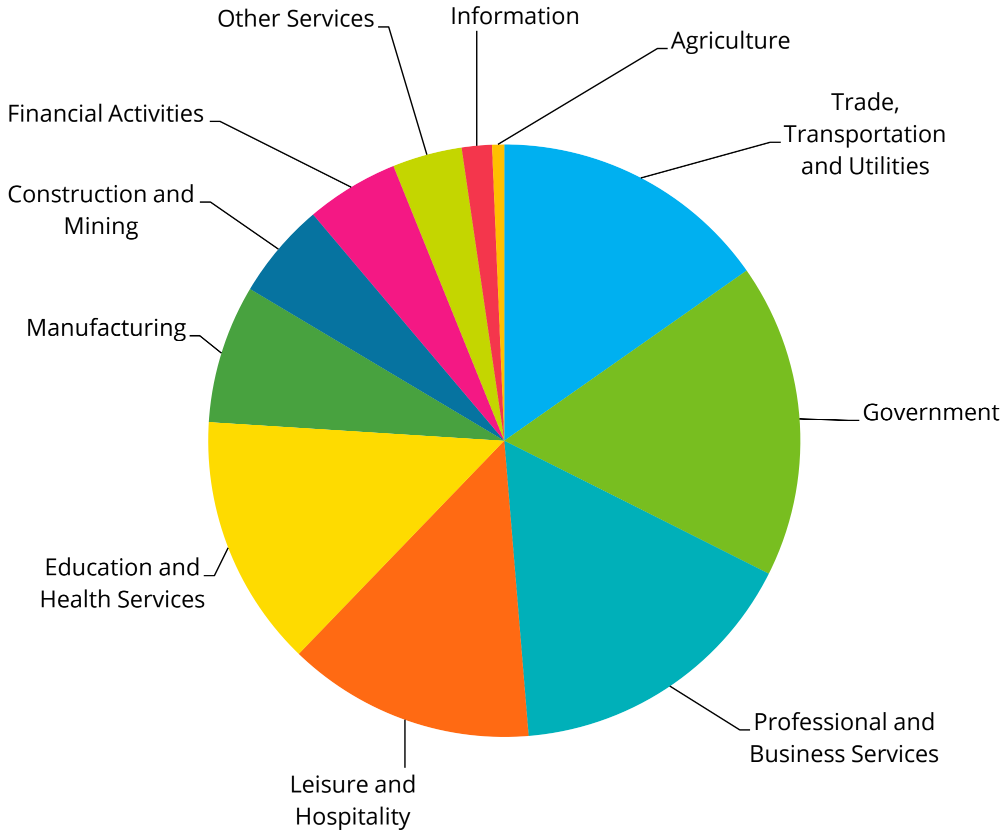


EXHIBIT S-18
LABOR FORCE, EMPLOYMENT & UNEMPLOYMENT RATES

Fiscal Years Ended June 30,

				Unemployment Rate	
Year	Labor Force	Employment	Unemployment	SD County	State
2007	1,516,100	1,446,700	69,500	4.6%	5.3%
2008	1,547,300	1,454,400	92,800	6.0%	7.0%
2009	1,553,400	1,403,400	150,000	9.7%	11.3%
2010	1,513,100	1,350,500	162,600	10.7%	12.0%
2011	1,523,000	1,360,000	163,000	10.7%	12.0%
2012	1,544,200	1,400,000	146,300	9.5%	10.6%
2013	1,548,000	1,425,600	125,900	8.1%	9.2%
2014	1,544,000	1,450,200	99,300	6.5%	7.4%
2015	1,557,000	1,486,200	81,000	5.3%	6.3%
2016	1,570,700	1,499,800	80,400	4.9%	5.6%

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

EXHIBIT S-19
DEBT SERVICE COVERAGE

Senior Bonds	2008	2009	2010	2011(6)	2012	2013	2014	2015	2016	2017
Revenues (1)	$ 144,379,133	$ 138,334,601	$ 138,113,792	$ 148,963,673	$ 158,311,779	$ 181,051,929	$ 199,834,430	$ 214,770,544	$ 238,640,326	$ 255,540,858
Operating and Maintenance Expenses	(114,375,096)	(115,221,068)	(116,275,132)	(117,100,946)	(118,941,148)	(126,662,546)	(136,604,105)	(142,781,639)	(151,327,220)	(154,455,699)
Net Revenues (2)	$ 30,004,037	$ 23,113,533	$ 21,838,660	$ 31,862,727	$ 39,370,631	$ 54,389,383	$ 63,230,325	$ 71,988,905	$ 87,313,106	$ 101,085,159
Senior Bond Debt Service (3)										
Principal	$ 2,805,000	$ 2,950,000	$ 3,105,000	$ 3,265,000	$ 3,430,000	$ -	$ -	$ 2,030,000	$ 2,090,000	$ 2,155,000
Interest	2,532,225	2,391,975	2,244,475	2,089,225	1,925,975	2,478,489	16,645,435	18,034,575	18,414,600	18,349,950
PFCs used to pay debt service	-	-	-	-	-	(714,077)	(7,140,301)	(8,669,966)	(9,490,326)	(9,548,626)
Total Debt Service for the Senior Bond	$ 5,337,225	$ 5,341,975	$ 5,349,475	$ 5,354,225	$ 5,355,975	$ 1,764,412	$ 9,505,134	$ 11,394,609	$ 11,014,274	$ 10,956,324
Senior Bonds Debt Service Coverage (x)	**5.62**	**4.33**	**4.08**	**5.95**	**7.35**	**30.83**	**6.65**	**6.32**	**7.93**	**9.23**
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
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
Interest				2,971,984	6,599,760	26,194,616	27,069,283	26,853,179	26,435,600	26,085,029
Commercial Paper				1,220,226	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066
PFCs used to pay debt service				-	-	(20,061,962)	(20,718,863)	(21,554,245)	(20,331,674)	(20,456,707)
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
Subordinate Obligations Debt Service Coverage (x)				**5.40**	**3.93**	**4.16**	**2.89**	**2.93**	**3.49**	**4.09**
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
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
Interest				5,061,209	8,525,735	28,673,105	43,714,718	44,887,754	44,850,200	44,434,979
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
PFC Funds Applied to Debt Service				-	-	(20,776,039)	(27,859,164)	(30,224,211)	(29,822,000)	(30,005,333)
Total Subordinate Annual Debt Service				$ 10,261,435	$ 14,013,602	$ 14,416,938	$ 28,087,505	$ 32,095,488	$ 32,878,389	$ 33,014,712
Aggregate Obligations Debt Service Coverage				**3.11**	**2.81**	**3.77**	**2.25**	**2.24**	**2.65**	**3.06**

(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 2008-2010.

EXHIBIT S-20
DEBT SERVICE COVERAGE – SERIES 2014 CFC BONDS

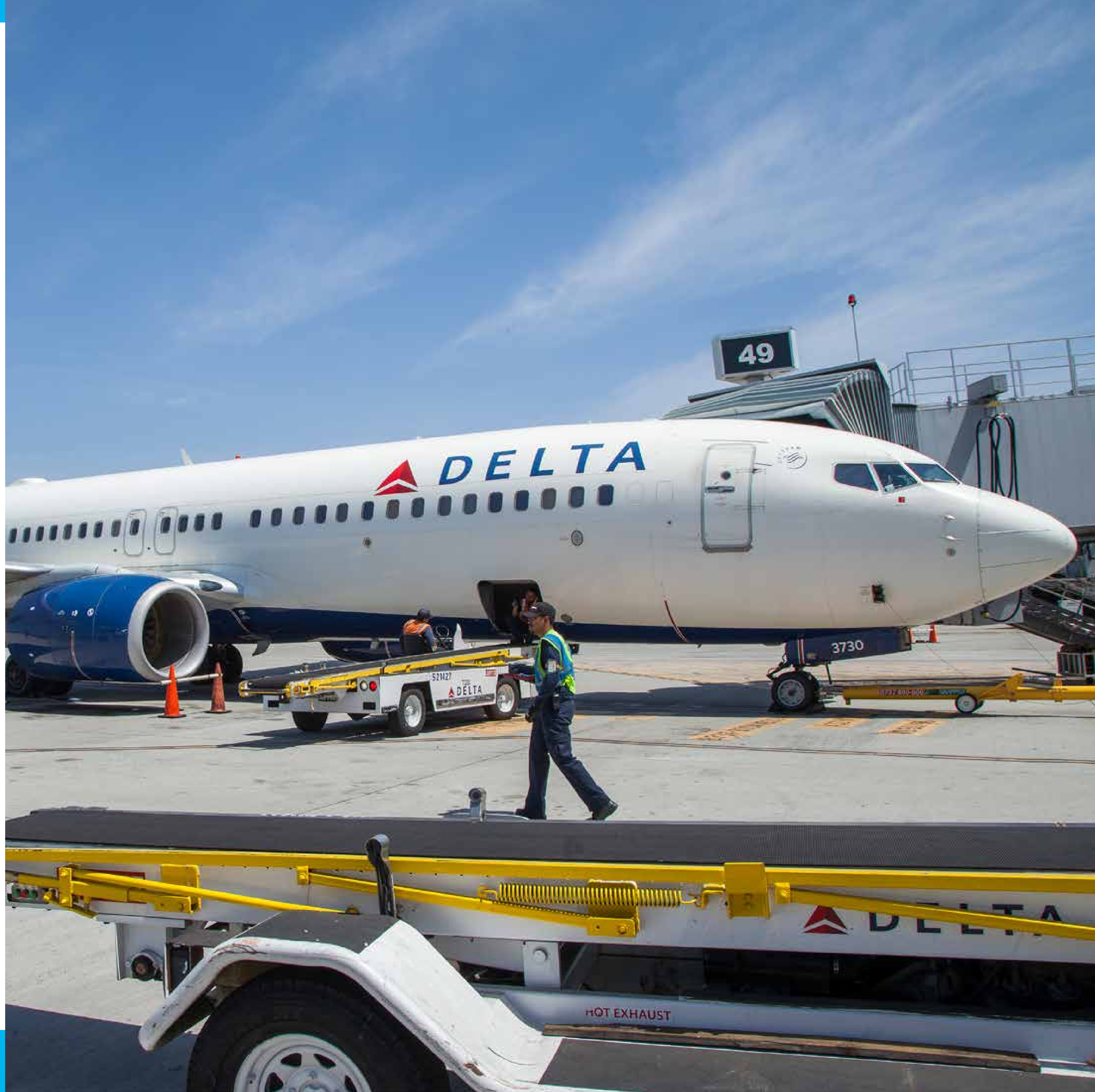
	2014	2015	2016	2017
CFC Collections	$ 27,545,001	$ 32,464,843	$ 33,207,946	$ 36,527,853
Bond Funding Supplemental Consideration	-	-	-	-
Transfers from CFC Stabilization Fund	-	-	-	-
Interest Earnings[1]	204,194	295,726	332,761	466,134
Total Amounts Available	27,749,195	32,760,569	33,540,707	36,993,987
Rolling Coverage Fund Balance[2]	-	-	2,451,182	4,902,363
Total Amounts Available, plus Rolling Coverage Fund Balance	$ 27,749,195	$ 27,749,195	$ 35,991,889	$ 41,896,350
Series 2014 Debt Service Requirements	-	-	8,170,605	16,341,210
Coverage excluding Rolling Coverage Fund	N/A	N/A	4.11	2.26
Coverage including Rolling Coverage Fund	N/A	N/A	4.41	2.56

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-21
DEBT PER ENPLANED PASSENGER

Fiscal Year	Outstanding Bond Debt (1)	Outstanding Commercial Paper Debt	Capital Leases	Total Outstanding Debt	Enplaned Passengers	Debt per Enplaned Passenger
2008	52,812,246	49,430,000	-	102,242,246	9,389,327	10.89
2009	49,779,975	84,430,000	-	134,209,975	8,535,774	15.72
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

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



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2017 & 2016

SAN DIEGO
INTERNATIONAL AIRPORT

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