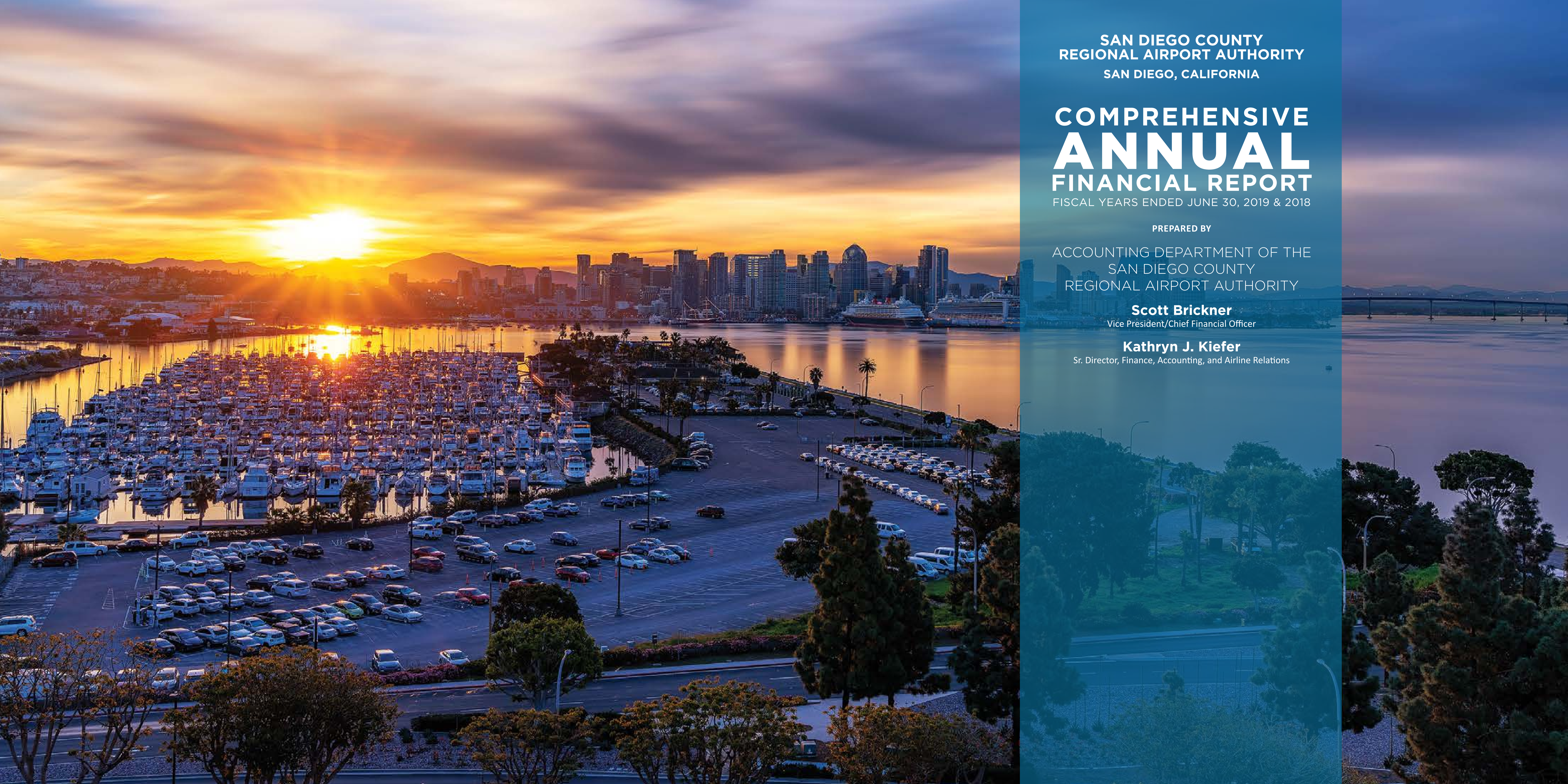
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2019 & 2018



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2019 & 2018

PREPARED BY

ACCOUNTING DEPARTMENT OF THE
SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Scott Brickner
Vice President/Chief Financial Officer

Kathryn J. Kiefer
Sr. Director, Finance, Accounting, and Airline Relations

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 & 2018

TABLE OF CONTENTS

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 7, 2019
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, 2019 and 2018. The purpose of this report is to provide the Airport Authority Board, the public and other interested parties with reliable information concerning the financial condition and results of the operations of the Airport Authority. The Airport Authority's Accounting Department prepared this report following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy, completeness and fairness of the presented data, including all disclosures, rests with the Airport Authority management.

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

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

The Airport Authority engaged the Certified Public Accounting firm BKD, LLP to perform the annual independent audit of the basic financial statements contained in this report. The auditors issued an unmodified (or clean) opinion on the Airport Authority's financial statements for the fiscal years ended June 30, 2019 and 2018.

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

PROFILE OF AIRPORT AUTHORITY AND ORGANIZATIONAL STRUCTURE

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

The legislation that created the Airport Authority mandates three main responsibilities:

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

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

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

ECONOMIC CONDITION

Economic and industry trends drive passenger traffic and airline operations at SAN, directly impacting our operating environment and airport finances. Despite global economic challenges and trade disputes, the U.S. economy has continued its path of moderate growth, with Gross Domestic Product (GDP) increasing 2.9% during 2019.

The Air Trade Area for SAN includes San Diego County and portions of neighboring Orange and Riverside Counties and Baja California del Norte, Mexico. The California Department of Finance estimates the population of San Diego County to be 3.35 million as of January 1, 2019. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (42 percent), Chula Vista (8 percent), Oceanside (5 percent), Escondido (5 percent), Carlsbad (3 percent), El Cajon (3 percent), and Vista (3 percent). The combined San Diego/ Tijuana metropolitan population is estimated to be approximately 5.4 million inhabitants.

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. The U.S. Bureau of Labor Statistics notes that the county's average unemployment rate for June 2019 was 3.3 percent compared to June 2018, at 3.7 percent. California's unemployment rate was 4.2 percent in June 2019 and 4.5 percent in June 2018, and the national unemployment rate was 3.8 percent as of June 2019 compared to 4.2 percent as of June 2018. See the Statistical Section for additional economic information.

SAN's enplaned passengers grew a very robust 5.3 percent in fiscal year 2019, reflecting continuing economic and industry strength. Total enplaned passengers were 12.4 million, compared to 11.7 million in fiscal year 2018. See the MD&A section of the Financial Section of this report for further discussion of the current year activity.

MAJOR INITIATIVES, AWARDS, AND ACCOMPLISHMENTS

SAN DIEGO INTERNATIONAL AIRPORT CONTRIBUTES NEARLY $12 BILLION TO REGIONAL ECONOMY

An Economic Impact Study completed for San Diego International Airport (SAN) in late 2018 indicated a dramatic increase in regional employment, payroll and economic impact as a result of the airport. The study quantified the airport's total economic contributions to the region at nearly $12 billion annually.

This study highlighted the airport's role as far more than a vital transportation resource for the San Diego region. SAN is a regional asset that is also a major economic driver and job creator, constantly looking at ways to improve the passenger experience and help the region become increasingly global.

Total employment supported by the airport has increased by 31 percent over the past five years. In 2017 nearly 118,000 residents in the region were employed directly or indirectly due to the activities at SAN, generating nearly $3.9 billion in total annual payroll.

Business and leisure visitors spend money while visiting the region, thereby helping support additional economic impacts. According to the San Diego Tourism Authority, visitors arriving by air spend an average of $835 per person per trip. In 2017, it is estimated that more than 5.9 million visitors to the region spent nearly $5 billion in the regional economy.

The full Economic Impact Study is available online at www.san.org/news/economic-impact-study.

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

SAN served 24 million passengers in calendar year 2018, a record-high total and a nearly 10 percent increase over the previous calendar year. Of the 24 million passengers, more than 1 million were international passengers – a 19 percent increase over 2017. That is also a record for the airport. In addition to a strong economy and robust tourism industry, several factors contributed to the increase in 2018, including:

- Air Canada adding a third daily flight to Vancouver
- Lufthansa beginning service to Frankfurt
- Japan Airlines filling more seats per flight, a measurement known as "load factor." The San Diego flight operated at one of the highest load factors of any mainland US-Tokyo flight in their system
- Edelweiss carrying 49 percent more passengers to Zurich in 2018 than they did in 2017
- Southwest adding Puerto Vallarta service in 2018 and increasing service to Cabo

Overall, 16 new routes were added in 2018, and all but two of the 17 airlines serving SAN experienced an increase in passenger traffic. Southwest added the most passengers, carrying 794,401 more in 2018 than in 2017, followed by Alaska Airlines with 456,360 and United with 306,837.

AIRPORT DEVELOPMENT PLAN MOVING FORWARD

Over the past year, the San Diego County Regional Airport Authority has been working with stakeholders to refine the Airport Development Plan (ADP), which envisions the replacement of Terminal 1 with a more modern efficient facility featuring more gates, larger gate-area hold rooms, more shops and restaurants, and more security checkpoint lanes. It also includes related improvements around the terminal and on the airfield as well as transportation and transit access improvements.

The Airport Authority's goal is to provide a first-class customer experience and maintain the airport's role as a major economic driver, while serving as a collaborative regional partner. To that end, the Airport Authority has held over 85 meetings with a wide range of stakeholders to gather input and feedback and collaborate on ways to improve the ADP. Major topic areas discussed in stakeholder meetings included improving transportation/transit connectivity, reducing parking, addressing climate change and sea-level rise, and updating the passenger forecast.

AIRPORT AUTHORITY AND AIRLINES FINALIZE A TEN YEAR AGREEMENT

In an ongoing effort to improve the customer experience, the Airport Authority has reached a new 10-year agreement with its airline partners. Highlights of the agreement include a new major maintenance fund to be used for future capital projects, a guaranteed minimum debt service coverage ratio of 1.40, no sharing of airport revenue, and pre-approval from the airlines for the Airport Authority to contribute over a half-billion dollars to help alleviate traffic congestion and make it easier for everyone to access San Diego International Airport.

This agreement provides the financial foundation for the Airport Authority to proceed with the ADP and ensures that the Airport Authority will have the means to effectively partner with other regional agencies to improve access to the airport through transportation and transit projects.

AIRPORT AND ENGIE STORAGE CONTRACT TO FURTHER AIRPORT'S STRATEGIC ENERGY INITIATIVE

San Diego International Airport will employ a battery system to store energy generated from its solar arrays. ENGIE Storage will install the system, which will be the first of its kind at an airport in the U.S.

The battery storage system will allow the airport to realize additional significant financial benefits from its campus-wide system of photovoltaic panels. The airport is continuously exploring ways to operate more efficiently and reduce its carbon footprint as energy and demand costs rise. This system becomes an important tool in that effort by helping to harness onsite renewable energy opportunities and maximize their benefits well into the future. The airport will be using GridSynergy®, a comprehensive, software-driven energy storage solution. The GridSynergy cloud-based software will draw on past and present energy generation and usage data at the airport to calculate optimal charge and discharge cycles for the lithium-ion batteries.

SAN WINS 'AIRPORTS GOING GREEN' AWARD FOR EMISSIONS REDUCTION, CARBON OFFSET AND FOOD WASTE PROGRAMS

San Diego International Airport (SAN) has won an international award for three innovative programs aimed at reducing greenhouse gases, offsetting carbon emissions and diverting food waste from landfills.

SAN was one of only eight airports worldwide to win an Airports Going Green Award, presented by the Chicago Department of Aviation in late 2018. The three programs at SAN that were recognized by the award are:

TNC GREENHOUSE GAS REDUCTION PROGRAM
This novel program reduces greenhouse gas emissions from rideshare companies such as Uber and Lyft operating at SAN. It offers incentives for these companies to reduce emissions by using more fuel-efficient vehicles, and trip reduction (i.e. carpool and re-match).

THE GOOD TRAVELER
Launched by SAN in 2015, this nonprofit collaboration of airports allows air travelers to purchase carbon offsets that help balance out the environmental impact of their flight. Each $2 purchase offsets 1,000 miles of air travel, with the proceeds going toward projects such as wind farms, wetlands restoration and forestation that help keep greenhouse gases out of the atmosphere.

FOOD RECOVERY PROGRAM
This program diverts food waste from the landfill and donates edible food to those in need. This is accomplished through an airport-wide composting effort that collected more than 365 tons of food waste in 2017. Additionally, more than 54,000 pounds of food were donated to worthy causes, equaling more than 4,000 meals.

SAN ARTS PROGRAM LAUNCHES 2019 PROGRAMS

San Diego International Airport's (SAN) Arts Program has launched its 2019 collective experience for airport travelers and visitors. The Arts Program aims to infuse the airport with light, levity, comfort and enriching experiences. The program highlights the region's rich cultural community through three components: Temporary Exhibitions, Performing Arts and Public Art. A new Arts Master Plan will carry these focus areas into the future with guidelines for the program's continued innovation.

PERFORMING ARTS
The airport's spring 2019 Performing Arts Residency group, San Diego Dance Theatre, created, rehearsed and performed new routines in the terminals. Dances, movement patterns, and music selection were influenced by the artworks in the airport's public art collection as well as the history and geography of the San Diego region.

PUBLIC ART
Oh lovely desert, I worry about you, by San Diego-based artist Adriene Hughes, is the latest work in the Admiral Boland Way mural series. Located on the north side of the airport campus, the temporary mural offers a dramatic, panoramic view of the Anza Borrego desert using infrared photography. The 144' long mural is composed of 45 separate photographs digitally stitched together to create a sprawling collage that references the tradition of landscape photography. The mural will be on display through February 2020.

For more information about the Airport Arts Program, visit http://arts.san.org/.

SAN DIEGO INTERNATIONAL AIRPORT WINS INNOVATION AWARD

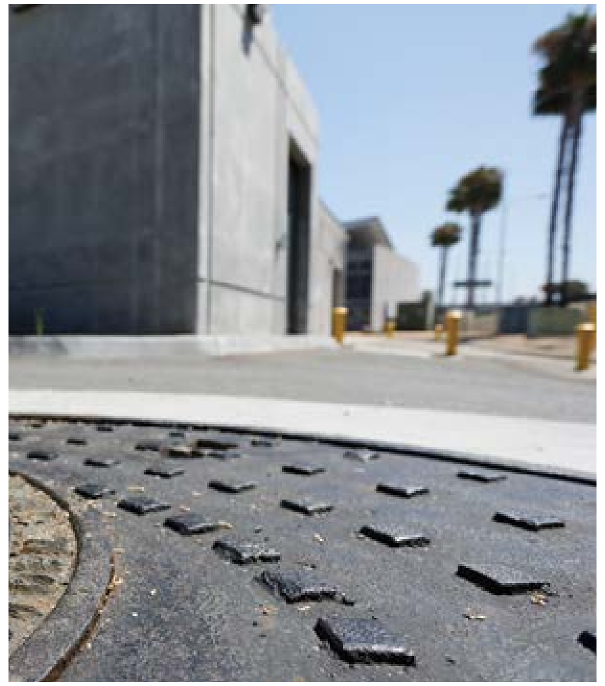
The Airport Innovation Accelerator established by American Association of Airport Executives (AAAE) has recognized and awarded San Diego International Airport (SAN) as the 2018 Most Innovative Large Hub Airport award.

SAN highlighted its innovations in environmental sustainability, as well setting up a unique Airport Innovation Lab in the decommissioned former Commuter Terminal.

SAN's location next to San Diego Bay drives its commitment to environmental stewardship. And operating on a small, 661-acre footprint inspires new ways to fund necessary improvements, while always enhancing the passenger experience.

Two of SAN's unique environmental innovations are its air conditioning condensate water collection and its Good Traveler carbon-offset programs. The former captures water that drips onto the airfield, posing safety and run-off risks, and recycles it for non-potable water uses. The Good Traveler program – which has already been adopted by other airports – allows the purchase of credits to offset air travel.

The Airport Innovation Lab is a working terminal space where pre-existing ideas can be tested and accelerated, potentially leading to contracts with SAN, as well as entry to other airports.



AIRPORT INNOVATION LAB'S THIRD GROUP OF INNOVATORS AT WORK

The Airport Innovation Lab at San Diego International Airport is building momentum, with a third group of innovators now well into a 16-week accelerator program.

The newest group is participating in one of two opportunity areas. One is an Interactive Children's Entertainment Solution, and the other is termed a "wild card." The former could be mobile, pop-up and/or temporary entertainment that could be sited next to food-and-beverage concessions. Successful ideas will provide engagement, entertainment and movement to add fun to children's airport experiences. The latter is more wide open to welcome ideas that may not previously have been thought of, but that are viable solutions.

At the end of the program, successful innovators have the potential to win a contract from the San Diego County Regional Airport Authority, and/or gain entrance to other airports and analogous businesses including other transportation hubs, convention centers, shopping malls and other large venues such as ball parks, theme parks and hotels.

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 capital program provides for critical improvements and asset preservation. Security, environmental remediation, terminal upgrades and development are the main focus of the capital program. The budget process begins in the fall with senior management collaborating with the Board to update, review and formulate the strategies and initiatives that drive business performance. The management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements with the Airport Authority's overall strategies and initiatives.

FINANCIAL INFORMATION

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

The Airport Authority completed fiscal year 2019 with operating income (before depreciation) of $116.5 million. Fiscal year 2019 also grew as compared to fiscal year 2018, with enplanements increasing 5.3 percent, and aircraft operations 4.3 percent. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

ACKNOWLEDGEMENTS

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

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

Respectfully submitted,

Kimberly J. Becker

President | Chief Executive Officer

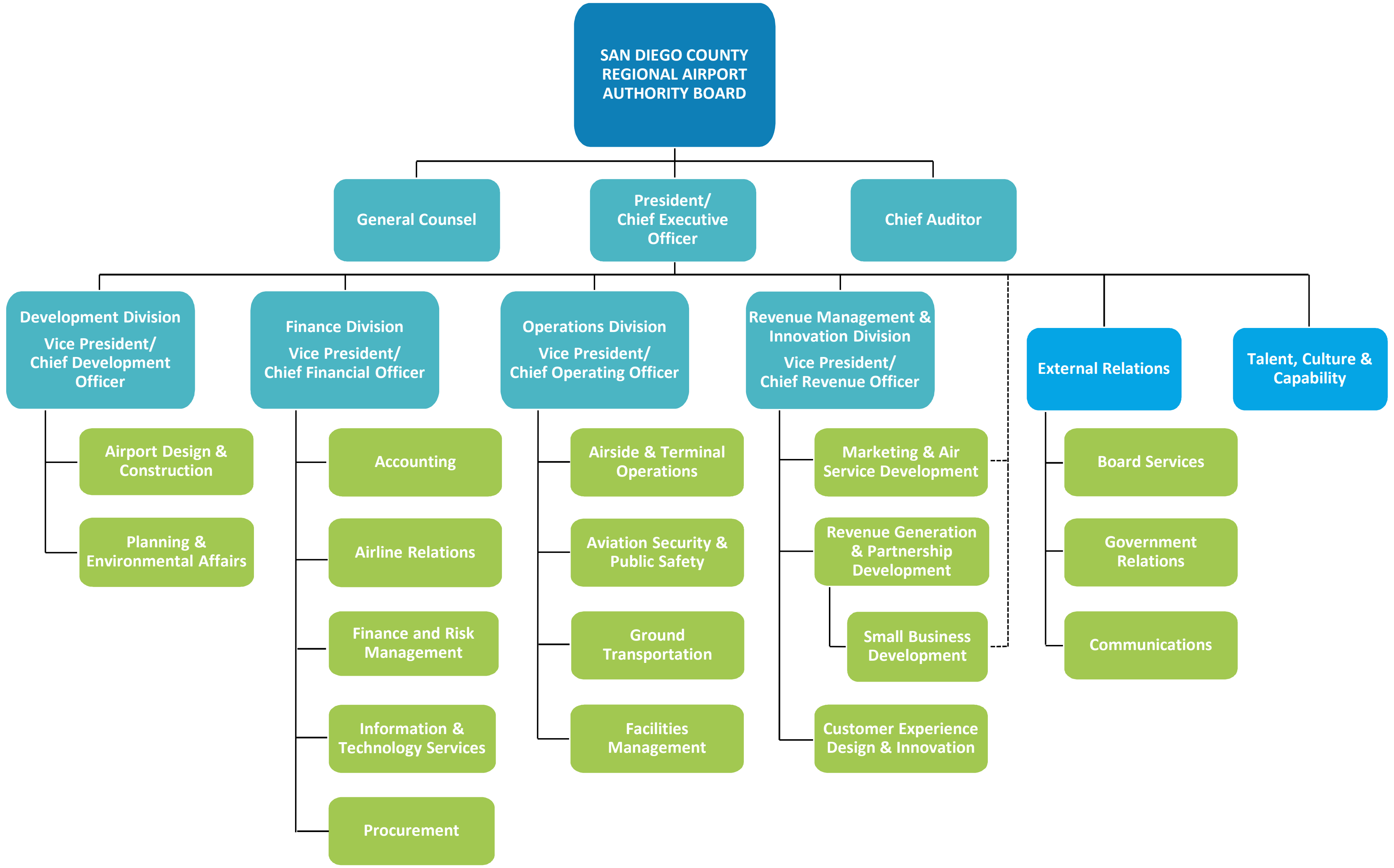
Kimberly J Becker

Scott Brickner, CPA

Vice President | Chief Financial Officer

Scott Brickner

SDCRAA Organizational Structure



AIRPORT AUTHORITY BOARD

EXECUTIVE COMMITTEE MEMBERS:

C. APRIL BOLING, BOARD CHAIRMAN

PAUL ROBINSON, VICE CHAIR

MICHAEL SCHUMACHER

GENERAL MEMBERS:

GREG COX

JIM DESMOND

MARK KERSEY

ROBERT T. LLOYD

JOHANNA SCHIAVONI

MARK B. WEST

EX-OFFICIO MEMBERS

COY BINNS

GAYLE MILLER

COL. CHARLES B. DOCKERY

EXECUTIVE STAFF

KIMBERLY J. BECKER, PRESIDENT/CHIEF EXECUTIVE OFFICER

SCOTT M. BRICKNER, VICE PRESIDENT/CHIEF FINANCIAL OFFICER

ANGELA SHAFER-PAYNE, VICE PRESIDENT/CHIEF OPERATING OFFICER

DENNIS PROBST, VICE PRESIDENT/CHIEF DEVELOPMENT OFFICER

AMY GONZALEZ, GENERAL COUNSEL

LEE PARRAVANO, CHIEF AUDITOR

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, 2018. This is the sixteenth 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, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

BASIC FINANCIAL STATEMENTS:

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

BKD
CPAs & Advisors

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the San Diego County Regional Airport Authority (Airport Authority) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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

Other Matters

Required Supplementary Information

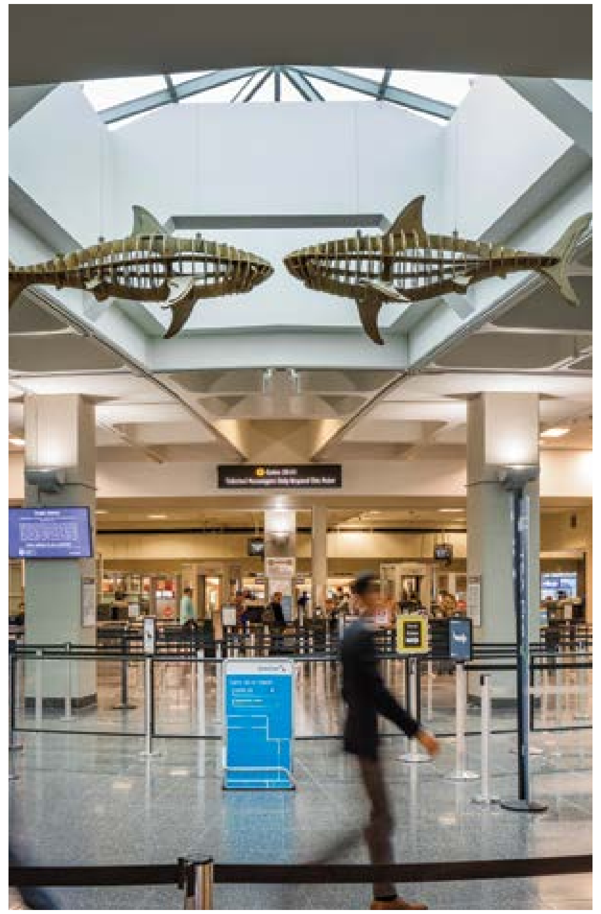
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although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

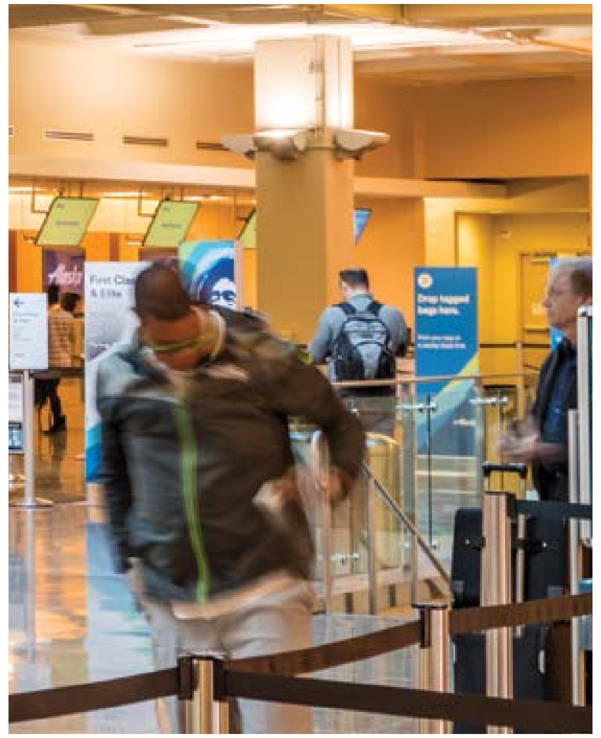
Other Information

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

BKD, LLP

Dallas, Texas
October 7, 2019





INTRODUCTION

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

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

SAN DIEGO INTERNATIONAL AIRPORT

HISTORY OF OWNERSHIP

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

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

LEGISLATIVE BACKGROUND

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

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

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;
4. Serving as the region's Airport Land Use Commission; and
5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

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

AIRPORT ACTIVITIES HIGHLIGHTS (2017 – 2019)

AIRPORT ACTIVITIES HIGHLIGHTS (2017 – 2019)

The Airport Authority experienced continued growth 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 2017	FY 2018	**FY 2019**
Enplaned passengers	10,596,483	11,731,559	**12,356,286**
% increase	3.8%	10.7%	**5.3%**
Total passengers	21,140,067	23,433,018	**24,691,673**
% increase	3.6%	10.8%	**5.4%**
Aircraft operations	201,011	218,671	**228,092**
% increase	3.9%	8.8%	**4.3%**
Freight and mail (in tons)	188,607	191,347	**186,469**
% increase	1.6%	1.5%	**-2.5%**
Landed weight (in thousands)	12,616	13,770	**14,481**
% increase	4.7%	9.1%	**5.2%**

Overall, the strong economy is reflected in the FY 2019 Airport Activities results at SDIA. There was a substantial increase in enplaned passengers in fiscal year 2019 of 5.3 percent. New airline routes also factored into the sizable increases of aircraft operations and landed weight.

OPERATING REVENUES (IN THOUSANDS)

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 by .9 percent in 2017, was followed by a larger 3.4 percent increase in 2018, and was followed by another large increase of 5.4 percent in 2019.

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

	FY 2017	FY 2018	**FY 2019**
Operating revenues	$ 248,847	$ 266,079	**$ 293,679**
Operating expenses	(258,955)	(274,651)	**(301,548)**
Nonoperating revenues, net	15,428	21,528	**43,033**
Capital contributions and grants	1,904	13,079	**8,213**
Increase in net position	7,224	26,035	**43,377**
Net position, beginning of year	775,949	783,173	**809,925**
Prior-period adjustment	-	717	**-**
Net position, end of year	$ 783,173	$ 809,925	**$ 853,302**

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

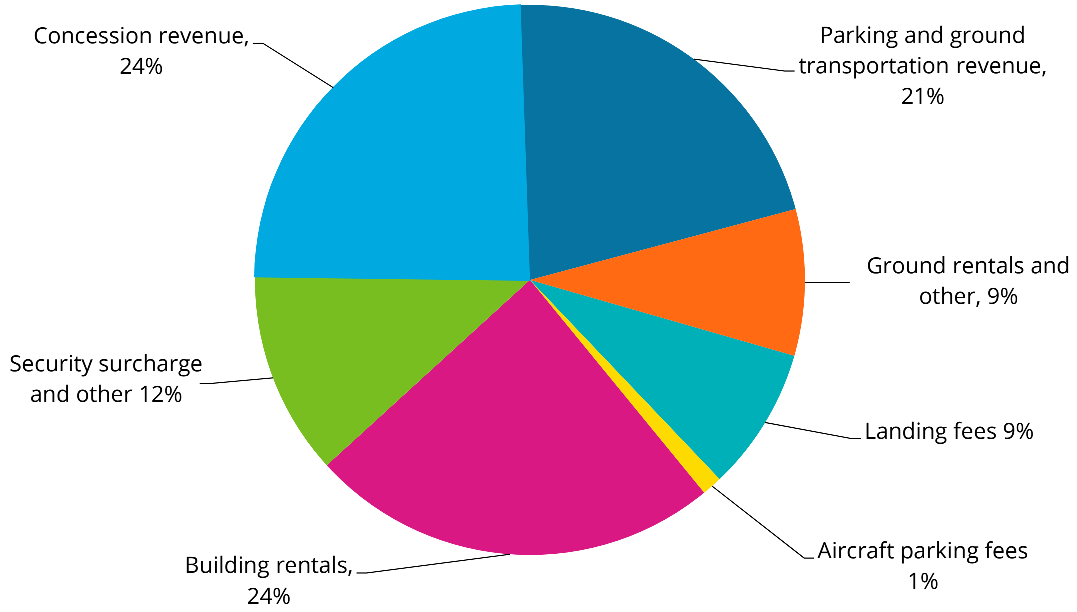
OPERATING REVENUES (IN THOUSANDS)

	FY 2018	FY 2019	From 2018 to 2019: Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 23,900	**$ 24,816**	$ 916	3.8%
Aircraft parking fees	3,236	**3,471**	235	7.3%
Building rentals	62,241	**70,912**	8,671	13.9%
Security surcharge	32,303	**33,559**	1,256	3.9%
Other aviation revenue	1,477	**1,596**	119	8.1%
Total airline revenue	123,157	**134,354**	11,197	9.1%
Concession revenue	65,610	**71,256**	5,646	8.6%
Parking and ground transportation revenue	53,254	**62,818**	9,564	18.0%
Ground and non-airline terminal rentals	22,109	**22,810**	701	3.2%
Other operating revenue	1,949	**2,441**	492	25.2%
Total operating revenue	$ 266,079	**$ 293,679**	$ 27,600	10.4%

	FY 2017	FY 2018	From 2017 to 2018: Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 24,612	$ 23,900	$ (712)	(2.9%)
Aircraft parking fees	2,927	3,236	309	10.6%
Building rentals	56,575	62,241	5,666	10.0%
Security surcharge	29,468	32,303	2,835	9.6%
Other aviation revenue	2,799	1,477	(1,322)	(47.2%)
Total airline revenue	116,381	123,157	6,776	5.8%
Concession revenue	61,256	65,610	4,354	7.1%
Parking and ground transportation revenue	49,407	53,254	3,847	7.8%
Ground and non-airline terminal rentals	20,053	22,109	2,056	10.3%
Other operating revenue	1,750	1,949	199	11.4%
Total operating revenue	$ 248,847	$ 266,079	$ 17,232	6.9%

OPERATING REVENUES (CONTINUED)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FISCAL YEAR ENDED JUNE 30, 2019 | OPERATING REVENUES



FISCAL YEAR 2019 COMPARED TO 2018:
Total airline revenues increased by $11.2 million, or 9.1 percent, primarily due to an increased cost recovery for the airlines which was higher in fiscal year 2019, compared to 2018. Landing fees increased by $916 thousand or 3.8 percent due to higher airfield-related costs. Aircraft parking fees increased by $235 thousand or 7.3 percent due to additional overnight aircraft parking positions, with the increased service from Alaska Airlines. Building rentals increased by $8.7 million or 13.9 percent due to increased cost recovery from airline rents, higher exclusive use square footage and higher employee shuttle services expenses. Security surcharge increased by $1.3 million or 3.9 percent, primarily due to increased terminal security charges by the Harbor Police increased wages and benefits. Other aviation revenue increased by $119 thousand or 8.1 percent, mostly due to the recovery of higher common use cost charges. Concession revenue increased by $5.6 million or 8.6 percent, reflecting increased enplanements. Parking and ground transportation increased by $9.6 million or 18 percent, due to higher enplanements, a full year of our new Terminal 2 Parking Plaza and higher trip fees from transportation network companies due to increased transactions. Ground and non-airline terminal rentals increased by $701 thousand or 3.2 percent. This increase was primarily due to scheduled CPI rent increases. Other operating revenue increased by $492 thousand or 25.2 percent, primarily due to two new revenue sources; telecom services offered to terminal tenants and revenue generated by the Innovation Lab.

FISCAL YEAR 2018 COMPARED TO 2017:
Total airline revenues increased by $6.8 million, or 5.8 percent, primarily due to an increased cost recovery for the airlines which was higher in fiscal year 2018, compared to 2017. Landing fees decreased by $712 thousand or 2.9 percent due to airfield-related cost savings. Aircraft parking fees increased by $309 thousand or 10.6 percent due to additional overnight aircraft parking positions. Building rentals increased by $5.7 million or 10.0 percent due to increased cost recovery from airline rents. Security surcharge increased by $2.8 million or 9.6 percent, primarily due to increased terminal security charges. Other aviation revenue decreased by $1.3 million or 47.2 percent, mostly due to common use cost recovery charges. Concession revenue increased by $4.4 million or 7.1 percent, reflecting increased enplanements. Parking and ground transportation increased by $3.8 million or 7.8 percent, due to higher enplanements and higher trip fees from transportation network companies. Ground and non-airline terminal rentals increased by $2.1 million or 10.3 percent. This increase was primarily due to fuel facility rentals, and scheduled rent increases. Other operating revenue increased by $199 thousand or 11.4 percent, primarily due to an increase in planning grant funding.

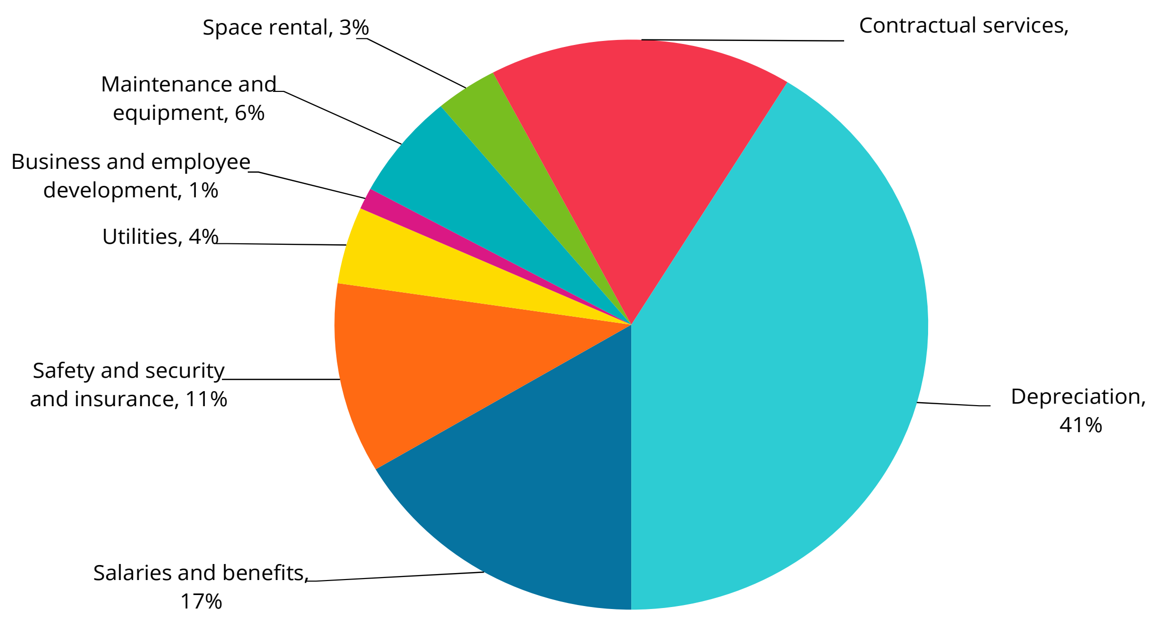
OPERATING EXPENSES (IN THOUSANDS)

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

	FY 2017	FY 2018	From 2017 to 2018 Increase (Decrease)	% Change
Salaries and benefits	$ 46,874	$ 47,866	$ 992	2.1%
Contractual services	44,372	45,249	877	2.0%
Safety and security	28,422	30,733	2,311	8.1%
Space rental	10,190	10,190	-	0.0%
Utilities	10,736	12,509	1,773	16.5%
Maintenance	14,270	12,603	(1,667)	(11.7%)
Equipment and systems	506	598	92	18.2%
Materials and supplies	611	655	44	7.2%
Insurance	956	1,098	142	14.9%
Employee development and support	1,347	1,248	(99)	(7.3%)
Business development	2,347	3,246	899	38.3%
Equipment rentals and repairs	3,095	3,124	29	0.9%
Total operating expenses before depreciation	163,726	169,119	5,393	3.3%
Depreciation	95,229	105,532	10,303	10.8%
Total operating expense	$ 258,955	$ 274,651	$ 15,696	6.1%

OPERATING REVENUES (CONTINUED)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
FISCAL YEAR ENDED JUNE 30, 2019 | OPERATING EXPENSES



FISCAL YEAR 2019 COMPARED TO 2018: Total fiscal year 2019 operating expenses increased by $26.9 million or 9.8 percent. Salaries and benefits increased by $1.7 million or 3.6 percent, due to planned wage and benefit increases, higher overtime and increased head count. Contractual services increased by $4.7 million or 10.3 percent, mainly due to higher expenses in shuttle services, janitorial services, and temporary services. Safety and security increased by $664 thousand or 2.2 percent due to increased salaries and benefits for law enforcement and emergency services. Utilities increased by $685 thousand or 5.5 percent, due to higher usage as a result of the increase in total passengers. Maintenance expenses increased $833 thousand, or 6.6 percent, due to replacement of carpet in Terminal 1, and retrofitting electronic signs to LED. Insurance increased by $102 thousand or 9.3 percent, primarily due to larger terminal square footage with the completion of the Federal Inspection Station.

Equipment rentals and repairs were increased by $490 thousand and 15.7 percent, due to expanded IT computers, office equipment, repairs and systems support.

Depreciation increased by $18.8 million or 17.8 percent, due to a full year of depreciation for the Parking Plaza and international passenger area (FIS) being placed in service.

Offsetting this increase in operating expenses was the following decreases: Equipment and systems decreased by $223 thousand or 37.3 percent, mainly due to scheduled replacement of computer equipment occurred in prior year. Employee development and support decreased by $203 thousand and 16.3 percent due to more conservative approval processes. Business development decreased by $616 thousand or 19.0 percent, mainly due to decrease in sponsorship and marketing.

FISCAL YEAR 2018 COMPARED TO 2017: Total fiscal year 2018 operating expenses increased by $15.7 million or 6.1 percent. Salaries and benefits increased by $992 thousand or 2.1 percent, due to planned wage and benefit increases. Contractual services increased by $877 thousand or 2.0 percent, mainly due to higher expenses in custodial services. Safety and security increased by $2.3 million or 8.1 percent due to higher law enforcement and emergency services costs. Utilities increased by $1.8 million or 16.5 percent, due to higher usage as a result of the increase in total passengers. Equipment and systems increased by $92 thousand or 18.2 percent, mainly due to additional computer equipment and licenses. Insurance increased by $142 thousand or 14.9 percent, primarily due to higher coverage costs of various policies. Business development increased by $899 thousand or 38.3 percent, mainly due to community outreach. Depreciation increased by $10.3 million or 10.8 percent, due to the Parking Plaza and international passenger area (FIS) being placed in service.

Offsetting this increase in operating expenses was the following decrease: Maintenance expenses decreased $1.7 million, or 11.7 percent, due in part to lower electrical and HVAC maintenance contract costs.

NONOPERATING REVENUES (EXPENSES) (IN THOUSANDS)

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

	FY 2017	FY 2018	From 2017 to 2018 Increase (Decrease)	% Change
Passenger facility charges	$ 42,200	$ 46,953	$ 4,753	11.3%
Customer facility charges	36,528	41,036	4,508	12.3%
Quieter Home Program, net	(785)	(2,747)	(1,962)	(249.9%)
Joint studies program	-	(114)	(114)	0.0%
Investment income	5,689	9,426	3,737	65.7%
Interest expense, net	(53,528)	(63,745)	(10,217)	(19.1%)
Other nonoperating income (expenses)	(14,676)	(9,281)	5,395	36.8%
Nonoperating revenues, net	$ 15,428	$ 21,528	$ 6,100	39.5%

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 1949 of the California Civil Code and approved by legislation under Senate Bill 1510. The revenues collected have been used to plan and construct a consolidated rental car facility and 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 multi-family 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 2019, the Airport Authority has spent $216.2 million and received reimbursement for $173.8 million.

INVESTMENT INCOME is derived from interest earned by the Airport Authority on investments and notes receivable, and unrealized gain (loss) on investments.

INTEREST EXPENSE includes interest paid and accrued on the Bonds, Variable Debt, and Lease Interest. For fiscal year 2018, this was 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 year ended June 30, 2018 was $7.2 million. In fiscal year 2019, the Airport Authority implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard requires prospective implementation which resulted in expensing of all interest costs in fiscal year 2019. As of June 30, 2019 interest expense was $80.2 million and the interest expense that was not capitalized for June 30, 2018 was $74.1 million. The bond premium amortization from all four 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 32.7 percent of the interest payable. The interest subsidy for the fiscal years ended June 30, 2019 and 2018 was $4.7 million.

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

FISCAL YEAR 2019 COMPARED TO 2018: Nonoperating revenues (net) increased by $21.5 million or 99.9 percent. Passenger facility charges increased by $2.2 million or 4.8 percent, due to a 5.3 percent increase in enplaned passengers. Customer facility charges increased by $882 thousand or 2.1 percent, due to a corresponding increase in rental car transactions. Investment income increased by $16.1 million or 170.9 percent, due to higher investment returns. Other nonoperating expense decreased by $8.8 million or 94.5 percent, primarily due to a nonrecurring loss on disposal of capital assets related to the Terminal 2 construction projects in 2018.

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

FISCAL YEAR 2018 COMPARED TO 2017: Nonoperating revenues (net) increased by $6.1 million or 39.5 percent. Passenger facility charges increased by $4.8 million or 11.3 percent, due to a 10.7 percent increase in enplaned passengers. Customer facility charges increased by $4.5 million or 12.3 percent, due to a corresponding increase in rental car transactions and a full year receiving the increased daily fee previously discussed. Investment income increased by $3.7 million or 65.7 percent, due to an increase in dollars invested from the Series 2017 bond issuance as well as improved market performance compared to fiscal year 2017. Other nonoperating expense decreased by $5.4 million or 36.8 percent, primarily due to a decrease from loss on fixed asset disposals resulting from the new Parking Plaza in 2017.

The increase in nonoperating income was offset by a Quieter Home Program expenses (net) increase of $2.0 million or 249.9 percent, due to higher sound attenuation activity. Interest expense (net) was higher by $10.2 million or 19.1 percent, due to the SE 2017 bond issuance.

CAPITAL GRANT CONTRIBUTION (IN THOUSANDS)

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

	FY 2017	FY 2018	**From 2017 to 2018** Increase (Decrease)	% Change
Federal grants	$ 1,904	$ 13,079	$ 11,175	586.9%

CAPITAL GRANT CONTRIBUTIONS are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. In fiscal year 2019 capital grant contributions decreased by $4.9 million or 37.2 percent compared to fiscal year 2018. Additionally in fiscal year 2018, capital grant contributions increased by $11.2 million or 568.9 percent, compared to fiscal year 2017. This was due to the completion in 2018 of the Runway 9 displaced threshold, Northside taxiway bypass, and storm drain trunk projects.

Variances from year to year relate to the amount of work completed on eligible projects during the fiscal year. In fiscal year 2018, the grant fund increase is primarily due to airfield projects.

ASSETS, LIABILITIES AND NET POSITION (IN THOUSANDS)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows and net position of the Airport Authority.

A summary comparison of the Airport Authority's assets, liabilities and net position at June 30, 2017, 2018 and 2019, is as follows:

	FY 2017	FY 2018	**FY 2019**
Assets and Deferred Outflows of Resources			
Current assets	$ 191,307	$ 223,610	**$ 244,592**
Capital assets, net	1,544,909	1,704,141	**1,722,150**
Noncurrent assets	494,040	643,474	**598,156**
Total assets	2,230,256	2,571,225	**2,564,898**
Deferred outflows of resources	20,246	24,196	**26,681**
Total assets and deferred outflows of resources	2,250,502	2,595,421	**2,591,579**
Liabilities and Deferred Inflows of Resources			
Current liabilities	104,422	145,942	**131,085**
Long-term liabilities	1,361,090	1,635,326	**1,600,230**
Total liabilities	1,465,512	1,781,268	**1,731,315**
Deferred inflows of resources	1,815	4,228	**6,961**
Total liabilities and deferred inflows of resources	1,467,327	1,785,496	**1,738,276**
Net Position			
Net investment in capital assets	263,952	294,937	**281,491**
Restricted	225,088	230,954	**246,508**
Unrestricted	294,133	284,034	**325,303**
Total net position	$ 783,173	$ 809,925	**$ 853,302**

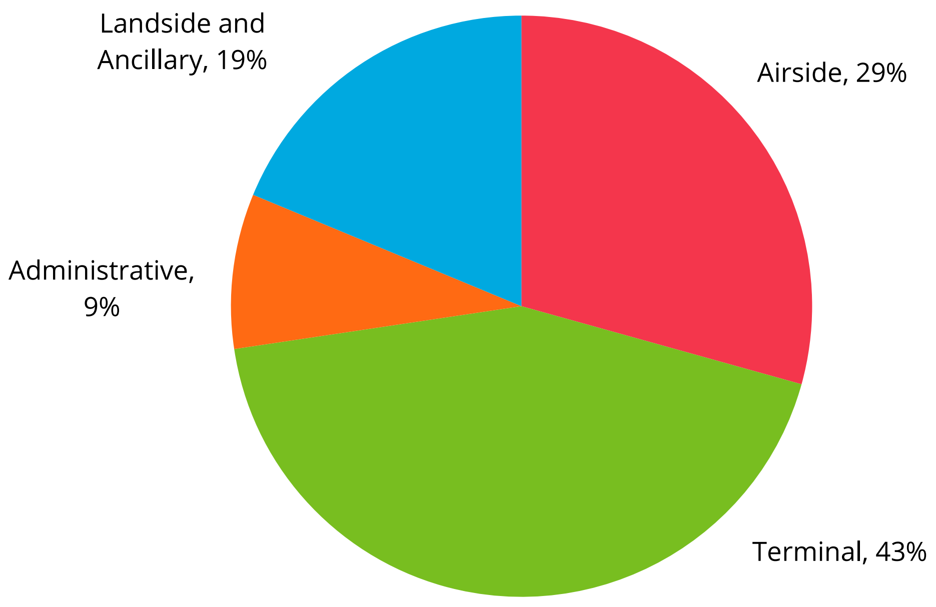
As of June 30, 2019, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $853.3 million. This reflects a $43.4 million or 5.4 percent increase in net position from June 30, 2018. The Airport Authority uses the capital assets to provide 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 $325.3 million as of June 30, 2019, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2019, 2018 and 2017, management has designated unrestricted funds in the amount of $26.2 million, $39.3 million, and $25.8 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake insurance and operating contingency.

CAPITAL PROGRAM

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

The current Capital Program, which includes projects through 2024, consists of $281.3 million for airside projects, $175.9 million for landside and ancillary projects, $415.6 million for terminal projects, and $82.6 million for administrative projects.

CAPITAL PROGRAM PROJECTS BY TYPE



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

CAPITAL FINANCING AND DEBT MANAGEMENT

On October 5, 2010, the Airport Authority issued $572.6 million of Subordinate Airport Revenue Bonds Series 2010 A, B and C (Series 2010 Bonds). The 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, 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, 32.69 percent of interest payable. The interest rate on the Series 2010 C Bonds, net of subsidy, is 4.46 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. Interest expense for the fiscal year ended June 30, 2019 amounted to $29.7 million, including accrued interest of $14.9 million.

As of June 30, 2019, the principal balance on the subordinate Series 2010 Bonds was $527.1 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 accrued on the senior Series 2013 Bonds, fund the senior reserve fund, and pay the costs of issuance of the Senior Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of $55.9 million, which is being amortized over the life of the bonds. Interest on the Senior Series 2013 Bonds is payable semiannually on January 1 and July 1 of each year. Interest expense for the fiscal year ended June 30, 2019, amounted to $18.17 million, including accrued interest of $9.08 million. The principal balance on the Series 2013 Bonds as of June 30, 2019 was $371.0 million.

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

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

On February 19, 2014, the Airport Authority issued $305,285,000 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 on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent and mature in fiscal years 2019 to 2045. Interest expense for the fiscal year ended June 30, 2019, amounted to $16.2 million, including accrued interest of $8.1 million. As of June 30, 2019, the principal balance on the Series 2014 Bonds was $299.7 million.

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

On August 3, 2017, the Airport Authority issued $291,210,000 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 $48,423,688, which is being amortized over the life of the bonds. Interest on the senior Series 2017 Bonds is payable semiannually on January 1 and July 1, of each year. Interest expense for the fiscal year ended June 30, 2019, amounted to $14.3 million, including accrued interest of $7.16 million. As of June 30, 2019, the principal balance on the Series 2017 was $286.3 million.

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 agreement that was extended through June 29, 2020. As of June 30, 2019, the Airport Authority's outstanding debt under this agreement consists of $13.7 million of Series B (AMT).

In April of 2018 the Airport Authority established a Subordinate Drawdown Bond program with Royal Bank of Canada (RBC) Municipal Products of up to $100 million. On April 1, 2018, the Airport Authority and RBC Municipal Products agreed upon a Bondholders Agreement and on April 19, 2018, the Airport Authority and RBC Capital Markets LLC agreed upon a Subordinate Drawdown Bond Purchase Agreement. When issued, all Subordinate Drawdown Bonds will be purchased by the Subordinate Drawdown Bond Purchaser in accordance with the terms of the Subordinate Drawdown Bondholder's Agreement and the Subordinate Drawdown Bond Purchase Agreement. As of June 30, 2019 no Subordinate Drawdown Bonds were outstanding. Subsequent to fiscal year end 2019, on July 18, 2019 the Airport Authority made Subordinate Drawdown Bond draws of $11.1 million on Series A (Non-AMT) and $22.9 million on Series B (AMT). It is anticipated that these Subordinate Drawdown Bonds will be refunded with a future bond issuance.

The revolving line of credit and the 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.

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 February 1, 2040.

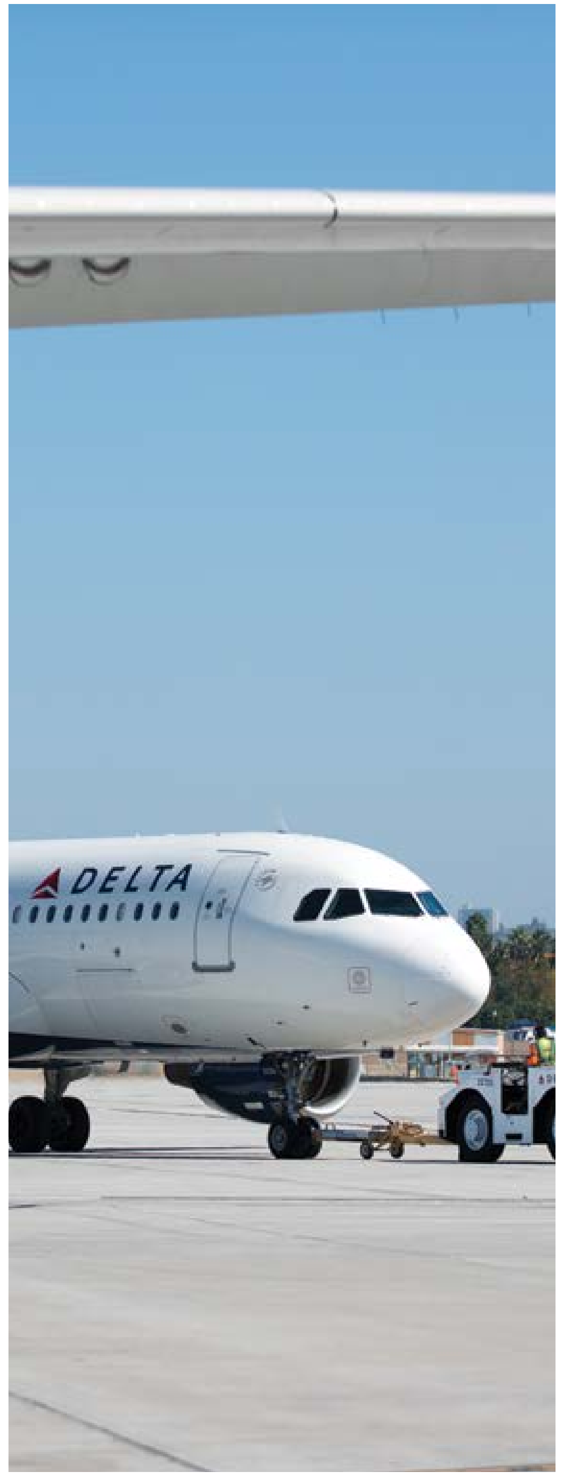
FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately $24.5 million in grant awards for the federal fiscal year ended September 30, 2019, as compared to $25.4 million for 2018. Grant awards 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, 2019 AND 2018



Assets and Deferred Outflows of Resources	2019	2018
Current Assets		
Unrestricted:		
Cash and cash equivalents (*Note 2*)	$ 10,286,307	$ 7,243,688
Investments (*Notes 2 and 11*)	124,558,161	85,690,254
Tenant lease receivables, net	12,491,101	10,837,699
Grants receivable	4,148,758	10,955,228
Note receivable, current portion (*Note 3*)	2,006,052	1,903,323
Other current assets	7,111,124	7,329,052
Total unrestricted current assets	160,601,503	123,959,244
Restricted cash, cash equivalents and investments with trustees (*Notes 2 and 5*)	83,990,603	99,650,564
Total current assets	244,592,106	223,609,808
Noncurrent Assets		
Restricted assets (*Notes 2 and 5*):		
Restricted cash, cash equivalents and investments not with trustees	205,979,093	191,304,621
Restricted investments with trustees	162,164,029	228,598,834
Passenger facility charges receivable (*Note 1*)	6,959,982	6,635,273
Customer facility charges receivable (*Note 1*)	4,339,192	4,097,757
Other restricted assets	5,315,982	5,310,167
Total restricted assets	384,758,278	435,946,652
Other noncurrent assets:		
Investments, noncurrent (*Note 2*)	157,461,822	136,796,912
Note receivable, long-term portion (*Note 3*)	29,332,710	31,338,762
Cash and cash equivalents designated for specific capital projects and other commitments (*Notes 2 and 11*)	26,208,561	39,294,169
Net OPEB asset (*Note 9*)	394,547	97,418
Total other noncurrent assets	213,397,640	207,527,261
Capital assets (*Note 4*):		
Land, land improvements and nondepreciable assets	135,850,387	135,086,590
Buildings and structures	1,709,304,802	1,692,102,858
Machinery and equipment	131,172,226	112,464,060
Runways, roads and parking lots	698,595,118	646,939,284
Construction in progress	144,432,325	110,520,200
	2,819,354,858	2,697,112,992
Less accumulated depreciation	(1,097,205,313)	(992,971,931)
Capital assets, net	1,722,149,545	1,704,141,061
Total noncurrent assets	2,320,305,463	2,347,614,974
Total assets	2,564,897,569	2,571,224,782
Deferred outflows of resources:		
Deferred pension outflows (*Note 6 and 7*)	25,602,589	23,113,159
Deferred OPEB outflows (*Note 9*)	1,078,263	1,082,904
Total deferred outflows of resources	26,680,852	24,196,063
Total assets and deferred outflows of resources	$ 2,591,578,421	$ 2,595,420,845

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2019 AND 2018

Liabilities, Deferred Inflows of Resources and Net Position	2019	2018
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	$ 5,671,003	$ 2,589,715
Accrued liabilities	29,101,867	28,508,254
Compensated absences, current portion (*Note 5*)	2,978,157	3,093,379
Other current liabilities	9,020,385	11,777,067
Long-term debt, current portion (*Note 5*)	323,242	323,514
Total payable from unrestricted assets	47,094,654	46,291,929
Payable from restricted assets:		
Accounts payable	7,093,105	51,585
Accrued liabilities	14,798,425	37,247,974
Long-term debt, current portion (*Note 5*)	22,865,000	22,650,000
Accrued interest on variable rate debt and bonds (*Note 5*)	39,234,073	39,701,005
Total payable from restricted assets	83,990,603	99,650,564
Total current liabilities	131,085,257	145,942,493
Long-Term Liabilities		
Compensated absences, net of current portion (*Note 5*)	572,054	183,209
Other noncurrent liabilities	648,372	626,423
Long-term debt, net of current portion (*Note 5*)	1,578,980,028	1,614,294,048
Net pension liability (*Note 6 and 7*)	20,029,343	20,222,458
Total long-term liabilities	1,600,229,797	1,635,326,138
Total liabilities	1,731,315,054	1,781,268,631
Deferred inflows of resources		
Deferred pension inflows *(Note 6 and 7)*	6,453,432	3,685,838
Deferred OPEB inflows *(Note 9)*	507,578	541,669
Total deferred inflows of resources	6,961,010	4,227,507
Total liabilities and deferred inflows of resources	$ 1,738,276,064	$ 1,785,496,138
Net Position		
Net investment in capital assets (*Note 1*)	281,491,126	294,937,128
Restricted:		
Debt Service	71,952,864	71,618,324
Construction	150,466,640	135,691,506
OPEB	394,547	97,418
Operation and maintenance expenses	14,377,942	14,236,540
Small business bond guarantee	4,000,000	4,000,000
OCIP loss reserve	5,315,982	5,310,166
Total restricted net position	246,507,975	230,953,954
Unrestricted net position	325,303,256	284,033,625
Total net position	$ 853,302,357	$ 809,924,707

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating revenues:		
Airline revenue:		
Landing fees	$ **24,816,308**	$ 23,900,414
Aircraft parking fees	**3,471,363**	3,235,788
Building rentals (*Note 12*)	**70,911,568**	62,241,252
Security surcharge	**33,558,621**	32,303,267
Other aviation revenue	**1,596,275**	1,476,479
Concession revenue	**71,256,293**	65,609,858
Parking and ground transportation revenue	**62,817,901**	53,254,030
Ground and non-airlilne terminal rentals (*Note 12*)	**22,810,139**	22,108,637
Other operating revenue	**2,440,464**	1,949,405
Total operating revenues	**293,678,932**	266,079,130
Operating expenses:		
Salaries and benefits (*Notes 6, 7, and 8*)	**49,578,048**	47,865,727
Contractual services (*Note 14*)	**49,902,811**	45,248,939
Safety and security	**31,397,062**	30,733,076
Space rental (*Note 13*)	**10,190,910**	10,189,836
Utilities	**13,194,014**	12,509,607
Maintenance	**13,435,562**	12,602,987
Equipment and systems	**375,089**	597,859
Materials and supplies	**656,501**	655,698
Insurance	**1,199,555**	1,097,868
Employee development and support	**1,045,116**	1,248,355
Business development	**2,630,038**	3,245,967
Equipment rentals and repairs	**3,614,053**	3,124,471
Total operating expenses before depreciation	**177,218,759**	169,120,390
Income from operations before depreciation	**116,460,173**	96,958,740
Depreciation expense	**124,328,880**	105,531,703
Operating loss	$ **(7,868,707)**	$ (8,572,963)

(Continued)

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Nonoperating revenues (expenses):		
Passenger facility charges	$ **49,197,716**	$ 46,952,755
Customer facility charges	**41,918,554**	41,036,526
Quieter Home Program grant revenue (*Note 1*)	**11,550,178**	8,389,249
Quieter Home Program expenses (*Note 1*)	**(14,742,390)**	(11,135,808)
Joint Studies Program	**(98,601)**	(114,387)
Investment income	**25,533,268**	9,426,328
Interest expense (*Note 5*)	**(74,501,336)**	(68,411,379)
Build America Bonds subsidy (*Note 5*)	**4,686,174**	4,666,190
Other revenues (expenses), net	**(510,440)**	(9,281,255)
Nonoperating revenue, net	**43,033,123**	21,528,219
Income before federal grants	**35,164,416**	12,955,256
Federal grants (*Note 1*)	**8,213,234**	13,079,164
Change in net position	**43,377,650**	26,034,420
Net position, beginning of year	**809,924,707**	783,890,287
Net position, end of year	$ **853,302,357**	$ 809,924,707

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Receipts from customers	$ 286,895,333	$ 267,462,006
Payments to suppliers	(107,008,045)	(164,900,528)
Payments to employees	(50,553,389)	(49,265,624)
Other receipts	2,555,497	2,292,761
Net cash provided by operating activities	131,889,396	55,588,615
Cash Flows From Noncapital Financing Activities		
Settlement receipts (payments)	(1,177,331)	168,442
Quieter Home Program grant receipts	14,204,701	5,424,925
Quieter Home Program payments	(14,742,390)	(11,135,808)
Joint Studies Program payments	(98,601)	(114,387)
Net cash used in noncapital financing activities	(1,813,621)	(5,656,828)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(172,486,803)	(212,327,613)
Proceeds on Build America Bonds subsidy	4,686,174	4,666,190
Payment of variable rate debt	(6,444,000)	(38,835,000)
Federal grants received (excluding Quieter Home Program)	12,365,181	8,442,656
Proceeds from passenger facility charges	48,873,007	46,473,100
Proceeds from customer facility charges	41,677,119	40,656,344
Payment of principal on bonds	(22,650,000)	(11,585,000)
Proceeds from issuance of Series 2017 Bonds	-	339,633,688
Payment of capital lease	(323,514)	(298,449)
Interest and debt fees paid	(80,694,774)	(67,174,633)
Net cash provided by (used in) capital and related financing activities	(174,997,610)	109,651,283
Cash Flows From Investing Activities		
Sales and maturities of investments	248,392,203	467,359,490
Purchases of investments	(240,504,726)	(625,758,198)
Interest received on investments and note receivable	25,088,046	7,015,998
Principal payments received on notes receivable	1,903,323	1,801,694
Net cash provided by (used in) investing activities	34,878,846	(149,581,016)
Net increase (decrease) in cash and cash equivalents	(10,042,989)	10,002,054
Cash and cash equivalents, beginning of year	46,537,857	36,535,803
Cash and cash equivalents, end of year	$ 36,494,868	$ 46,537,857

(Continued)

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS, (CONTINUED)
FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018

	2019	2018
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Unrestricted cash and cash equivalents	$ 10,286,307	$ 7,243,688
Cash and cash equivalents designated for specific capital projects and other commitments	26,208,561	39,294,169
Total cash and cash equivalents	$ 36,494,868	$ 46,537,857
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	$ (7,868,707)	$ (8,572,963)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	124,328,880	105,531,703
Change in pensions/OPEB liability/asset	(490,244)	718,394
Change in deferred outflows related to pensions/OPEB	(2,484,789)	(1,938,110)
Change in deferred inflows related to pensions/OPEB	2,733,503	2,412,067
Changes in assets and liabilities:		
Tenant lease receivables	(1,653,402)	(1,515,759)
Net pension asset	-	-
Other assets	657,335	(3,003,518)
Accounts payable	18,489,317	(49,176,177)
Accrued liabilities	593,613	8,102,069
Compensated absences	273,623	45,562
Other liabilities	(2,689,733)	2,985,347
Net cash provided by operating activities	$ 131,889,396	$ 55,588,615
Supplemental Disclosure of Noncash Investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	$ 21,891,530	$ 37,299,559

See Notes to Financial Statements.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY:
The San Diego County Regional Airport Authority (Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the San Diego County Regional Airport Authority Act (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 (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 (City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the Mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three year terms in accordance with California SB 10.

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

USE OF ESTIMATES:
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the

NOTE 1.

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

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 fair value based on quoted market prices.

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

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, 2019 and 2018, the Airport Authority recovered $8,213,234 and $13,079,164, respectively, for approved capital projects and $11,550,178 and $8,389,249, 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 (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, 2019 and 2018, accrued PFC receivables totaled $6,959,982 and $6,635,273, respectively, and there were $96,034,369 and $80,297,022 PFC amounts collected but not yet applied for approved capital projects as of June 30, 2019 and 2018, respectively.

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

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

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects. 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, 2019 and 2018, accrued CFC receivables totaled $4,339,192 and $4,097,757, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2019 and 2018, were $43,133,096 and $44,661,454 respectively.

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

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

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

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

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

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

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

NOTE 1.

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

NOTE 1.

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. For the fiscal years ended June 30, 2019 and 2018, the Airport Authority capitalized interest of $0 and $7,218,861, respectively. This change resulted from the adoption of GASB No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, eliminating the requirement to capitalize interest; see Note 1 for additional information on accounting pronouncements adopted.

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.

NOTE 1.

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

AIRPORT AUTHORITY NET POSITION:
Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

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

Unrestricted net position as of June 30, 2019 and 2018 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2019	2018
Operating contingency	**$ 2,000,000**	$ 2,000,000
Insurance contingency	**10,967,958**	10,249,962
Capital projects and other commitments	**13,240,603**	27,044,207
Total designated net position	**$ 26,208,561**	$ 39,294,169

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

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

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

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

	2019	2018
Southwest Airlines	**37.7%**	38.0%
Alaska	**13.8%**	13.4%
United Airlines	**12.9%**	12.7%
Delta	**12.2%**	10.6%
American Airlines	**11.9%**	12.8%

NOTE 1.

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

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

ACCOUNTING PRONOUNCEMENTS ADOPTED:
The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2019:

- GASB Statement No. 83, Certain Asset Retirement Obligations, effective for the Airport Authority's year ending June 30, 2019. Implementation of this statement had no effect on beginning net position.
- GASB Statement No. 88, Certain Disclosures related to Debt, including Direct Borrowings and Direct Placements, effective for the Airport Authority's year ended June 30, 2019. Implementation of this statement had no effect on beginning net position.
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, effective for the Airport Authority's year ended June 30, 2019. Implementation of this statement had no effect on beginning net position.

The implementation of Statement No. 89 requires governmental entities to expense interest incurred before the end of a construction period. On adoption, interest costs incurred after the beginning of the first reporting period in which this statement was implemented should not be capitalized. Additionally, application of this statement requires prospective application and had no effect on previously capitalized interest costs.

ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED:
GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 84, Fiduciary Activities, effective for the Airport Authority's year ending June 30, 2020
- GASB Statement No. 87, Leases, effective for the Airport Authority's year ending June 30, 2021
- GASB Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61, effective for the Airport Authority's year ended June 30, 2020
- GASB Statement No. 91, Conduit Debt Obligations, effective for the Airport Authority's year ended June 30, 2022

RECLASSIFICATIONS:
Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation. The reclassifications had no effect on the changes in net position.

NET POSITION REVISION:
Fiscal year 2018 has been revised for a misclassification in ending net position. This revision resulted in an increase in net investment in capital assets from $281,703,129 to $294,937,128 or $13,233,999 and a decrease in restricted for debt service from $84,852,323 to $71,618,324 or ($13,233,999). This revision had no impact on unrestricted net position or total net position.

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:

	2019	2018
Unrestricted and Undesignated:		
Cash and cash equivalents	**$ 10,286,307**	$ 7,243,688
Current investments	**124,558,161**	85,690,254
Noncurrent investments	**157,461,822**	136,796,912
Total unrestricted and undesignated	**292,306,290**	229,730,854
Designated for specific capital projects and other commitments: cash and cash equivalents	**26,208,561**	39,294,169
Restricted:		
Current cash, cash equivalents and investments, with trustees	**83,990,603**	99,650,564
Noncurrent cash, cash equivalents and investments, not with trustees	**205,979,093**	191,304,621
Noncurrent investments, with trustees	**162,164,029**	228,598,834
Total restricted cash, cash equivalents and investments	**452,133,725**	519,554,019
Total cash, cash equivalents and investments	**$ 770,648,576**	$ 788,579,042

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

	2019	2018
Restricted cash, cash equivalents and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	**$ 43,133,828**	$ 42,709,622
Operation and maintenance subaccount	**14,377,942**	14,236,540
Renewal and replacement account	**5,400,000**	5,400,000
Total bonds reserves	**62,911,770**	62,346,162
Passenger facility charges unapplied	**96,034,369**	80,297,022
Customer facility charges unapplied	**43,133,096**	44,661,454
Small business development bond guarantee	**4,000,000**	4,000,000
2010 Series debt service reserve fund	**52,163,004**	51,974,951
2010 Series debt service account	**25,493,536**	25,312,063
2013 Series construction fund	**2,397**	2,323
2013 Series debt service reserve fund	**34,246,502**	33,573,756
2013 Series debt service account	**11,575,069**	11,430,643
2014 Series construction fund	**1,941**	1,969
2014 Series debt service reserve fund	**22,368,760**	22,347,589
2014 Series debt service account	**13,853,720**	13,781,497
2014 Series rolling coverage fund	**6,905,072**	6,769,427
2014 Series renew and replace	**5,431,585**	3,825,876
2017 Series construction fund	**47,288,403**	131,388,973
2017 Series debt service reserve fund	**14,993,717**	15,154,803
2017 Series debt service account	**11,730,784**	12,685,511
Total restricted cash, cash equivalents and investments	**$ 452,133,725**	$ 519,554,019

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.

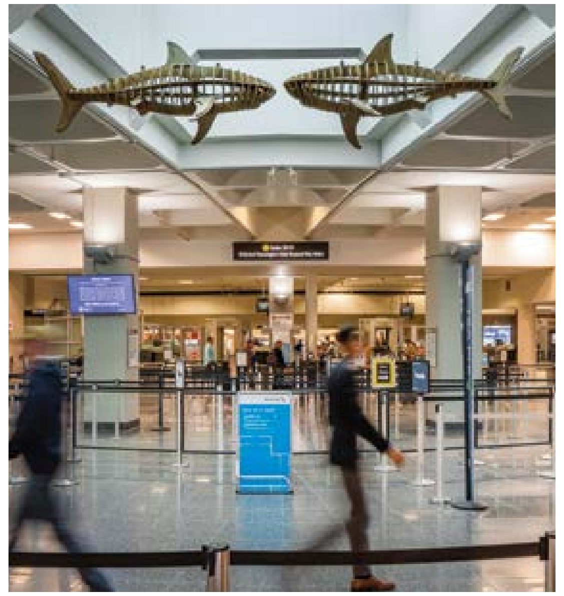
This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

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	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$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	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None

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

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

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



NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

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

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

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

*Investment requires collateralization

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

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

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

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

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

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

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

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

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:

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

Ratings per Standard and Poor's
(1) Investment rated AAA by Fitch

Investment Type	Total	2018 Investment Maturities (in Years) 0 - 1	1 - 2	2 - 5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 124,032,939	$ 14,814,921	$ 24,988,888	$ 84,229,130	N/A
U.S. agency securities	67,281,728	3,988,720	63,293,008	-	AA+
Supranationals	8,020,598	2,961,090	2,959,710	2,099,798	AAA
	5,294,485	-	-	5,294,485	Not rated
Negotiable certicates of deposit	11,911,120	7,994,640	-	3,916,480	AA
	22,642,037	16,941,660	5,700,377	-	A
Medium-term notes	2,876,730	-	-	2,876,730	AAA
	15,749,735	4,464,870	7,409,025	3,875,840	AA
	31,802,519	10,543,467	7,900,497	13,358,555	A
Money market mutual funds	93,517	93,517	-	-	AAA
Local Agency Investment Fund	48,733,079	48,733,079	-	-	Not rated
San Diego County Investment Pool	234,006,333	234,006,333	-	-	Not rated(1)
CalTrust Fund	15,522,832	15,522,832	-	-	AA
Total investments subject to credit and interest rate risk:	587,967,652	360,065,129	112,251,505	115,651,018	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	15,639,415				
Total Investments	$ 603,607,067				

Ratings per Standard and Poor's
(1) Investment rated AAA by Fitch

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

CONCENTRATION OF CREDIT RISK:
The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2019 and 2018.

FOREIGN CURRENCY RISK:
The Airport Authority's investment policy does not allow investments in foreign securities.

NOTE 3.

NOTE RECEIVABLE

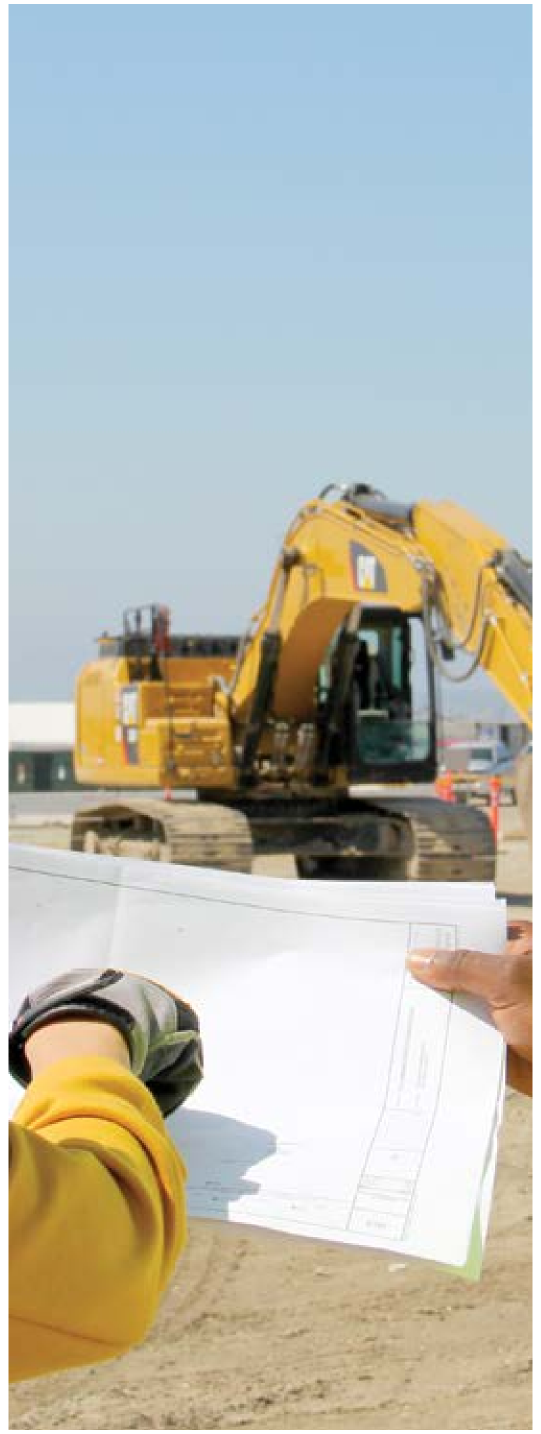
As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a $50,000,000 unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will 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, 2019 and 2018, the balance of the note receivable was $31,338,762 and $33,242,085, 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
2020	$ 2,006,052
2021	2,123,843
2022	2,243,644
2023	2,370,203
2024	2,500,653
2025-2029	14,801,696
2030-2031	5,292,671
	$ 31,338,762

NOTE 4.

CAPITAL ASSETS



Capital asset activity for the years ended June 30, 2019 and 2018 are as follows:

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

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

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

	Balance at June 30, 2017	Increases	Decreases	Balance at June 30, 2018
Nondepreciable assets:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Construction in progress	171,498,033	272,511,934	(333,489,767)	110,520,200
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	194,105,627	272,511,934	(333,489,767)	133,127,794
Depreciable assets:				
Land improvements	88,873,547	24,535,625	(490,176)	112,918,996
Buildings and structures (1)	1,430,977,373	262,093,480	(1,407,995)	1,691,662,858
Machinery and equipment (2)	98,289,643	15,856,555	(1,682,138)	112,464,060
Runways, roads and parking lots	626,871,756	32,705,934	(12,638,406)	646,939,284
Total capital assets being depreciated	2,245,012,319	335,191,594	(16,218,715)	2,563,985,198
Less accumulated depreciation for:				
Land improvements	(13,595,257)	(7,185,518)	85,769	(20,695,006)
Building and structures	(547,652,555)	(64,299,973)	1,402,095	(610,550,433)
Machinery and equipment	(56,392,656)	(8,475,734)	1,682,137	(63,186,253)
Runways, roads and parking lots	(276,568,778)	(25,570,478)	3,599,017	(298,540,239)
Total accumulated depreciation	(894,209,246)	(105,531,703)	6,769,018	(992,971,931)
Total capital assets being depreciated, net	1,350,803,073	229,659,891	(9,449,697)	1,571,013,267
Capital assets, net	$ 1,544,908,700	$ 502,171,825	$ (342,939,464)	$ 1,704,141,061

(1) Includes capitalized lease of building with a net present value of future lease payments of $7,012,496

(2) Includes capitalized leases of office equipment with a net present value of future lease payments of $131,369

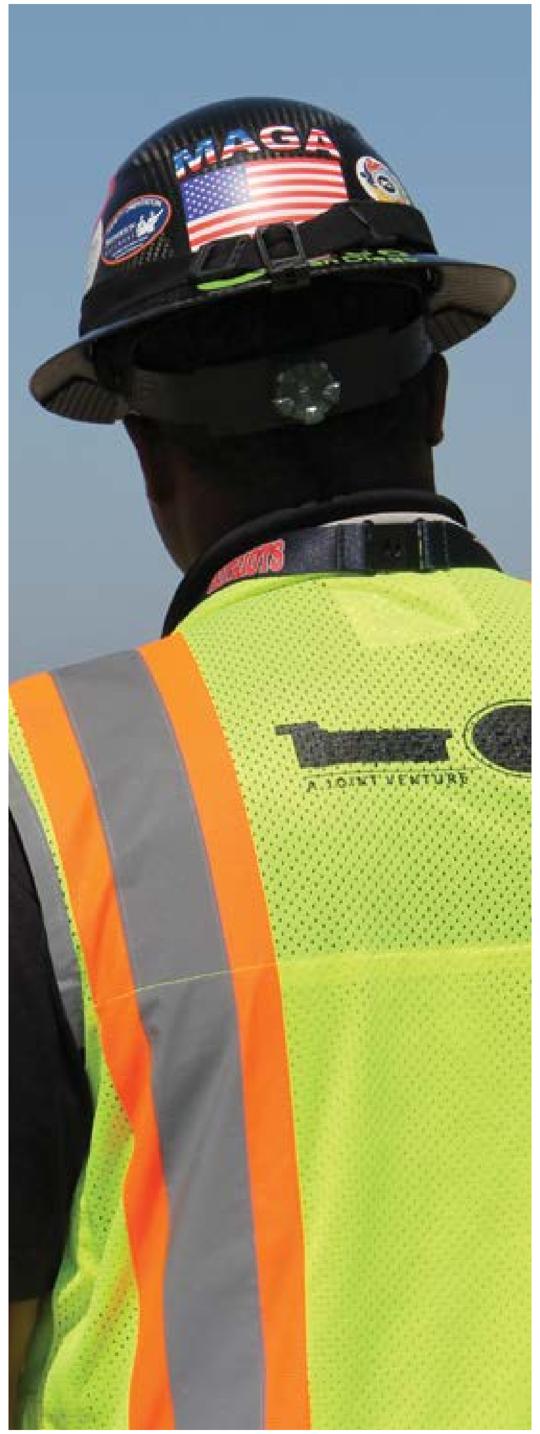
NOTE 5.

LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2019 and 2018:

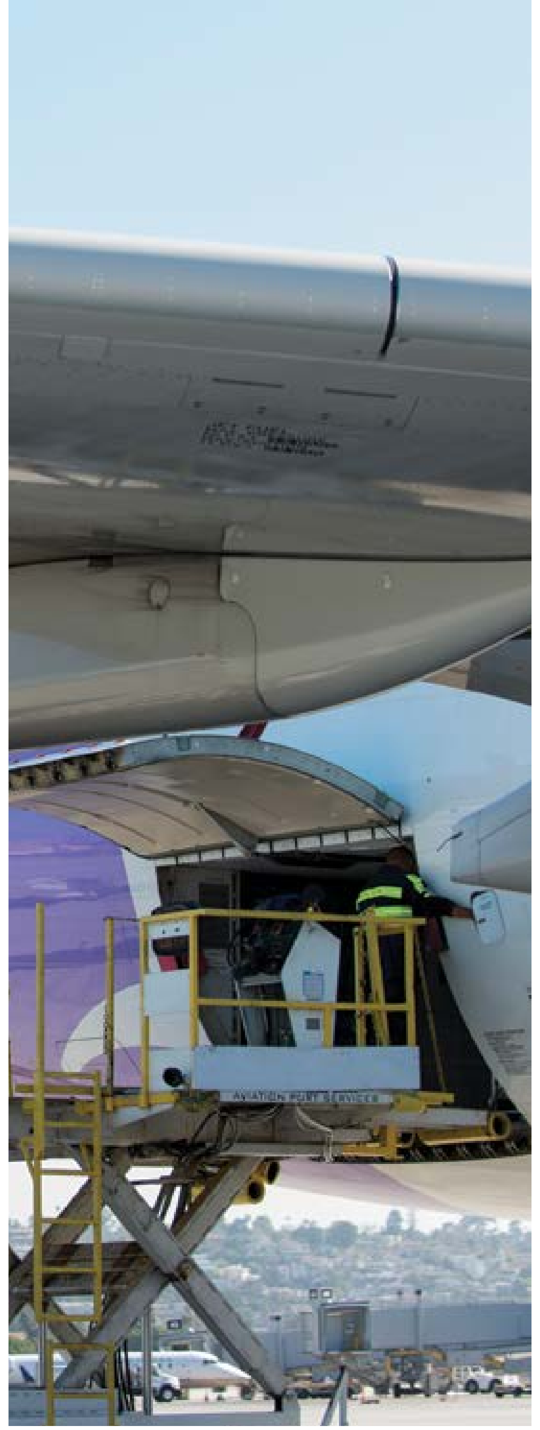
	Principal Balance at June 30, 2018	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2019	Due Within One Year
Variable Rate Debt					
Series B tax-exempt	14,794,000	-	(1,075,000)	**13,719,000**	-
Series C taxable	5,369,000	-	(5,369,000)	**-**	-
Total variable rate debt	20,163,000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

	Principal Balance at June 30, 2017	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2018	Due Within One Year
Variable Rate Debt					
Series A tax-exempt	$ 32,550,000	$ -	$ (32,550,000)	$ -	$ -
Series B tax-exempt	15,849,000	-	(1,055,000)	14,794,000	-
Series C taxable	10,599,000	-	(5,230,000)	5,369,000	-
Total variable rate debt	58,998,000	-	(38,835,000)	20,163,000	-
Bonds payable:					
Series 2010 Bonds	546,420,000	-	(9,430,000)	536,990,000	9,890,000
Series 2013 Bonds	375,465,000	-	(2,155,000)	373,310,000	2,240,000
Series 2014 Bonds	305,285,000	-	-	305,285,000	5,580,000
Series 2017 Bonds	-	291,210,000	-	291,210,000	4,940,000
Bond premiums	60,432,498	48,423,688	(5,690,489)	103,165,697	-
Total bonds payable	1,287,602,498	339,633,688	(17,275,489)	1,609,960,697	22,650,000
Capital leases	7,442,314	-	(298,449)	7,143,865	323,514
Total debt obligations	1,354,042,812	339,633,688	(56,408,938)	1,637,267,562	22,973,514
Compensated absences	3,231,026	3,138,941	(3,093,379)	3,276,588	3,093,379
Total long-term liabilities	$ 1,357,273,838	$ 342,772,629	$ (59,502,317)	$ 1,640,544,150	$ 26,066,893



NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)



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

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

On December 21, 2012, the Airport Authority defeased all of its outstanding Series 2005 Bonds, by depositing proceeds of Subordinate CP Notes and certain other available monies into an irrevocable escrow fund. The amounts on deposit in the escrow fund will be used to pay the principal of and interest on the Series 2005 Bonds until their final maturity date of July 1, 2020. As of June 30, 2019 and 2018, the amount held in escrow by the trustee was $10,396,042 and $15,516,704, respectively, and the amount of the defeased Series 2005 Bonds still outstanding was $9,990,000 and $14,605,000, 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, 2019 and 2018, was $18,174,150 and $18,263,750, respectively, including accrued interest of $9,087,075 and $9,131,875 for fiscal years ending June 30, 2019 and 2018, respectively. The principal balance on the Series 2013 Bonds as of June 30, 2019 and 2018, was $371,070,000 and $373,310,000, 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, 2019 and 2018, the amount held by the trustee was $45,823,968 and $45,006,722, respectively, which included the July 1 payment and the debt service reserve fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2019 and 2018 was $62,911,770 and $62,346,162, respectively. The public ratings of the Series 2013 Bonds as of June 30, 2019, are A+/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

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
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	8,725,000	17,051,225	25,776,225
2024	9,170,000	16,603,850	25,773,850
2025-2029	53,155,000	75,547,025	128,702,025
2030-2034	38,740,000	63,204,425	101,944,425
2035-2039	36,645,000	55,408,875	92,053,875
2040-2044	206,075,000	32,900,375	238,975,375
	$ 371,070,000	$ 314,203,975	$ 685,273,975

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE LIEN SERIES 2010 AND 2017 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. The BAB interest subsidies received by the Airport Authority for fiscal years ended June 30, 2019 and 2018, amounted to $4,686,174 and $4,666,190, respectively. The interest rate on the Series 2010 C Bonds, net of the subsidy, is 4.46 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, 2019 and 2018, amounted to $29,780,849 and $30,259,748, respectively, including accrued interest of $14,890,425 and $15,129,875, respectively. The principal balance on the subordinate Series 2010 Bonds as of June 30, 2019 and 2018, was $527,100,000 and $536,990,000, respectively.

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
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	11,960,000	27,892,767	39,852,767
2024	12,550,000	27,281,298	39,831,298
2025-2029	72,780,000	126,152,054	198,932,054
2030-2034	126,555,000	102,133,609	228,688,609
2035-2039	184,500,000	54,968,046	239,468,046
2040-2041	86,110,000	5,269,210	91,379,210
	$ 527,100,000	$ 430,697,466	$ 957,797,466

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

Interest for the fiscal years ended June 30, 2019 and 2018, amounted to $14,313,501 and $13,245,096, respectively, including accrued interest of $7,156,750 and $7,268,650, respectively. The principal balance on the subordinate Series 2017 Bonds as of June 30, 2019 and 2018, was $286,270,000 and $291,210,000, respectively.

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

Years Ending June 30,	Principal	Interest	Total
2020	$ 4,460,000	$ 14,202,000	$ 18,662,000
2021	4,825,000	13,969,875	18,794,875
2022	5,070,000	13,722,500	18,792,500
2023	5,320,000	13,462,750	18,782,750
2024	5,585,000	13,190,125	18,775,125
2025-2029	32,405,000	61,360,125	93,765,125
2030-2034	41,365,000	52,182,375	93,547,375
2035-2039	52,785,000	40,469,375	93,254,375
2040-2044	67,380,000	25,520,000	92,900,000
2045-2048	67,075,000	6,911,625	73,986,625
	$ 286,270,000	$ 254,990,750	$ 541,260,750

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

As subordinate lien bonds, the Series 2010 and 2017 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate bonds require the Airport Authority to maintain a reserve account with the bond trustee. At June 30, 2019 and 2018, the amount held by the trustee was $151,669,446 and $236,516,301, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series 2010 and 2017 Bonds as of June 30, 2019, are A/A2/A by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

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, 2019 and 2018, the Authority had no outstanding principal balance on Series A Revolving Obligations. At June 30 2019 and 2018, the outstanding principal balances of the Series B Revolving Obligations were $13,719,000 and $14,794,000, respectively. The 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 2019 and 2018, were $0 and $5,369,000 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 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.

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

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

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, 2019 and 2018, was $16,199,645 and $16,341,210, respectively, including accrued interest of $8,099,823 and $8,170,605, respectively. The principal balance on the Series 2014 Bonds for fiscal years ended June 30, 2019 and 2018 was $299,705,000 and $305,285,000, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds. The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2019 and 2018, the

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

amount held by the trustee was $48,561,078 and $46,726,358, respectively, which included the July 1 payment, the debt service reserve fund, and the rolling coverage fund.

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

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
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	6,320,000	15,424,013	21,744,013
2024	6,670,000	15,060,682	21,730,682
2025-2029	39,395,000	69,100,925	108,495,925
2030-2034	51,720,000	56,433,452	108,153,452
2035-2039	67,890,000	39,804,447	107,694,447
2040-2044	89,135,000	17,999,292	107,134,292
2045	20,875,000	521,875	21,396,875
	$ 299,705,000	$ 262,101,630	$ 561,806,630

LINE OF CREDIT:
In fiscal year 2018, the Airport Authority maintained a $4,000,000 line of credit held with US Bank, which is collateralized with a bank certificate of deposit. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2019, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2019 and 2018:

	June 30, 2019		June 30, 2018	
	Used	Unused	Used	Unused
Revolving line of credit	$ 13,719,000	$ 111,281,000	$ 20,163,000	$ 104,837,000
Drawdown bonds	-	100,000,000	-	100,000,000
Letter of credit	-	4,000,000	-	4,000,000
	$ 13,719,000	$ 215,281,000	$ 20,163,000	$ 208,837,000

EVENT OF DEFAULT:
In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For privately placed variable rate debt and for the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3%-7% in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Authority's Letter of Credit and Reimbursement Agreement is collateralized with a $4,000,000 negotiable certificate of deposit held with US Bank. Excluding general airport revenue bonds, privately placed variable rate debt, special facility bonds and capital leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds and privately placed variable rate debt are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFC's, CFC's or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

CAPITAL LEASES

OFFICE EQUIPMENT LEASES:
The Airport Authority has entered into five year capital lease agreements for office equipment that require monthly lease payments of $6,849.

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, 2019:

Total Years Ending June 30,	Amount
2020	$ 932,090
2021	877,298
2022	877,298
2023	877,298
2024	877,298
2025-2029	4,386,489
2030-2033	2,997,434
Total Lease Payments	11,825,205
Less amount representing interest	(5,004,854)
Present value of future lease payments	$ 6,820,351

NOTE 6.

DEFINED BENEFIT PLAN

INTRODUCTION:
The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability and related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of June 30, 2019 and 2018:

	Defined Benefit Plan (GASB No. 68)	Preservation of Benefits Trust Plan (GASB No. 73)	Total
Balances as of 6/30/19			
Net pension liability	$ 18,373,281	$ 1,656,062	$ 20,029,343
Deferred outflows of resources	25,046,571	556,018	25,602,589
Deferred inflows of resources	6,235,495	217,937	6,453,432
Balances as of 6/30/18			
Net pension liability	$ 18,743,453	$ 1,479,005	$ 20,222,458
Deferred outflows of resources	22,607,833	505,326	23,113,159
Deferred inflows of resources	3,506,867	178,971	3,685,838

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 found on the San Diego City Employees' Retirement System website at www.SDCERS.org.

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

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

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous 26 bi-weekly pay periods divided by 12. The eligibility of the classic

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

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.

As of the measurement dates June 30, 2018 and June 30, 2017, Plan membership was as follows:

	2018	2017
Active employees	405	394
Inactive employees entitled to but not yet receiving benefits	139	119
Inactive employees or beneficiaries currently receiving benefits	101	107
Total	645	620

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

The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2019, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2017, 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, 2019 and 2018, employees contributed $3,162,781 and $2,990,317 respectively, and the Airport Authority contributed $7,318,546 and $5,480,984, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set". The off-set is equal to 7.00% or 8.50% of the general classic members' base compensation and 9.55% of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no off-set for PEPRA participants.

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

NET PENSION LIABILITY:
The Airport Authority's net pension liability as of June 30, 2019, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2019, is measured as of June 30, 2018. The annual valuation used is as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

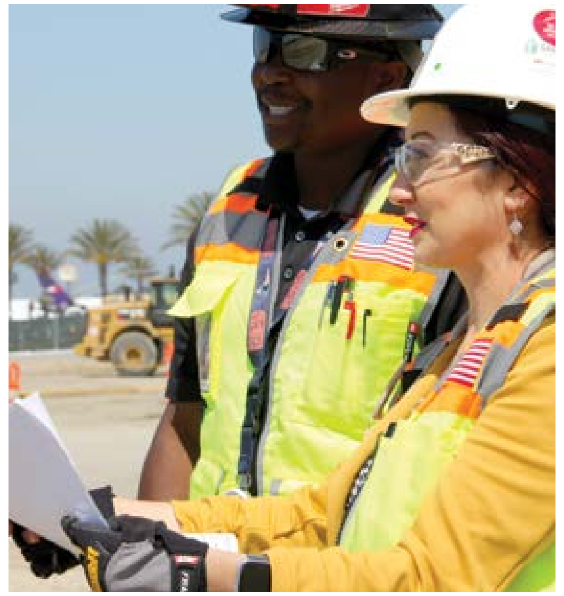
ACTUARIAL ASSUMPTIONS:
The total pension liability in the June 30, 2018 and 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Valuation date	June 30, 2017	June 30, 2016
Measurement date	June 30, 2018	June 30, 2017
Actarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return (1)	6.50%	6.75%
Projected salary increase (2)	3.05%	3.05%
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate (3)	3.0% - 11.0%	3.0% - 11.0%
Disability rate (4)	0.01% - 0.30%	0.01% - 0.30%
Mortality (5)	0.02% - 13.54%	0.02% - 13.54%

(1) Net of investment expense
(2) Net plus merit component based on employee classification and years of service
(3) Based on years of service
(4) Based on age
(5) All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study
Further details about the actuarial assumptions can be found in the SDCERS June 30, 2018 and June 30, 2017 actuarial reports.

DISCOUNT RATE:
For the June 30, 2018 and 2017 actuarial valuations, the discount rates used to measure the total pension liability were 6.50 percent and 6.75 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



NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

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

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	18.0%	4.1%	6.5%
International equity	15.0%	5.1%	7.5%
Global equity	8.0%	4.8%	7.2%
Domestic fixed income	22.0%	0.7%	3.1%
Emerging market debt	5.0%	3.1%	5.5%
Real estate	11.0%	3.6%	6.0%
Private equity and infrastructure	13.0%	6.0%	8.4%
Opportunity fund	8.0%	4.0%	6.4%
	100.0%		

CHANGES IN THE NET PENSION LIABILITY:

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

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2018	$ 185,541,212	$ 166,797,759	$ 18,743,453
Changes for the year:			
Service cost	7,390,428	-	7,390,428
Interest on total pension liability	12,621,227	-	12,621,227
Difference between expected and actual experience	(2,630,285)	-	(2,630,285)
Changes in assumptions	6,416,088		6,416,088
Employer contributions	-	7,318,546	(7,318,546)
Member contributions	-	3,162,781	(3,162,781)
Net investment income	-	14,036,710	(14,036,710)
Benefit payments	(4,462,751)	(4,462,751)	-
Administrative expense		(350,407)	350,407
Net changes	19,334,707	19,704,879	(370,172)
Balances as of June 30, 2019	$ 204,875,919	$ 186,502,638	$ 18,373,281

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2018, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2017	$ 161,951,893	$ 143,840,411	$ 18,111,482
Changes for the year:			
Service cost	6,996,180	-	6,996,180
Interest on total pension liability	11,416,679	-	11,416,679
Difference between expected and actual experience	3,975,029	-	3,975,029
Changes in assumptions	5,871,218	-	5,871,218
Employer contributions	-	5,480,984	(5,480,984)
Member contributions	-	2,990,317	(2,990,317)
Net investment income	-	19,480,875	(19,480,875)
Benefit payments	(4,669,787)	(4,669,787)	-
Administrative expense	-	(325,041)	325,041
Net changes	23,589,319	22,957,348	631,971
Balances as of June 30, 2018	$ 185,541,212	$ 166,797,759	$ 18,743,453

SENSITIVITY OF THE NET PENSION LIABILITY TO DISCOUNT RATE CHANGES:

The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.50 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2019:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 234,008,749	$ 204,875,918	$ 180,956,456
Plan fiduciary net position	186,502,637	186,502,637	186,502,637
Net pension liability (asset)	$ 47,506,112	$ 18,373,281	$ (5,546,181)
Plan fiduciary net position as a percentage of the total pension liability	79.7%	91.0%	103.1%

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN:

For the years ended June 30, 2019 and 2018, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 68, of $7,774,562 and $7,491,437, respectively. At June 30, 2019 and 2018, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

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

The deferred outflows of resources, at June 30, 2019 and 2018, 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, 2020 and 2019, respectively.

For June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,485,355	$ 1,452,351
Net difference between projected and actual earnings	-	2,054,516
Changes in assumptions	11,875,275	-
Employer contributions made subsequent to June 30, 2017 measurement date	7,247,203	-
Total	$ 22,607,833	$ 3,506,867

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2019, will be recognized in pension expense as follows:

Years ended June 30,	
2020	$ 4,189,313
2021	3,109,669
2022	1,318,544
2023	1,779,074
2024	630,978
	$ 11,027,578

NOTE 7.

PRESERVATION OF BENEFITS TRUST PLAN (GASB NO. 73)

PRESERVATION OF BENEFITS TRUST PLAN (POB) DESCRIPTION:

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

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

BENEFITS PROVIDED:

The Airport Authority provides retirement benefits.

Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2019 and 2018, were $31,329 and $0, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS.

As of the measurement dates of June 30, 2018 and 2017, Plan membership was as follows:

	2018	2017
Active employees	2	3
Inactive employees or beneficiaries currently receiving benefits	1	1
Total	3	4

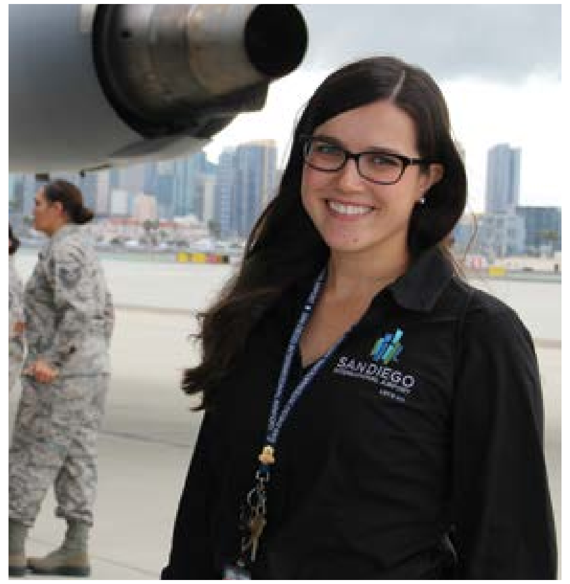
TOTAL PENSION LIABILITY:

The Airport Authority's total pension liability as of June 30, 2019 and 2018, was $1,656,062 and $1,479,005, respectively. The pension liability as of June 30, 2019, is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2018	June 30, 2017
Valuation date	June 30, 2017	June 30, 2016
Measurement date	June 30, 2018	June 30, 2017
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.87%	3.58%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	7.00%
projected salary increases	3.05%	3.05%



NOTE 7.

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

CHANGES IN THE TOTAL PENSION LIABILITY:

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

	Total Pension Liability
Balances as of June 30, 2018	$ 1,479,005
Changes for the year:	
Service cost	51,775
Interest on total pension liability	53,311
Difference between expected and actual experience	193,013
Changes in assumptions	(89,713)
Benefit payments	(31,329)
Net changes	177,057
Balances as of June 30, 2019	$ 1,656,062

Changes in the total pension liability through the year ended June 30, 2018, was as follows:

	Total Pension Liability
Balances as of June 30, 2017	$ 1,209,124
Changes for the year:	
Service cost	60,994
Interest on total pension liability	35,323
Difference between expected and actual experience	388,329
Changes in assumptions	(214,765)
Benefit payments	-
Net changes	269,881
Balances as of June 30, 2018	$ 1,479,005

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO DISCOUNT RATE CHANGES:

The following presents the resulting total pension liability calculated using the discount rate of 3.58 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2019:

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Total pension liability	$ 1,995,283	$ 1,656,062	$ 1,391,459

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE POB:

For the year ended June 30, 2019 and 2018, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 73, of $347,712 and $1,177,544. At June 30, 2019 and 2018, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

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

For June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 323,607	$ -
Changes in assumptions	181,719	178,971
Total	$ 505,326	$ 178,971

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

Years ended June 30,	
2020	$ 91,575
2021	91,575
2022	91,574
2023	46,141
2024	17,216
	$ 338,081

NOTE 8.

EMPLOYEES' DEFERED COMPENSATION PLAN

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

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

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

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (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. During the fiscal years ended June 30, 2019 and 2018, the Airport Authority's contributions were $603,003 and $461,859, respectively.

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

Membership in the OPEB by membership class at June 30, 2018 and 2017, is as follows:

	2018	2017
Active employees	161	173
Inactive employees or beneficiaries currently receiving benefits	69	61
Total	230	234

ACTUARIAL ASSUMPTIONS:
The total OPEB liability in the July 1, 2018 and 2017, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Projected salary increase	3.00%
Investment rate of return	7.28%, net of OPEB plan investment expense, including inflation.
Actuarial cost method	Entry Age Normal, with amortization of 7/1/2017 unfunded liability over the period ending 6/30/2037 and amortization of subsequent unanticipated changes in liability over 15-year periods.
Asset valuation method	5 year asset smoothing
Retirement age	Rates used are the same as used in the June 30, 2016 San Diego City Employees' Retirements System actuarial valuation.
Mortality	RP-2006 Mortality Table projected with future improvements from 2006 using fully generational projection Scale MP-2017.
Health care cost trends rates	

	Medical		
Year	Pre-65	Post-65	Dental
2017	7.6%	8.7%	5.0%
2018	7.2%	8.2%	5.0%
2019	6.8%	7.7%	5.0%
2020	6.4%	7.2%	5.0%
2021	6.0%	6.6%	5.0%
2022	5.5%	6.1%	5.0%
2023	5.0%	5.5%	5.0%
2024	4.7%	5.0%	5.0%
2025	4.5%	4.5%	5.0%

Following the June 30, 2018 implementation of GASB Statement No. 75 through the June 30, 2017 actuarial report, changes of assumptions were made from the June 30, 2015 actuarial report. These changes include updated assumptions for mortality, disability, retirement, plan participation, spouse election and baseline trends. These changes resulted in a deferred outflow of resources signifying an expectation of increased future OPEB costs.

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Public Equity	59%	5.98%
Fixed Income	25%	2.62%
REITs	8%	5.00%
TIPS	5%	1.46%
Commodities	3%	2.87%
	100%	

DISCOUNT RATE:

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

CHANGES IN THE NET OPEB LIABILITY (ASSET):

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) - (b)
Balances as of June 30, 2018	$ 24,217,840	$ 24,315,258	(97,418)
Changes for the year:			
Service cost	436,501	-	436,501
Interest on total OPEB liability	1,772,578	-	1,772,578
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	622,425	(622,425)
Member contributions	-	-	-
Net investment income	-	1,896,351	(1,896,351)
Benefit payments	(622,425)	(622,425)	-
Administrative expense	-	(12,568)	12,568
Net changes	1,586,654	1,883,783	(297,129)
Balances as of June 30, 2019	$ 25,804,494	$ 26,199,041	$ (394,547)

Changes in the total OBEP liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2018, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability/ (Asset) (a) - (b)
Balances as of June 30, 2017	$ 21,884,188	$ 20,589,024	$ 1,295,164
Changes for the year:			
Service cost	411,052	-	411,052
Interest on total OPEB liability	1,606,959	-	1,606,959
Difference between expected and actual experience	-	-	-
Changes in assumptions	766,830	-	766,830
Employer contributions	-	2,012,419	(2,012,419)
Member contributions	-	-	-
Net investment income	-	2,175,582	(2,175,582)
Benefit payments	(451,189)	(451,189)	-
Administrative expense	-	(10,578)	10,578
Net changes	2,333,652	3,726,234	(1,392,582)
Balances as of June 30, 2018	$ 24,217,840	$ 24,315,258	$ (97,418)

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE AND HEALTH CARE COST TREND RATES:

The net OPEB liability of the Authority has been calculated using a discount rate of 7.28%. The following presents the net OPEB liability (asset) using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease 6.28%	Current Rate 7.28%	1% Increase 8.28%
Total OPEB liability	$ 29,575,709	$ 25,804,494	$ 22,721,952
Plan fiduciary net position	26,199,041	26,199,041	26,199,041
Net OPEB liability (asset)	$ 3,376,668	$ (394,547)	$ (3,477,089)

The net OPEB liability of the Authority has been calculated using health care cost trend rates of 8.7% decreasing to 4.5% in 2025 and thereafter. The following presents the net OPEB liability (asset) using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	$ 22,392,652	$ 25,804,494	$ 29,995,650
Plan fiduciary net position	26,199,041	26,199,041	26,199,041
Net OPEB liability (asset)	$ (3,806,389)	$ (394,547)	$ 3,796,609

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB:
For the years ended June 30, 2019 and 2018, the Airport Authority recognized OPEB expense, as measured in accordance with GASB Statement No. 75, of $436,990 and $540,459, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2019	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ (507,578)
Changes in assumptions	475,260	-
Employer contributions made subsequent to June 30, 2018 measurement date	603,003	-
Total	$ 1,078,263	$ (507,578)

For June 30, 2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ (541,669)
Changes in assumptions	621,045	-
Employer contributions made subsequent to June 30, 2017 measurement date	461,859	-
Total	$ 1,082,904	$ (541,669)

The deferred outflows of resources at June 30, 2019 related to OPEB resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as an addition to the net OPEB asset at June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2019, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2020	$ (14,964)
2021	(14,964)
2022	(14,964)
2023	12,574
Total	$ (32,318)

NOTE 10.

RISK MANAGEMENT

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

COMMERCIALLY ISSUED INSURANCE:

- The Airport Authority maintains a minimum of $500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of $1 billion 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, 2019 and 2018, the Airport Authority has designated $10,967,958 and $10,249,962, respectively, from its net position, as an insurance contingency.

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

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

During fiscal year 2019, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

NOTE 11.

DISCLOSURE ABOUT FAIR VALUE OF ASSETS

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

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

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

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

NOTE 11.

DISCLOSURES ABOUT FAIR VALUE OF ASSETS

RECURRING MEASUREMENTS:
The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2019 and 2018:

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

June 30, 2018	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	$ 124,032,939	$ 124,032,939	$ -	$ -
U.S. agency securities	67,281,728	-	67,281,728	-
Non-U.S Securities	13,315,083	13,315,083	-	-
Negotiable certicates of deposit	34,553,157	-	34,553,157	-
Medium-term notes	50,428,984	-	50,428,984	-
Total investments by fair value level	$ 289,611,891	$ 137,348,022	$ 152,263,869	$ -
Investments measured at amortized cost	93,517			
Investments measured at net asset value	15,522,832			
Non-negotiable certificate of deposit	15,639,415			
Local Agency Investment Fund	48,733,079			
San Diego County Investment Pool	234,006,333			
Total investments	$ 603,607,067			

NOTE 12.

LEASE REVENUES

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

Certain capital assets, such as loading bridges, airfield, and building space, are leased to signatory airlines under the Airline Operating leases. The Airport Authority's Airline Operating leases are governed by a policy statement issued by the Federal Aviation Administration and as such rates are determined each year based upon a combination of residual and compensatory rate setting methodologies, which do not exceed actual costs of operating the airport. Such costs are allocated to each signatory airline based upon factors such as landed weights, enplanements, square footage, acres, etc. These regulated leases are not included in the schedule below.

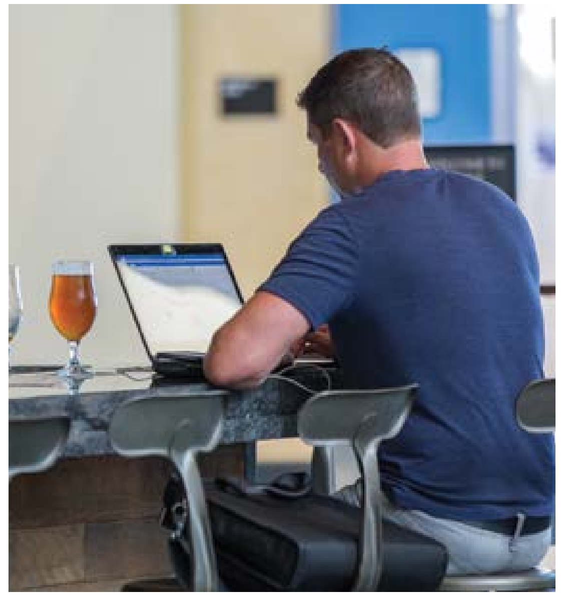
The five year Airline Operating Lease Agreement, (AOLA) expired June 30, 2018 and was in hold over status as of June 30, 2019. The Authority finalized a new ten year AOLA effective July 1, 2019 through June 30, 2029. This new agreement is substantially similar to the expired agreement.

Other capital assets are leased to concessionaires. As of June 30, 2019, the Airport Authority had 84 terminal food service and retail concession locations as part of a comprehensive concessions program designed to provide a world class shopping and dining experience for the millions of passengers who use SDIA. Concession lease payments for space within the terminals are typically based on the greater of the percentage of tenant sales or an agreed upon minimum guarantee. The amounts exceeding the minimum guarantee are not included in the schedule below.

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 Airport Authority's non-cancelable lease agreements, including known minimum escalations, as of June 30, 2019, are as follows:

Years Ending June 30,	Amount
2020	$ 32,805,411
2021	27,517,999
2022	26,608,481
2023	25,921,183
2024	22,615,559
2025-2029	74,037,195
2030-2034	77,848,013
2035-2039	85,693,285
2040-2044	95,011,008
2045-2049	82,313,305
2050-2054	724,440
2055-2059	724,440
2060-2064	724,440
2065-2069	651,996
Total	**$ 553,196,755**



NOTE 13.

LEASE COMMITMENTS

OPERATING LEASES

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

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

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

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

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

Years Ending June 30,		Amount
2020	$	10,176,660
2021		10,176,660
2022		10,176,660
2023		10,176,660
2024		10,176,660
2025-2029		50,883,300
2030-2034		50,883,300
2035-2039		50,883,300
2040-2044		50,883,300
2045-2049		50,883,300
2050-2054		50,883,300
2055-2059		50,883,300
2060-2064		50,883,300
2065-2069		45,794,970
	$	503,744,670

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

	2019	2018
Rental payments made	**$ 10,190,910**	$ 10,189,944

NOTE 14.

COMMITMENTS AND CONTINGENCIES

COMMITMENTS:
As of June 30, 2019 and 2018, 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, 2019 and 2018, these funds totaled approximately $13.2 million and $27 million, respectively, and are classified on the accompanying statements of net position as cash and investments designated for specific capital projects and other commitments.

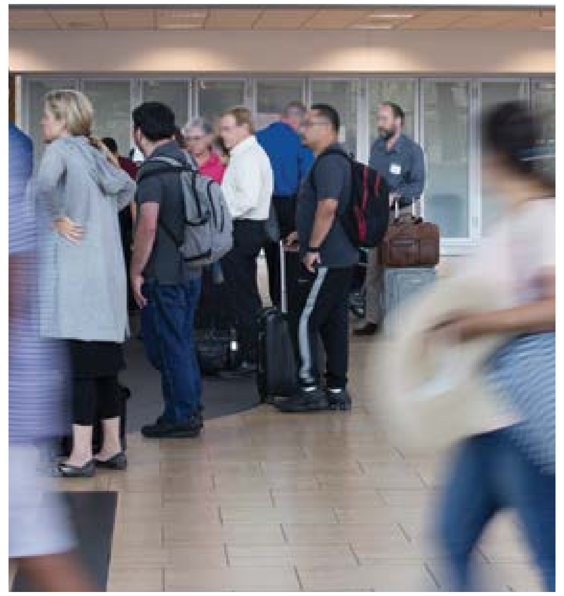
ii. Support services. As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a 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, 2019 and 2018, the Airport Authority expensed $ 19,291,981 and $19,337,603 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, 2019, were $39 million for parking management services and $47.5 million for airport shuttle services. These contracts were completed as of September 2018.

iv. In fiscal year 2019, the Board approved two new contracts with Ace Parking Management Inc., for parking management services in the amount of $38 million and airport shuttle services in the amount of $45 million. As of June 30, 2019, $3.9 million has been spent for parking management services and $4.7 million for shuttle services.

v. In fiscal year 2015, the Board approved a $29.2 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management and maintenance of the shuttle vehicles. In fiscal year 2016, the Board approved an additional $1.2 million. In fiscal year 2019 the Board approved an additional $14.6 million. As of June 30, 2019, $27 million had been spent and the contract is due to be completed in fiscal year 2021.

vi. In fiscal year 2015, the Board approved a $60 million contract with AECOM Technical Services, Inc. for on call program management services. In fiscal year 2018, the Board approved an additional $8 million.



NOTE 14.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

As of June 30, 2019, $64.8 million had been spent and the contract is due to be completed in fiscal year 2019.

vii. In fiscal year 2019, the Board approved a $19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support and consulting services. The contract is due to be completed in fiscal year 2024. As of June 30, 2019 no funds had been spent.

viii. In fiscal year 2017, the Board approved a $186.6 million contract with Turner-PCL, A Joint Venture for Terminal 2 West Federal Inspection Station build out. In fiscal year 2018 and 2019, the Board approved an additional $1.6 million and $5.3 million respectively. As of June 30, 2019, $170.4 million had been spent and the contract is due to be completed in fiscal year 2020.

ix. In fiscal year 2018, the Board approved a $20.4 million contract with Granite Construction Company to rehabilitate runway 9-27 & cross taxiway B-1, B4-7, C3 & C6. As of June 30, 2019, $18 million had been spent and the contract was completed in fiscal year 2019.

x. In fiscal year 2019, the Board approved a $40.9 million contract with Granite Construction Company to provide a new hydrant fueling infrastructure on the north side of the runway. As of June 30, 2019, $7.3 million had been spent and the contract is due to be completed in fiscal year 2021.

xi. In fiscal year 2019, the Board approved a $150.5 million contract with Sundt Construction, Inc. for the design and construction of Airport Support Facilities. As of June 30, 2019, $16.9 million had been spent and the contract is scheduled for completion in fiscal year 2020.

CONTINGENCIES:

As of June 30, 2019, the Airport Authority is subject to contingencies arising from legal matters as described below:

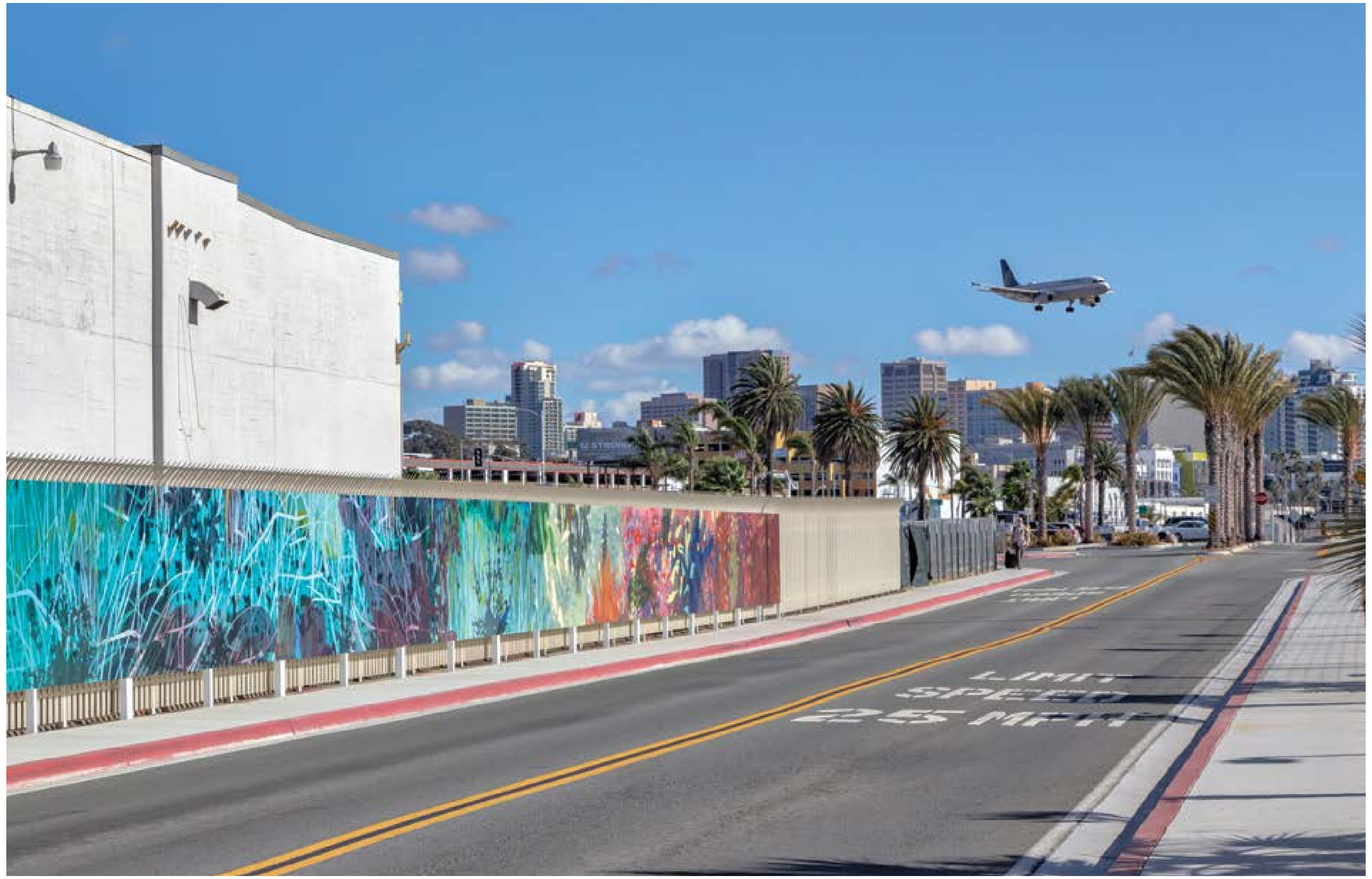
The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, 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 15.

SUBSEQUENT EVENTS

On July 1, 2019 a new Airline Operating and Lease Agreement, (AOLA) became effective. The AOLA is a ten year agreement, beginning July 1, 2019 and terminating at the close of business on June 30, 2029. The agreement is with the twelve passenger airlines and three all-cargo carriers operating at the Airport. The AOLA contains new provisions to enhance the Authority's ability to meet its financial obligations and fund future capital improvements.

On July 18, 2019 the Authority issued $11.1 million of Subordinate Airport Revenue Drawdown Bonds Series A (Non-AMT) and $22.9 million of Subordinate Airport Revenue Drawdown Bonds Series B (AMT). The proceeds of the Drawdown bonds were used to fund various projects including the Airport Support Facilities, Airline relocations and ADP programmatic documents. It is the Authority's intention to refund these Drawdown Bonds with proceeds from a General Airport Revenue Bond issuance expected later in 2019.



**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR)
DEFINED BENEFIT PLAN**

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

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

**SCHEDULE OF CONTRIBUTIONS (PENSIONS), LAST 10 FISCAL YEARS (DOLLARS IN THOUSANDS):
DEFINED BENEFIT PLAN**

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 5,740	$ 5,416	$ 3,765	$ 3,666	$ 3,823
Contributions in relation to the actuarially determined contribution	7,783	7,247	5,421	3,948	3,823
Contribution deficiency (excess)	$ (2,043)	$ (1,831)	$ (1,656)	$ (282)	$ -
Covered payroll	$ 31,864	$ 30,848	$ 31,506	$ 29,189	$ 27,955
Contributions as a percentage of covered payroll	24.43%	23.49%	17.21%	13.53%	13.68%

	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 2,900	$ 2,600	$ 3,800	$ 4,300	$ 3,000
Contributions in relation to the actuarially determined contribution	3,728	2,600	3,800	4,300	7,600
Contribution deficiency (excess)	$ (828)	$ -	$ -	$ -	$ (4,600)
Covered payroll	$ 26,380	$ 24,840	$ 25,148	$ 25,596	$ 24,693
Contributions as a percentage of coveredpayroll	14.13%	10.47%	15.11%	16.80%	30.78%

* This schedule is presented for the fiscal year.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR)
PRESERVATION OF BENIFITS TRUST PLAN

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

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

SCHEDULE OF CONTRIBUTIONS, LAST 10 FISCAL YEARS: PRESERVATION OF BENIFITS TRUST PLAN

	2019	2018	2017
Actuarially determined contribution	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	182,381	56,513	-
Contribution deficiency (excess)	$ (182,381)	$ (56,513)	$ -
Covered payroll	$ 31,319,921	$ 30,828,256	$ 31,628,301
Contributions as a percentage of covered payroll	0.58%	0.18%	0.00%

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

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

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR)

	2019	2018
Total OPEB Liability		
Service Cost	$ 436,501	$ 411,052
Interest Cost	1,772,578	1,606,959
Changes of Assumptions	-	766,830
Benefit Payments	(622,425)	(451,189)
Net Change in Total OPEB Liability	1,586,654	2,333,652
Total OPEB Liability (Beginning)	24,217,840	21,884,188
Total OPEB Liability (Ending)	$ 25,804,494	$ 24,217,840
Plan Fiduciary Net Position		
Contributions—Employer	$ 622,425	$ 2,012,419
Net Investment Income	1,896,351	2,175,582
Benefit Payments	(622,425)	(451,189)
Administrative Expense	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	$ 26,199,041	$ 24,315,258
Net OPEB Asset	$ (394,547)	$ (97,418)
Net Position as a Percentage of OPEB Liability	101.53%	100.40%
Covered Payroll	$ 16,625,857	$ 16,141,609
Net OPEB Liability as a Percentage of Payroll	(2.37%)	(0.60%)

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

SCHEDULE OF CONTRIBUTIONS (OPEB), LAST 10 FISCAL YEARS (DOLLARS IN THOUSANDS):

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2019 (CONTINUED)

STATISTICAL SECTION

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

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

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

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

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

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

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

Fiscal Years Ended June 30,

Operating Revenues

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Airline revenue										
Landing fees	$ 18,672	$ 18,579	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612	$ 23,900	$ 24,816
Aircraft parking fees	3,406	2,921	3,134	3,191	2,503	2,716	2,701	2,927	3,236	3,471
Building rentals	23,835	26,980	30,633	41,840	46,001	48,153	53,536	56,575	62,241	70,912
Security surcharge	11,900	14,886	18,649	23,360	25,777	25,180	29,223	29,468	32,303	33,559
Other aviation revenue	1,585	1,597	1,595	1,591	4,488	4,893	2,760	2,799	1,477	1,596
Concession revenue	36,249	37,103	40,427	42,041	47,770	52,496	29,249	61,256	65,610	71,256
Parking and ground transportation revenue	30,296	31,645	31,470	35,750	38,959	41,632	75,131	49,407	53,254	62,818
Ground rentals	5,923	8,656	8,044	9,162	9,603	13,074	16,226	20,053	22,109	22,810
Other operating revenue	1,829	1,640	1,179	905	1,529	971	1,183	1,750	1,949	2,441
Total Operating Revenues	$ 133,695	$ 144,007	$ 153,550	$ 177,498	$ 195,737	$ 210,505	$ 233,994	$ 248,847	$ 266,079	$ 293,679

Operating Expenses Before Depreciation

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Salaries and benefits	$ 35,386	$ 38,267	$ 37,237	$ 38,092	$ 39,135	$ 39,211	$ 42,025	$ 46,874	$ 47,866	$ 49,578
Contractual services	27,999	26,113	26,906	29,284	31,559	32,422	38,215	44,372	45,249	49,903
Safety and security	20,131	21,344	22,625	23,994	24,151	23,464	28,721	28,422	30,733	31,397
Space rental	10,906	10,906	11,415	10,897	10,478	10,433	10,367	10,190	10,190	10,191
Utilities	6,871	6,413	6,674	6,659	8,680	10,152	11,480	10,736	12,509	13,194
Maintenance	9,231	8,174	8,497	11,204	13,982	14,516	14,122	14,270	12,603	13,436
Equipment and systems	891	570	403	469	643	1,805	708	506	598	375
Materials and supplies	413	345	304	406	440	519	536	611	655	656
Insurance	1,166	1,066	764	795	988	1,145	949	956	1,098	1,200
Employee development and support	990	1,041	916	1,235	1,171	1,136	1,242	1,347	1,248	1,045
Business development	2,033	2,275	2,093	2,444	2,661	2,493	2,390	2,347	3,246	2,630
Equipment rentals and repairs	1,271	1,327	1,335	1,317	2,932	2,951	2,852	3,095	3,124	3,614
Total Operating Expenses Before Depreciation	$ 117,288	$ 117,841	$ 119,169	$ 126,796	$ 136,821	$ 140,250	$ 153,608	$ 163,726	$ 169,119	$ 177,219

Source: San Diego County Regional Airport Authority

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

Fiscal Years Ended June 30,

	2010*	2011	2012	2013	2014	2015	2016**	2017	2018***	2019
Net investment in capital assets	$ 274,769	$ 352,276	$ 339,467	$ 359,640	$ 312,780	$ 316,250	$ 310,339	$ 263,952	$ 294,937	$ 281,491
Other restricted net position	139,672	147,513	172,076	167,384	204,642	215,968	214,533	225,088	230,954	246,508
Unrestricted net position	145,224	102,466	149,346	200,040	209,594	210,522	251,076	294,133	284,034	325,303
Total net position	$ 559,664	$ 602,255	$ 660,889	$ 727,064	$ 727,016	$ 742,740	$ 775,949	$ 783,173	$ 809,925	$ 853,302

* Amounts for 2010 and after were restated as per GASB 65
** Amounts for 2016 were restated as per GASB 68
*** Amounts for 2018 were restated as per GASB 75
Source: San Diego County Regional Airport Authority

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

Fiscal Years Ended June 30,

	2010*	2011	2012	2013	2014	2015	2016**	2017	2018***	2019
Operating revenues:										
Airline revenue:										
Landing fees	$ 18,672	$ 18,579	$ 18,419	$ 19,658	$ 19,107	$ 21,390	$ 23,985	$ 24,612	$ 23,900	$ 24,816
Aircraft parking fees	3,406	2,921	3,134	3,191	2,503	2,716	2,701	2,927	3,236	3,471
Building rentals	23,835	26,980	30,633	41,840	46,001	48,153	53,536	56,575	62,241	70,912
Security surcharge	11,900	14,886	18,649	23,360	25,777	25,180	29,223	29,468	32,303	33,559
Other aviation revenue	1,584	1,597	1,595	1,591	4,488	4,893	2,760	2,799	1,477	1,596
Concession revenue	36,249	37,103	40,427	42,041	47,770	52,496	56,274	61,256	65,610	71,256
Parking and ground transportation	30,296	31,645	31,470	35,750	38,959	41,632	48,106	49,407	53,254	62,818
Ground rentals	5,923	8,656	8,044	9,162	9,603	13,074	16,226	20,053	22,109	22,810
Other operating revenue	1,829	1,640	1,179	905	1,529	971	1,183	1,750	1,949	2,441
Total operating revenues	133,694	144,007	153,550	177,498	195,737	210,505	233,994	248,847	266,079	293,679
Operating expenses:										
Salaries and benefits	35,386	38,267	37,237	38,092	39,135	39,211	42,025	46,874	47,866	49,578
Contractual services	27,999	26,113	26,906	29,284	31,559	32,422	38,215	44,372	45,249	49,903
Safety and security	20,131	21,344	22,625	23,994	24,151	23,465	28,721	28,422	30,733	31,397
Space rental	10,906	10,906	11,415	10,897	10,478	10,433	10,367	10,190	10,190	10,191
Utilities	6,871	6,413	6,674	6,659	8,680	10,152	11,480	10,736	12,509	13,194
Maintenance	9,231	8,174	8,497	11,204	13,982	14,516	14,122	14,270	12,603	13,436
Equipment and systems	891	570	403	469	643	1,805	708	506	598	375
Materials and supplies	413	345	304	406	440	519	536	611	655	656
Insurance	1,166	1,066	764	795	988	1,145	949	956	1,098	1,200
Employee development and support	990	1,041	916	1,235	1,171	1,136	1,242	1,347	1,248	1,045
Business development	2,033	2,275	2,093	2,444	2,661	2,493	2,390	2,347	3,246	2,630
Equipment rentals and repairs	1,271	1,327	1,335	1,317	2,932	2,951	2,852	3,095	3,124	3,614
Total operating expenses before depreciation	117,288	117,841	119,169	126,796	136,820	140,248	153,607	163,726	169,119	177,219
Income from operations before depreciation	16,406	26,166	34,381	50,702	58,917	70,257	80,387	85,121	96,960	116,460
Depreciation	42,651	50,435	46,164	46,100	81,598	81,887	87,821	95,229	105,532	124,329
Operating income (loss)	(26,245)	(24,269)	(11,783)	4,602	(22,681)	(11,630)	(7,434)	(10,108)	(8,572)	(7,869)
Nonoperating revenues (expenses):										
Passenger facility charges	34,049	33,998	34,639	35,437	35,770	38,517	40,258	42,200	46,953	49,198
Customer facility charges	10,783	10,986	11,487	19,117	27,545	32,465	33,208	36,528	41,036	41,918
Quieter Home Program, net	(1,629)	(3,359)	(3,531)	(1,589)	(2,750)	(2,811)	(3,698)	(785)	(2,747)	(3,192)
Joint Studies Program	(244)	(129)	(73)	(55)	(152)	(145)	(101)	-	(114)	(99)
Investment income	6,667	6,408	5,492	4,140	5,211	5,747	5,999	5,689	9,426	25,533
Interest expense	(3,245)	(10,998)	(395)	(12,054)	(51,984)	(55,187)	(50,636)	(58,179)	(68,411)	(74,501)
Build America Bonds Rebate	-	3,691	4,996	4,779	4,636	4,631	4,656	4,651	4,666	4,686
Other revenues (expenses), net	(1,004)	(92)	(3,032)	(4,279)	434	1,367	2,247	(14,676)	(9,281)	(510)
Nonoperating revenue, net	45,377	40,505	49,583	45,496	18,710	24,584	31,933	15,428	21,528	43,033
Income before capital grant contributions	19,132	16,236	37,800	50,098	(3,971)	12,954	24,499	5,320	12,956	35,164
Capital grant contributions	27,350	26,355	20,834	16,077	3,924	10,765	10,477	1,904	13,079	8,213
Change in net position	46,482	42,591	58,634	66,175	(47)	23,719	34,976	7,224	26,035	43,377
Prior Period Adjustment	-	-	-	-	-	(7,993)	(1,767)		717	
Net position, beginning of year	513,183	559,664	602,255	660,889	727,064	727,016	742,740	775,949	783,173	809,925
Net position, end of year	$ 559,665	$ 602,255	$ 660,889	$ 727,064	$ 727,017	$ 742,742	$ 775,949	$ 783,173	$ 809,925	$ 853,302

* Amounts for 2010 and after were restated as per GASB 65
** Amounts for 2016 were restated as per GASB 68
*** Amounts for 2018 were restated as per GASB 75
Source: San Diego County Regional Airport Authority

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

Fiscal Years Ended June 30,

Tenant	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019 % of Total Operating Revenue
Southwest Airlines	$19,428,103	$21,306,108	$23,357,007	$27,598,908	$29,548,565	$33,107,335	$33,838,686	$35,960,638	$38,403,919	$42,358,547	14.4%
Delta Airlines	6,663,671	8,003,895	8,911,886	10,898,540	12,005,146	13,560,515	14,418,056	16,123,110	17,007,240	18,367,799	6.3%
United Airlines	7,905,284	9,280,812	10,931,601	15,817,886	15,364,094	15,687,045	14,518,119	16,227,363	17,520,412	18,335,068	6.2%
Alaska Airlines**	2,951,554	3,482,098	4,265,739	6,167,257	8,008,057	9,712,564	10,612,367	11,705,334	16,352,834	17,436,299	5.9%
American Airlines*	11,449,947	11,510,696	12,585,537	15,173,458	15,785,140	15,888,023	15,321,505	17,075,112	16,581,217	17,073,172	5.8%
Enterprise Rent-A-Car	2,517,682	4,431,129	7,290,392	6,934,784	7,162,116	7,998,222	9,451,127	11,188,393	12,285,652	12,779,605	4.4%
Hertz Rent-A-Car	5,861,737	5,635,151	5,795,690	5,961,730	6,149,759	6,236,082	8,225,179	11,142,905	11,017,486	11,538,847	3.9%
Uber Technologies, Inc	-	-	-	-	-	-	-	-	-	8,618,750	2.9%
SSP America	-	-	-	-	-	-	4,476,873	5,004,393	5,869,320	6,798,270	2.3%
High Flying Foods	-	-	-	-	-	-	-	-	-	6,373,271	2.2%

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

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

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,

TERMINAL RATE PER SQUARE FOOT

Source: San Diego County Regional Airport Authority

Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

EXHIBIT S-7
AIRLINE COST PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

COST PER ENPLANED PASSENGER

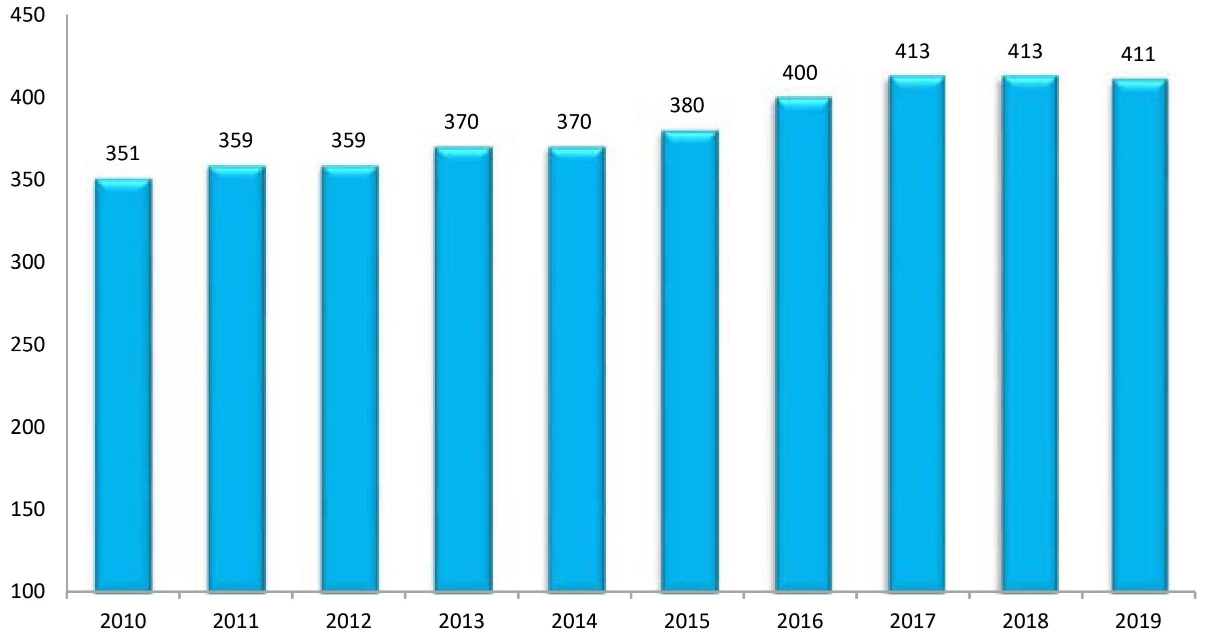
Source: San Diego County Regional Airport Authority

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

EXHIBIT S-8
AUTHORITY EMPLOYEE HEAD COUNT

Fiscal Years Ended June 30,

AUTHORITY EMPLOYEE HEAD COUNT



Source: San Diego County Regional Airport Authority

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

EXHIBIT S-9
AIRCRAFT OPERATIONS (TAKEOFFS & LANDINGS)

Fiscal Years Ended June 30,

Fiscal Year	Air Carriers	Air Taxi	General Aviation	Military	Total
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
2018	196,253	11,903	9,816	699	218,671
2019	204,627	12,539	10,167	759	228,092

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

AIRCRAFT OPERATIONS

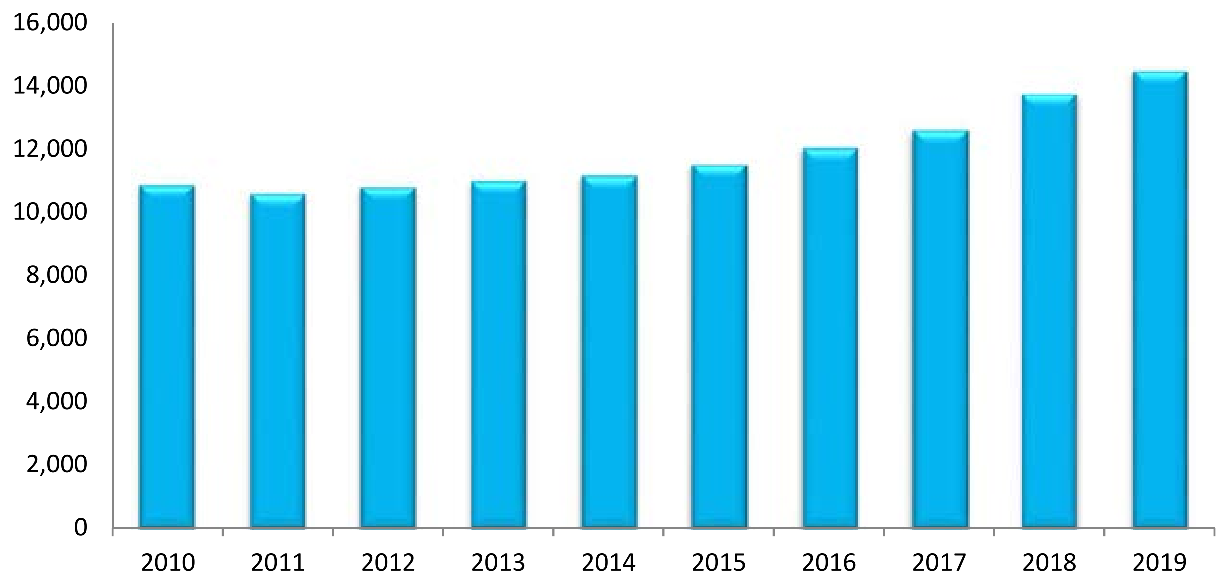
Source: San Diego County Regional Airport Authority

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

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

Fiscal Years Ended June 30,

AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)



Source: San Diego County Regional Airport Authority

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

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

Fiscal Years Ended June 30,

Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					Landed Weight (in thousands)					
Southwest Airlines	4,068,974	4,001,530	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	4,470,104	4,924,451	5,180,064
United Airlines [1]	1,662,541	1,583,372	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	1,355,185	1,492,873	1,566,148
American Airlines [2]	1,392,660	1,275,498	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	1,428,538	1,471,318	1,415,134
Alaska Airlines [3]	511,813	595,238	648,359	750,000	884,727	888,065	924,310	999,875	1,131,807	1,411,255
Delta Airlines	893,467	1,062,254	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	1,175,285	1,183,702	1,389,312
Skywest Airlines	332,408	338,812	306,789	428,595	396,054	408,608	359,197	465,023	627,038	637,117
Compass Airlines	-	-	-	-	10,979	172,754	307,793	296,581	312,883	377,941
Federal Express	400,303	421,239	452,453	451,797	419,127	384,686	444,038	390,716	388,782	375,807
Spirit Airlines	-	-	98,931	208,200	245,669	296,925	351,977	286,162	328,424	331,366
JetBlue Airlines	201,071	167,369	166,232	168,080	189,979	193,848	199,232	244,364	293,160	281,715
Frontier Airlines	227,847	249,492	208,936	196,614	192,493	153,880	115,238	167,590	232,794	247,145
Hawaiian Airlines	121,600	134,080	118,088	140,637	147,325	146,284	147,406	147,568	161,486	237,560
British Airways	-	13,800	167,440	163,760	166,980	166,980	183,760	217,360	208,926	210,432
United Parcel	118,874	120,158	120,454	118,180	121,742	127,660	135,318	146,778	143,678	138,860
Japan Airlines	-	-	-	47,125	138,700	138,700	139,080	139,626	138,745	138,700
Subtotal	**9,931,558**	**9,962,842**	**10,134,628**	**10,331,756**	**10,546,305**	**10,957,692**	**11,436,005**	**11,930,754**	**13,040,067**	**13,938,555**
All Others	961,309	643,318	685,273	683,959	640,460	566,028	612,137	685,314	729,879	542,674
Total	**10,892,867**	**10,606,160**	**10,819,902**	**11,015,716**	**11,186,766**	**11,523,720**	**12,048,142**	**12,616,068**	**13,769,945**	**14,481,229**
Annual % Change	-5.3%	-2.6%	2.0%	1.8%	1.6%	3.0%	4.6%	4.7%	9.1%	5.2%

Source: San Diego County Regional Airport Authority

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

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

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

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

Fiscal Years Ended June 30,

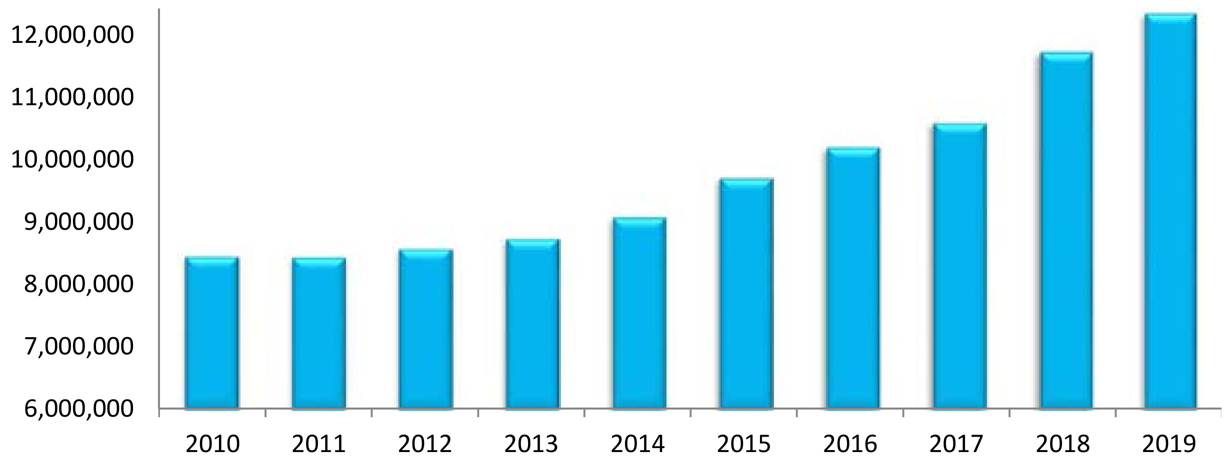
Airline	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					Market Share					
Southwest Airlines	37.4%	37.7%	36.5%	35.5%	35.1%	36.6%	35.3%	35.4%	35.8%	35.8%
United Airlines [1]	15.3%	14.9%	13.9%	12.6%	12.0%	10.7%	10.4%	10.7%	10.8%	10.8%
American Airlines [2]	12.8%	12.0%	12.4%	12.2%	12.1%	11.8%	12.2%	11.3%	10.7%	9.8%
Alaska Airlines [3]	4.7%	5.6%	6.0%	6.8%	7.9%	7.7%	7.7%	7.9%	8.2%	9.7%
Delta Airlines	8.2%	10.0%	9.7%	9.3%	9.1%	9.3%	9.6%	9.3%	8.6%	9.6%
Skywest Airlines	3.1%	3.2%	2.8%	3.9%	3.5%	3.5%	3.0%	3.7%	4.6%	4.4%
Compass Airlines	0.0%	0.0%	0.0%	0.0%	0.1%	1.5%	2.6%	2.4%	2.3%	2.6%
Federal Express	3.7%	4.0%	4.2%	4.1%	3.7%	3.3%	3.7%	3.1%	2.8%	2.6%
Spirit Airlines	0.0%	0.0%	0.9%	1.9%	2.2%	2.6%	2.9%	2.3%	2.4%	2.3%
JetBlue Airlines	1.8%	1.6%	1.5%	1.5%	1.7%	1.7%	1.7%	1.9%	2.1%	1.9%
Frontier Airlines	2.1%	2.4%	1.9%	1.8%	1.7%	1.3%	1.0%	1.5%	1.7%	1.7%
Hawaiian Airlines	1.1%	1.3%	1.1%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.6%
British Airways	0.0%	0.1%	1.5%	1.5%	1.5%	1.4%	1.5%	1.7%	1.5%	1.5%
United Parcel	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.0%	1.0%
Japan Airlines	0.0%	0.0%	0.0%	0.4%	1.2%	1.2%	1.2%	1.1%	1.0%	1.0%
Subtotal	**91.2%**	**93.9%**	**93.7%**	**93.8%**	**94.3%**	**95.1%**	**94.9%**	**94.6%**	**94.7%**	**96.3%**
All Others	8.8%	6.1%	6.3%	6.2%	5.7%	4.9%	5.1%	5.4%	5.3%	3.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

EXHIBIT S-12
PASSENGER ENPLANEMENTS

Fiscal Years Ended June 30,

FiscalYear	Enplaned Passengers	% Change SAN	% Change US Average
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 %
2018	11,731,833	10.7 %	5.8 %
2019	12,356,286	5.3 %	5.8 %

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
ENPLANEMENTS BY AIRLINE

Fiscal Years Ended June 30,

Air Carrier	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					Enplanements					
Aeromexico	24,335	-	-	-	-	-	-	-	-	-
Air Canada	46,959	58,539	56,470	45,058	36,636	41,175	48,985	74,018	60,337	63,302
Air Canada Jazz	13,982	-	-	-	-	-	-	19,256	50,347	67,102
AirTran Airways	37,530	17,978	-	-	-	-	-	-	-	-
Alaska Airlines [1]	435,722	514,498	579,457	673,731	830,349	871,775	902,705	918,841	1,031,537	1,253,433
Allegiant Airlines	32,803	18,416	18,099	15,466	7,859	7,406	16,825	49,480	44,934	30,750
American Airlines [2]	704,909	658,752	664,466	650,826	693,995	747,493	1,369,003	1,339,489	1,366,634	1,339,334
British Airways	-	6,912	81,437	81,534	84,600	84,263	89,723	90,200	82,543	83,492
Condor	-	-	-	-	-	-	-	3,902	7,815	-
Continental Airlines [3]	507,443	496,100	-	-	-	-	-	-	-	-
Delta Air Lines	900,510	919,323	935,777	904,734	915,907	992,498	1,061,889	1,088,647	1,126,873	1,336,885
Edelweiss	-	-	-	-	-	-	-	1,215	6,990	6,271
Frontier Airlines	196,628	219,008	198,708	184,020	185,270	150,595	118,990	180,235	254,760	277,320
Hawaiian Airlines	90,874	98,887	86,211	94,283	98,667	96,963	102,462	107,776	108,971	149,744
Japan Airlines	-	-	-	18,249	54,213	59,372	59,647	59,916	62,034	66,688
JetBlue Airways	167,031	141,684	147,051	152,571	173,282	178,590	182,605	224,700	248,325	230,909
Lufthansa	-	-	-	-	-	-	-	-	13,037	49,974
Southwest Airlines	3,183,084	3,277,931	3,252,290	3,253,225	3,352,870	3,736,688	3,840,455	3,967,487	4,457,984	4,656,029
Spirit Airlines	-	-	77,873	164,189	201,414	252,219	327,183	287,208	318,201	323,623
Sun Country Airlines	24,984	24,175	15,889	23,836	27,276	28,732	34,886	40,109	41,466	40,167
United Airlines [3]	920,960	878,307	1,266,007	1,175,869	1,167,661	1,113,510	1,165,565	1,266,055	1,405,663	1,481,166
US Airways [2]	512,558	523,378	535,906	560,738	554,244	523,034	-	-	-	-
Virgin America [1]	151,110	133,377	166,326	168,297	156,729	175,973	211,075	212,158	183,672	-
Volaris	-	-	45,589	30,885	23,285	20,004	21,343	3,948	-	-
WestJet	18,738	19,360	25,535	27,746	31,805	33,723	34,516	41,043	39,285	42,939
Total Air Carrier	**7,956,178**	**8,006,625**	**8,153,091**	**8,225,257**	**8,596,062**	**9,114,013**	**9,587,857**	**9,975,683**	**10,911,408**	**11,499,128**
Regional										
Compass	-	-	-	-	8,563	140,012	249,723	195,126	251,066	296,091
Horizon Air	-	-	5,900	77,392	84,000	83,764	64,758	53,517	82,131	64,135
Mesa Airlines	18,670	6,709	12,766	206	-	-	-	-	-	-
Seaport Airlines	-	-	-	196	1,128	3,298	2,292	-	-	-
Skywest Airlines	271,766	272,365	263,144	352,189	341,365	371,979	301,592	372,157	487,228	496,932
Total Regional	**497,708**	**434,495**	**422,384**	**512,360**	**486,182**	**599,053**	**618,365**	**620,800**	**820,425**	**857,158**
Total Passengers	**8,453,886**	**8,441,120**	**8,575,475**	**8,737,617**	**9,082,244**	**9,713,066**	**10,206,222**	**10,596,483**	**11,731,833**	**12,356,286**

Source: San Diego County Regional Airport Authority

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

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

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

EXHIBIT S-13
ENPLANEMENTS BY AIRLINE

Fiscal Years Ended June 30,

Air Carrier	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
					Market Share					
Aeromexico	0.3%	-	-	-	-	-	-	-	-	-
Air Canada	0.6%	0.7%	0.7%	0.5%	0.4%	0.4%	0.5%	0.7%	0.5%	0.5%
Air Canada Jazz	0.2%	-	-	-	-	-	-	0.2%	0.4%	0.5%
AirTran Airways	0.4%	0.2%	-	-	-	-	-	-	-	-
Alaska Airlines [1]	5.2%	6.1%	6.8%	7.7%	9.1%	9.0%	8.8%	8.7%	8.8%	10.1%
Allegiant Airlines	0.4%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.5%	0.4%	0.2%
American Airlines [2]	8.3%	7.8%	7.7%	7.4%	7.6%	7.7%	13.4%	12.6%	11.6%	10.8%
British Airways	-	0.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.7%	0.7%
Condor	-	-	-	-	-	-	-	-	0.1%	-
Continental Airlines [3]	6.0%	5.9%	-	-	-	-	-	-	-	-
Delta Air Lines	10.7%	10.9%	10.9%	10.4%	10.1%	10.2%	10.4%	10.3%	9.6%	10.8%
Edelweiss	-	-	-	-	-	-	-	-	0.1%	0.1%
Frontier Airlines	2.3%	2.6%	2.3%	2.1%	2.0%	1.6%	1.2%	1.7%	2.2%	2.2%
Hawaiian Airlines	1.1%	1.2%	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	0.9%	1.2%
Japan Airlines	-	-	-	0.2%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%
JetBlue Airways	2.0%	1.7%	1.7%	1.7%	1.9%	1.8%	1.8%	2.1%	2.1%	1.9%
Lufthansa	-	-	-	-	-	-	-	-	0.1%	0.4%
Southwest Airlines	37.7%	38.8%	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%	38.0%	37.7%
Spirit Airlines	-	-	0.9%	1.9%	2.2%	2.6%	3.2%	2.7%	2.7%	2.6%
Sun Country Airlines	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%
United Airlines [3]	10.9%	10.4%	14.8%	13.5%	12.9%	11.5%	11.4%	11.9%	12.0%	12.0%
US Airways [2]	6.1%	6.2%	6.2%	6.4%	6.1%	5.4%	-	-	-	-
Virgin America [1]	1.8%	1.6%	1.9%	1.9%	1.7%	1.8%	2.1%	2.0%	1.6%	-
Volaris	-	-	0.5%	0.4%	0.3%	0.2%	0.2%	-	-	-
WestJet	0.2%	0.2%	0.3%	0.3%	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%
Total Air Carrier	**94.1%**	**94.9%**	**95.1%**	**94.1%**	**94.6%**	**93.8%**	**93.9%**	**94.1%**	**93.0%**	**93.1%**
Regional										
Compass	-	-	-	-	0.1%	1.4%	1.9%	1.8%	2.1%	2.4%
Horizon Air	-	-	-	0.9%	0.9%	0.9%	0.6%	0.5%	0.7%	0.5%
Mesa Airlines	0.2%	0.1%	0.1%	-	-	-	-	-	-	-
Seaport Airlines	-	-	-	-	-	-	-	-	-	-
Skywest Airlines	3.2%	3.2%	3.1%	4.0%	3.8%	3.8%	3.0%	3.5%	4.2%	4.0%
Total Regional	**5.9%**	**5.1%**	**4.9%**	**5.9%**	**5.4%**	**6.2%**	**6.1%**	**5.9%**	**7.7%**	**6.9%**
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	573,858
Airport Land Area	661 acres
On airport parking spaces (public)	5,141
Off airport parking spaces (public)	2,257

Source: San Diego County Regional Airport Authority

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

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

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

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

Source: California Department of Transportation - San Diego County

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

EXHIBIT S-16
PRINCIPAL EMPLOYERS IN SAN DIEGO COUNTY

July 2018

Employer	Local Employees	Rank	Percentage of Total Industry Employment
State of California	47,600	1	3.0%
U.S. Federal Government	46,800	2	2.9%
University of California, San Diego	34,448	3	2.1%
Sharp Health Care	18,364	4	1.1%
Scripps Health	14,941	5	0.9%
Qualcomm Inc.	11,800	6	0.7%
City of San Diego	11,462	7	0.7%
Kaiser Permanente	9,606	8	0.6%
UC San Diego Health	8,932	9	0.6%
General Atomics Aeronautical	6,791	10	0.4%
Total Civilian Labor Force in San Diego County (July 2018):			**1,602,700**

July 2009

Employer	Local Employees	Rank	Percentage of Total Industry Employment
U.S. Federal Government	41,400	1	2.7%
State of California	41,400	2	2.7%
University of California, San Diego	29,337	3	1.9%
County of San Diego	17,189	4	1.1%
San Diego Unified School District	14,555	5	0.9%
Sharp Health Care	14,400	6	0.9%
Scripps Health	12,622	7	0.8%
City of San Diego	11,087	8	0.7%
Qualcomm Inc.	9,859	9	0.6%
US Postal Service	7,618	10	0.5%
Total Civilian Labor Force in San Diego County (July 2009):			**1,553,400**

Source: Employers - San Diego Journal Book of Lists: 2017 & 2009

Total Industry Employment - California Employment Development Dept., Labor Market Info June 2017 - March 2017 Benchmark

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

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

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

EXHIBIT S-18
DEBT SERVICE COVERAGE

Fiscal Years Ended June 30,

Senior Bonds	2010	2011 (6)	2012	2013	2014	2015	2016	2017	2018	2019
Revenues (1)	$ 138,113,792	$ 148,963,673	$ 158,311,779	$ 181,051,929	$ 199,834,430	$ 214,770,544	$ 238,640,326	$ 255,540,858	$ 276,983,726	$ 306,683,097
Operating and Maintenance Expenses	(116,275,132)	(117,100,946)	(118,941,148)	(126,662,546)	(136,604,105)	(142,781,639)	(151,327,220)	(154,455,699)	(157,246,523)	(165,925,555)
Net Revenues (2)	$ 21,838,660	$ 31,862,727	$ 39,370,631	$ 54,389,383	$ 63,230,325	$ 71,988,905	$ 87,313,106	$ 101,085,159	$ 119,737,204	$ 140,757,542
Senior Bond Debt Service (3)										
Principal	$ 3,105,000	$ 3,265,000	$ 3,430,000	$ -	$ -	$ 2,030,000	$ 2,090,000	$ 2,155,000	$ 2,240,000	$ 2,320,000
Interest	2,244,475	2,089,225	1,925,975	2,478,489	16,645,435	18,034,575	18,414,600	18,349,950	18,263,750	18,174,150
PFCs used to pay debt service	-	-	-	(714,077)	(7,140,301)	(8,669,966)	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,261)
Total Debt Service for the Senior Bond	$ 5,349,475	$ 5,354,225	$ 5,355,975	$ 1,764,412	$ 9,505,134	$ 11,394,609	$ 11,014,274	$ 10,956,324	$ 10,956,268	$ 10,949,889
Senior Bonds Debt Service Coverage	**4.08**	**5.95**	**7.35**	**30.83**	**6.65**	**6.32**	**7.93**	**9.23**	**10.93**	**12.85**
Subordinate Debt										
Subordinate Net Revenues (2)		$ 26,508,502	$ 34,014,656	$ 52,624,971	$ 53,725,191	$ 60,594,296	$ 76,298,832	$ 90,128,835	$ 108,780,936	$ 129,807,653
Subordinate Annual Debt Service (4)										
Principal		$ 715,000	$ 980,000	$ 1,000,000	$ 5,785,000	$ 8,665,000	$ 9,000,000	$ 9,430,000	$ 14,830,000	$ 15,895,000
Interest		2,971,984	6,599,760	26,194,616	27,069,283	26,853,179	26,495,600	26,085,029	37,197,656	37,917,500
Variable Rate Debt (5)		1,220,226	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649
PFCs used to pay debt service		-	-	(20,061,962)	(20,718,863)	(21,554,245)	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,072)
Total Subordinate Annual Debt Service		$ 4,907,211	$ 8,657,627	$ 12,652,526	$ 18,582,371	$ 20,700,879	$ 21,864,115	$ 22,058,389	$ 38,904,928	$ 40,849,077
Subordinate Obligations Debt Service Coverage		**5.40**	**3.93**	**4.16**	**2.89**	**2.93**	**3.48**	**4.09**	**2.80**	**3.18**
Aggregate Debt										
Aggregate Net Revenues		$ 31,862,727	$ 39,370,631	$ 54,389,383	$ 63,230,325	$ 71,988,905	$ 87,313,106	$ 101,085,159	$ 119,737,204	$ 140,757,542
Aggregate Annual Debt Service										
Principal		3,980,000	4,410,000	1,000,000	5,785,000	10,695,000	11,090,000	11,585,000	17,070,000	18,215,000
Interest		5,061,209	8,525,735	28,673,105	43,714,718	44,887,754	44,910,200	44,434,979	55,461,406	56,091,650
Variable Rate Debt (5)		1,220,226	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649
PFC Funds Applied to Debt Service				(20,776,039)	(27,859,164)	(30,224,211)	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)
Total Subordinate Annual Debt Service		$ 10,261,435	$ 14,013,602	$ 14,416,938	$ 28,087,505	$ 32,095,488	$ 32,938,389	$ 33,014,712	$ 49,861,196	$ 51,798,966
Aggregate Obligations Debt Service Coverage		**3.11**	**2.81**	**3.77**	**2.25**	**2.24**	**2.65**	**3.06**	**2.40**	**2.72**

(1) Revenues are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture.
(2) Net Revenues and Subordinate Net Revenues are calculated pursuant to the provisions of the Master Senior Indenture and Master Subordinate Indenture, as appropriate.
(3) Debt service with respect to the Senior Bonds is calculated pursuant to the provisions of the Master Senior Indenture.
(4) Subordinate Annual Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.
(5) Includes principal and interest.
(6) Information regarding Subordinate Obligations Debt Service Coverage provided in connection with the first fiscal year for which Subordinate Annual Debt Service was due with respect to the 2010 Bonds. Subordinate Annual Debt Service for prior years consisted of debt service on the Authority's Subordinate Commercial Paper Notes and is not presented for Fiscal Years 2009-2010.

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

Fiscal Years Ended June 30,

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

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

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

EXHIBIT S-20
DEBT PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

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

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


Enter Here
TSA Pre
First Class & Elite
First Class & Elite
Alaska
Alaska
Alaska
22

SAN DIEGO
INTERNATIONAL AIRPORT