



# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Communication

**Date:** April 26, 2011  
**To:** Board Members  
**Via:** Thella F. Bowens, President/CEO  
**From:** Vernon D. Evans, Vice President, Finance/Treasurer  
**Subject:** Unaudited Financial Statements as of March 31, 2011

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The attached report is to be received at the May 5, 2011 Board meeting.





ITEM 9

# San Diego County Regional Airport Authority

## Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2011

Presented by:

Vernon D. Evans, CPA

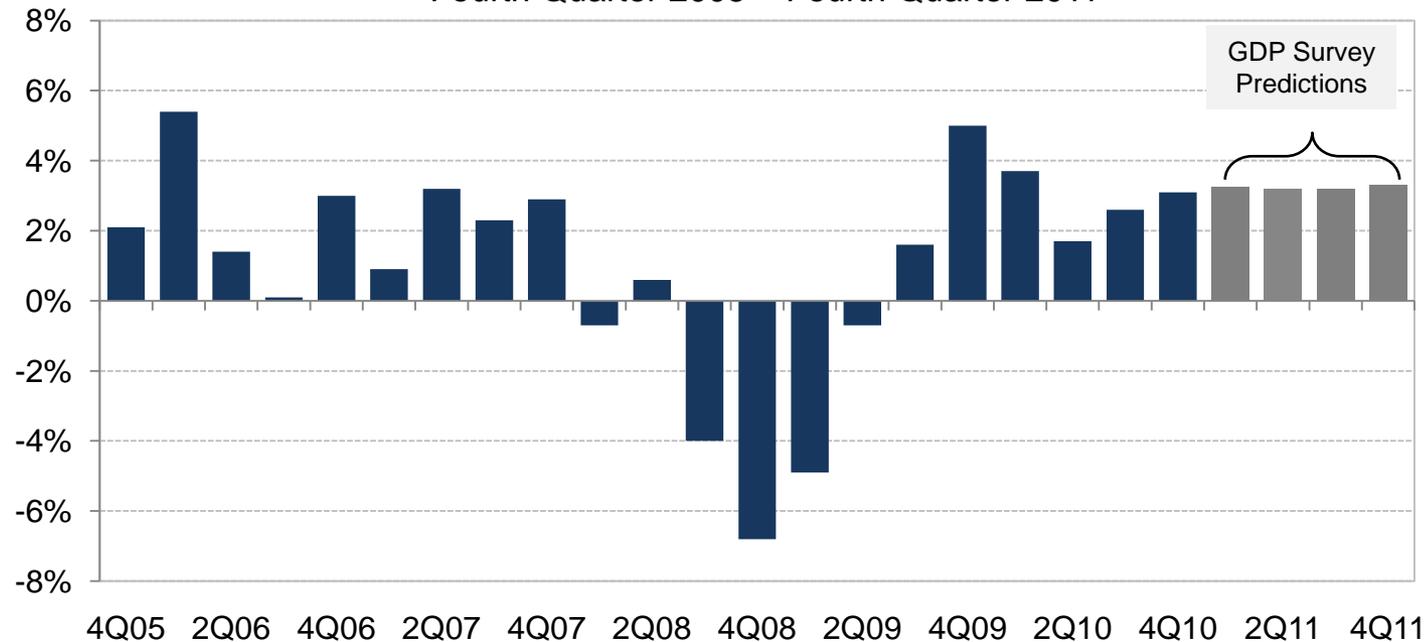
Vice-President-Finance/Treasurer and CFO

May 5, 2011

# The Economy is Expected to Grow Slowly

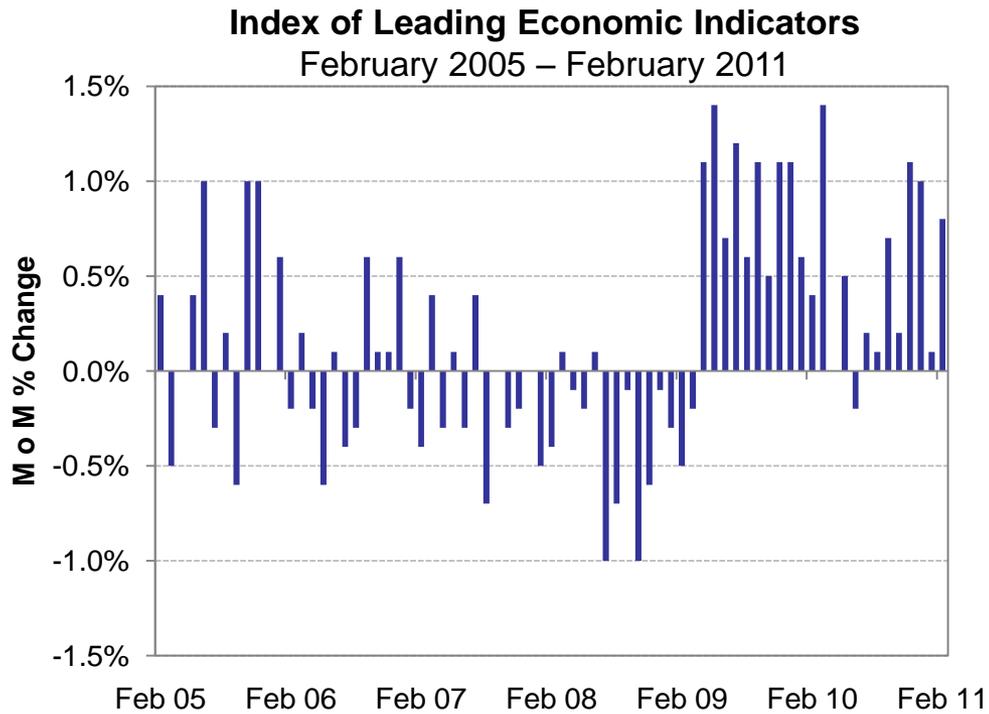
- 4th quarter 2010 GDP came in at 3.1% (final revision). Strong corporate profits, consumer spending, and exports drove growth, while reduced state and local government spending reduced growth.
- Although some economist expect first quarter GDP to come in lower than originally expected due to geopolitical events during the first quarter, the expectations for the full year still range around 3%.

**Gross Domestic Product (Quarter over Quarter)**  
Fourth Quarter 2005 – Fourth Quarter 2011



# Economic Indicators Remain Favorable

- The Index of Leading Economic Indicators, which is intended to forecast the future direction of economic growth, has been positive for 21 of the past 23 months.
- In February, eight of the index's ten components made positive contributions.



**Contribution of Index Components to Overall Reading**  
February 2011

Positive	Negative
Interest rate spread	Building permits
Jobless claims	Capital goods orders
Stock prices	
M2 money supply	
Average workweek	
Consumer expectations	
Pace of deliveries	
Consumer goods orders	

# Consumer Confidence Falls in March

- After rising over the past several months, consumer confidence fell in March. Although the economy continues to improve, consumers became increasingly concerned about future conditions.

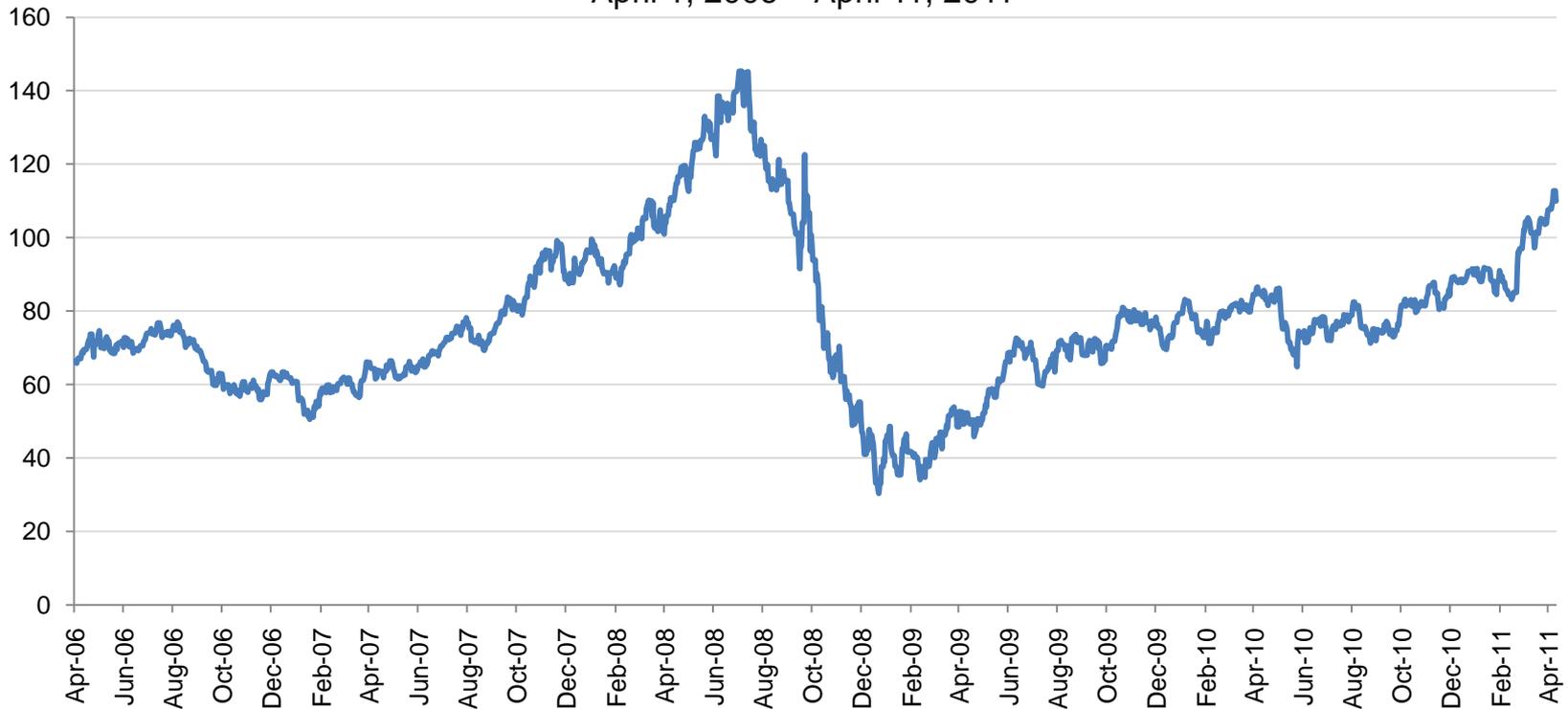
**Consumer Confidence**  
March 2001 – March 2011



# Oil Prices Remain Elevated on Geopolitical Events

- Oil prices reached two-year highs hitting over \$110 per barrel due to continued uncertainty in the market about the outcome of the unrest in Libya and the Middle East along with the continuing Japanese nuclear crises.
- Although core inflation (excluding food and energy) remain low, rising energy and food prices have heightened inflationary fears and depressed consumer confidence.

**Oil Price Per Barrel (WTI Spot)**  
April 1, 2006 – April 11, 2011

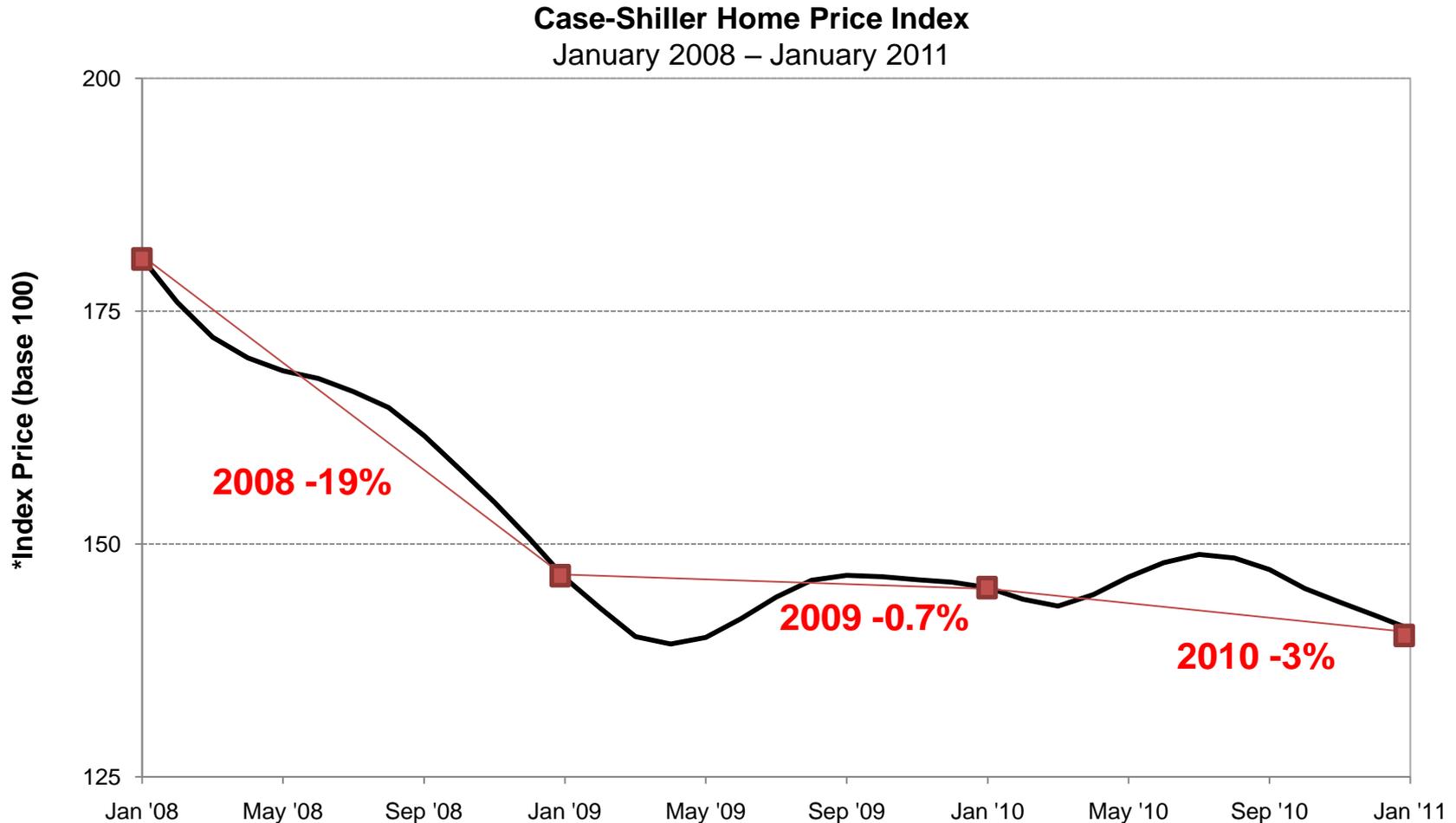


# Economic Recovery and the Price Per Barrel of Oil



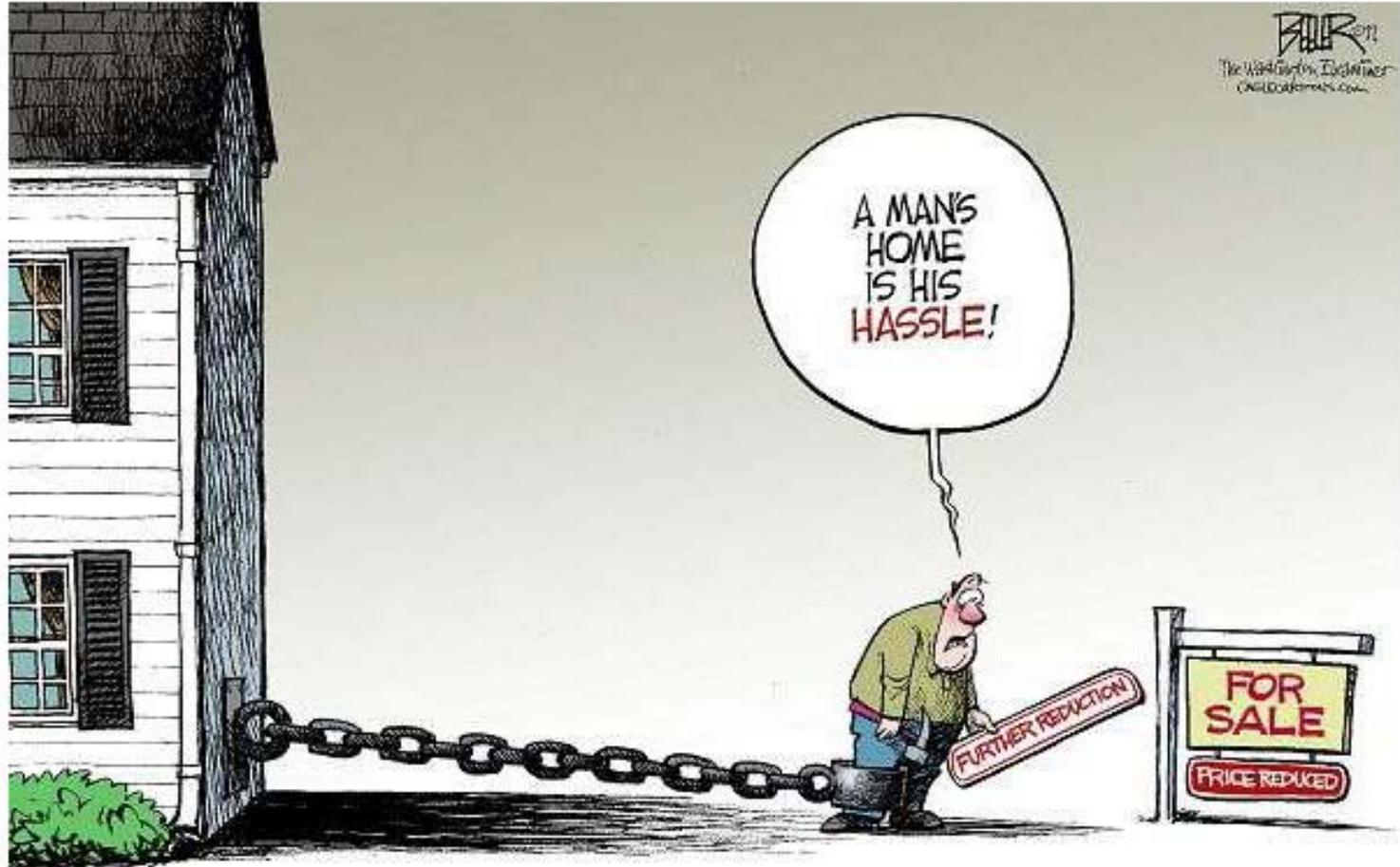
# U.S. Housing Market Remain Depressed

- The housing market remains depressed as home prices continue to fall in most metropolitan areas.



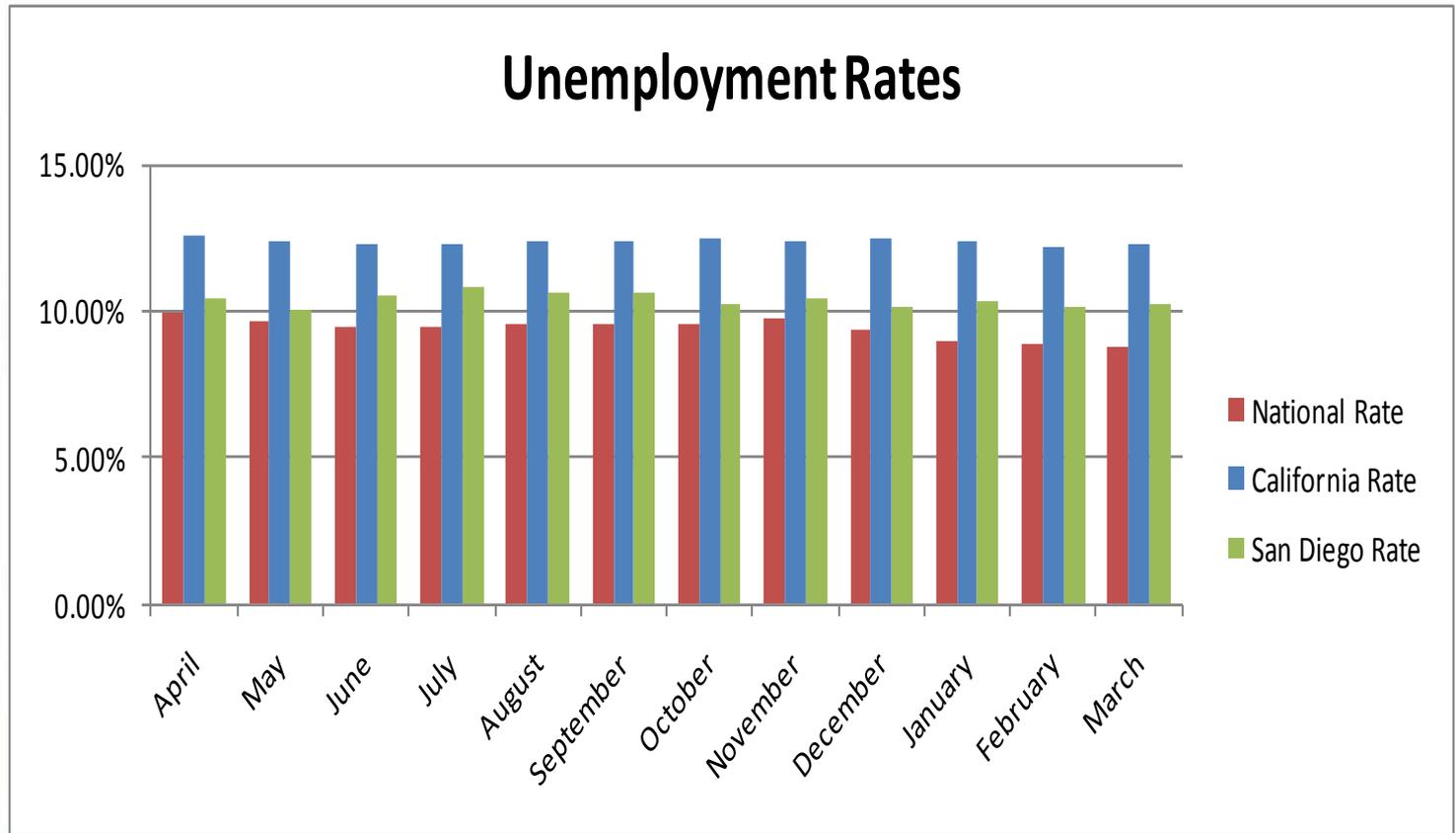
The S&P/Case-Shiller home price index tracks monthly changes in the value of residential real estate in 20 metropolitan regions across the U.S. \*The value on the left represents an index price that was set at 100 on January 2000.

# The Housing Market



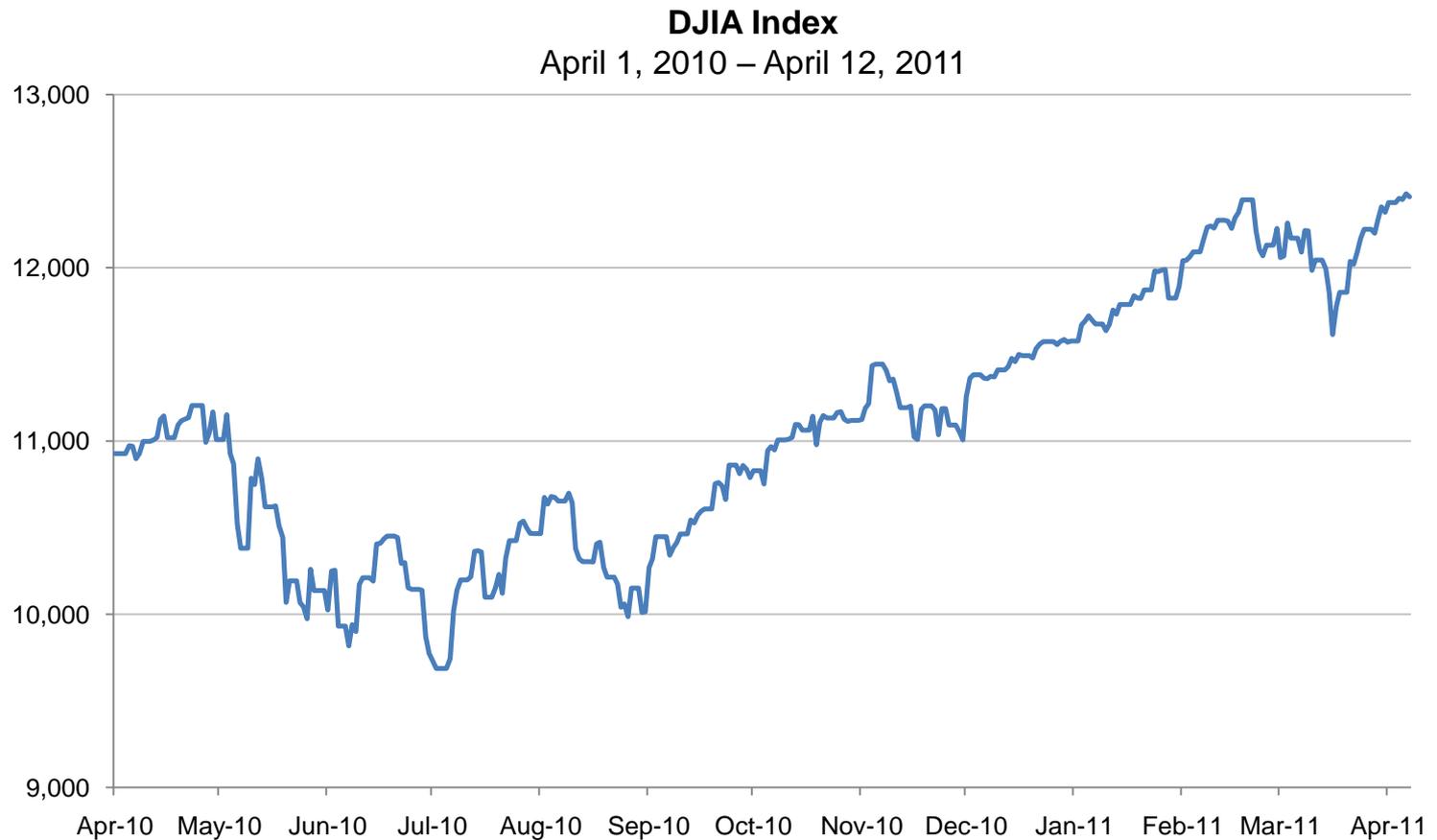
# Unemployment Rate This Fiscal Year

The Federal unemployment rate continues its mild decline, now at 8.8%, down from 8.9% last month. The California unemployment rate remains high at 12.3% which continues to be higher than the national average. The U-6 rate is 15.7% for March. San Diego unemployment rate is 10.2% .



# The Equity Markets Face Continued Uncertainty

- Although the markets ended up for the first quarter, geopolitical concerns continue to weigh on the markets.



# Treasury Yields Remained Range Bound

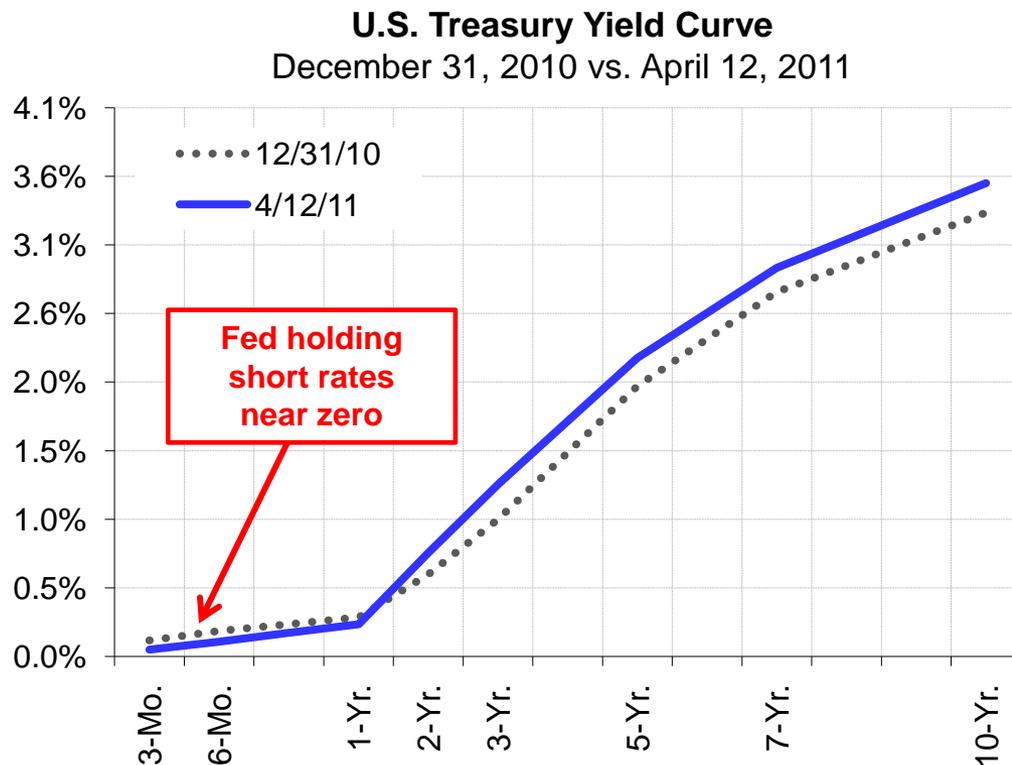
- Interest rates remain volatile in response to economic news and geopolitical events. During the past, the 2-year Treasury has traded within an 1% range.

**2-Year U.S. Treasury Yield**  
April 1, 2010 – April 12, 2011



# U.S Treasury Yield Curve

- The yield curve has steepened during the first quarter, as the longer-term rates increased on favorable economic news and inflationary worries while short-term rates remain tied to the federal funds target rate..



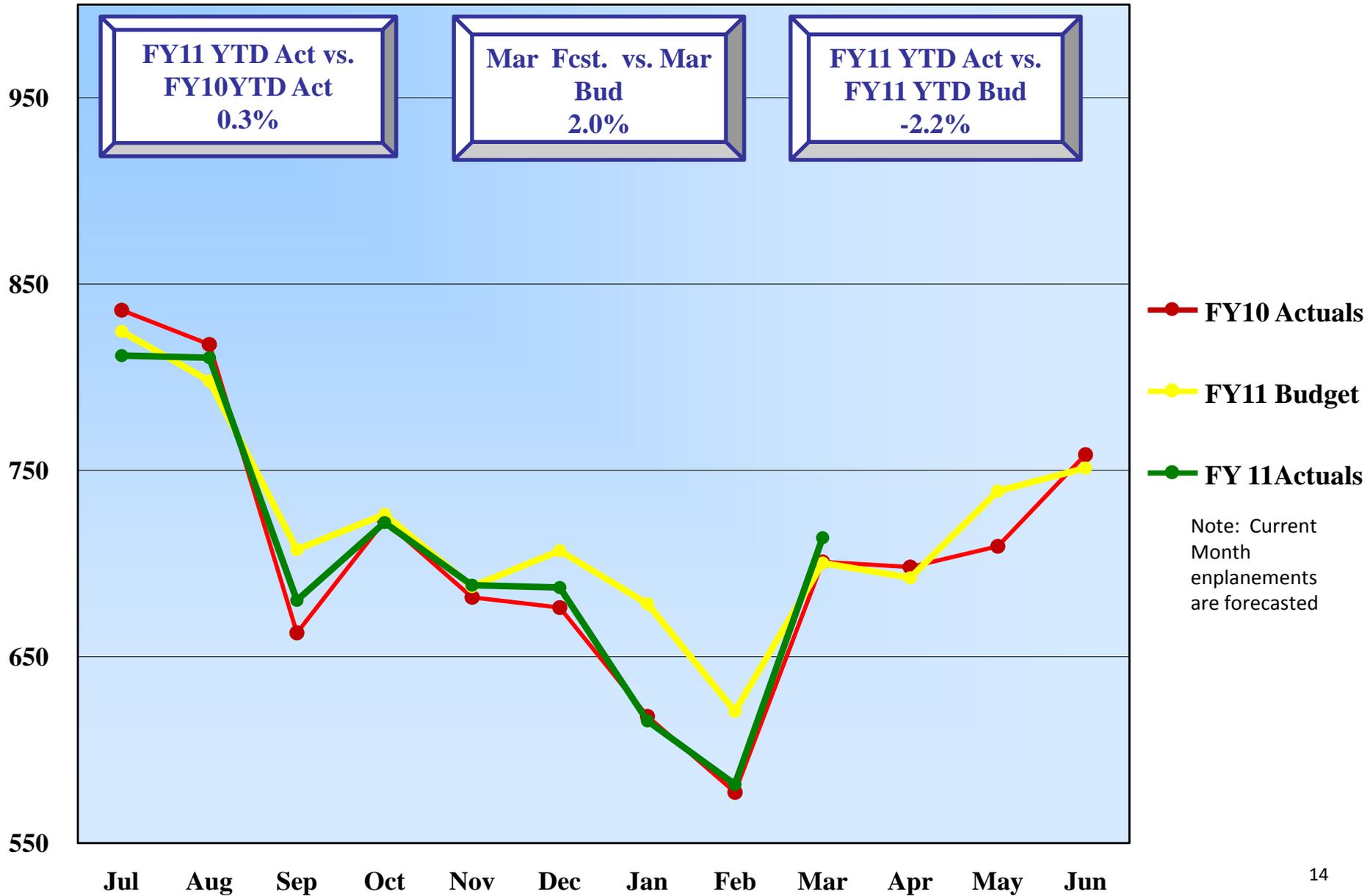
	3/22/10	11/4/10	3/21/11
<b>3-Mo.</b>	0.15%	0.13%	0.10%
<b>6-Mo.</b>	0.24%	0.17%	0.16%
<b>1-Yr.</b>	0.41%	0.21%	0.25%
<b>2-Yr.</b>	1.01%	0.33%	0.67%
<b>3-Yr.</b>	1.54%	0.45%	1.12%
<b>5-Yr.</b>	2.43%	1.04%	2.04%
<b>10-Yr.</b>	3.67%	2.53%	3.34%

**Unaudited  
Financial Statements  
For the Nine Months Ended  
March 31, 2011**



# Enplanements

000s



000s

# Gross Landing Weight Units (000 lbs)

**FY11 YTD Act vs.  
FY10 YTD Act  
- 2.4%**

**Mar Act vs. Mar  
Bud  
0.0%**

**FY11 YTD Act vs.  
FY11 YTD Bud  
-2.4%**

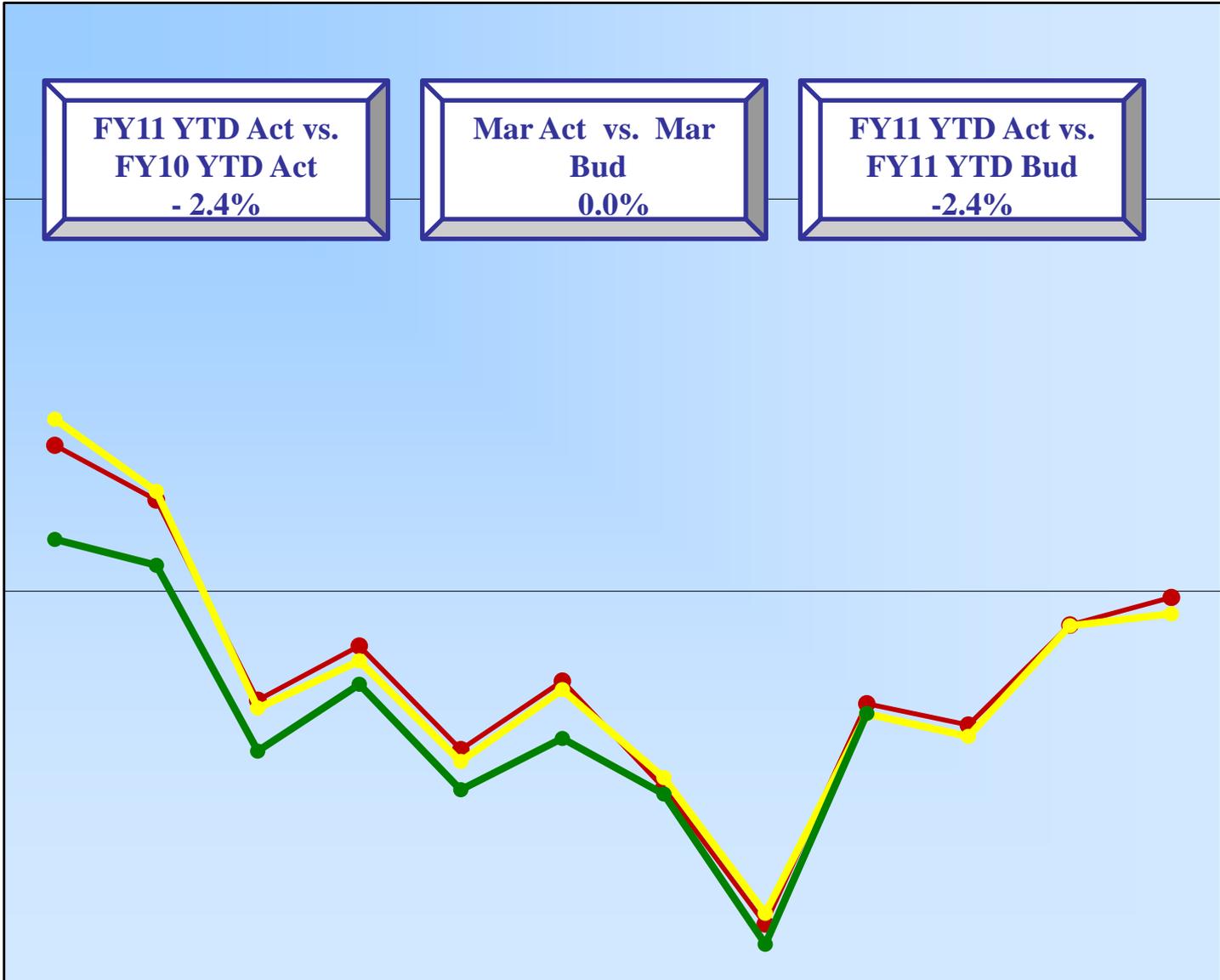
1,150

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

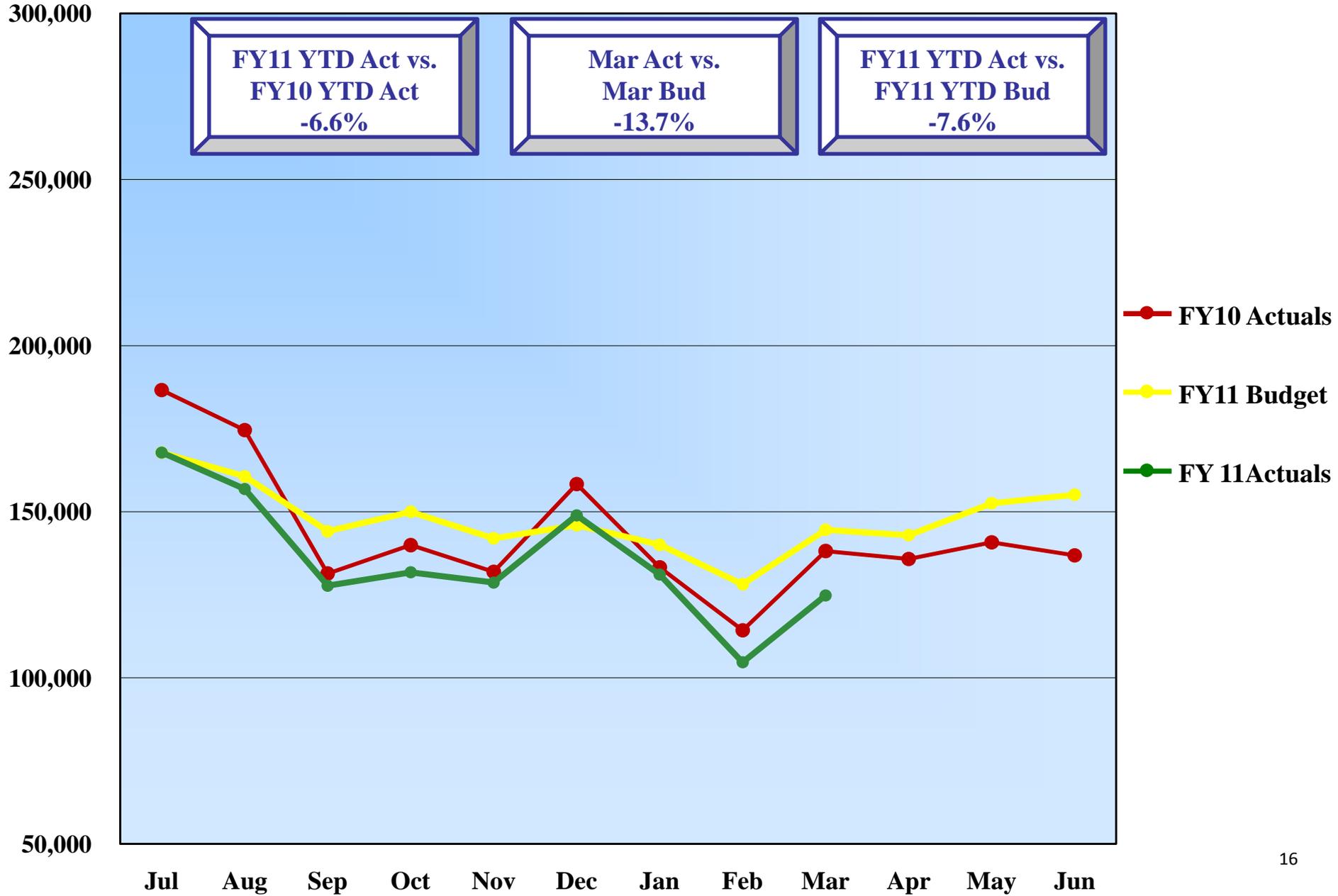
950

750

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

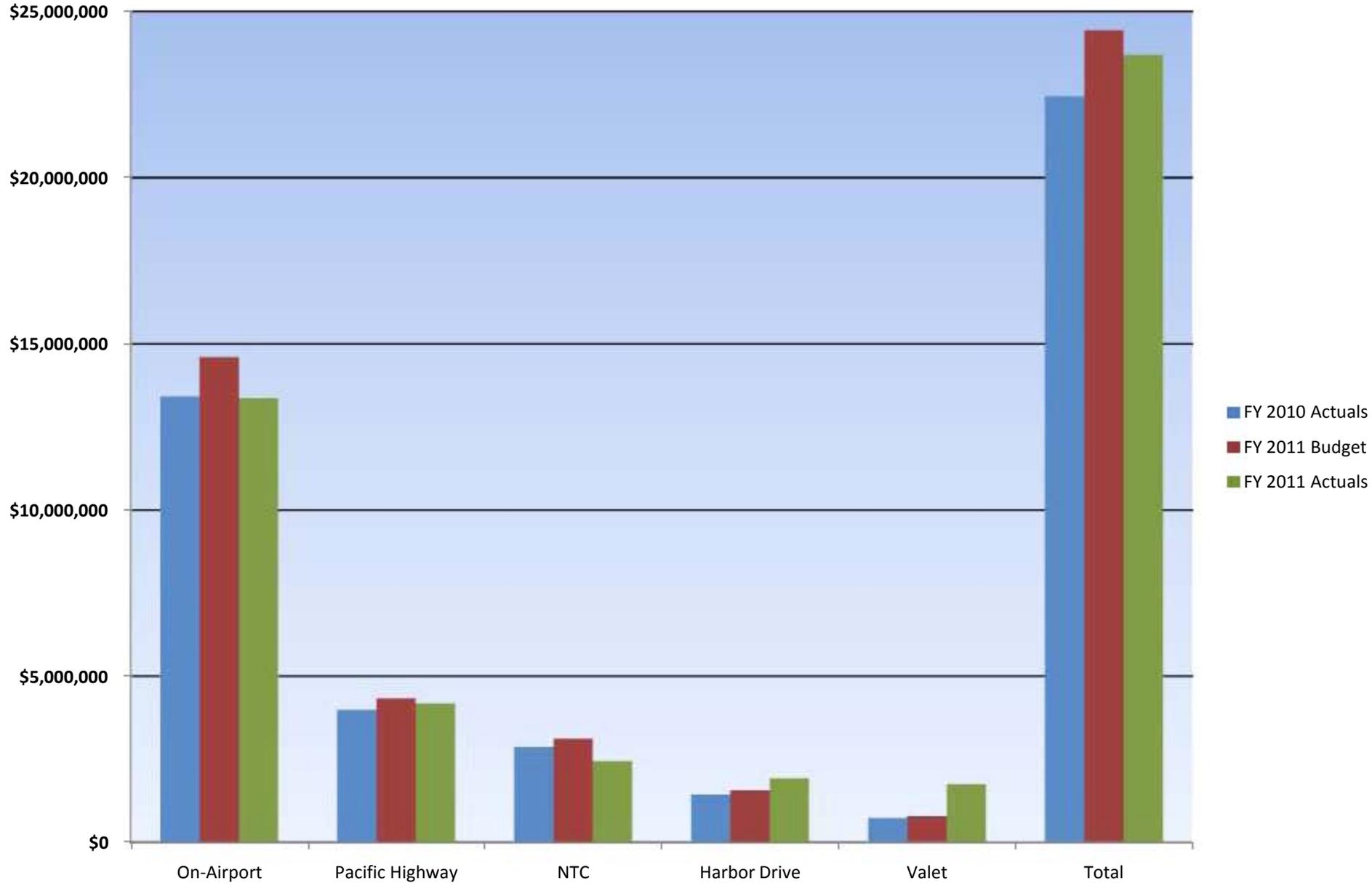


# Airport Parking Transactions

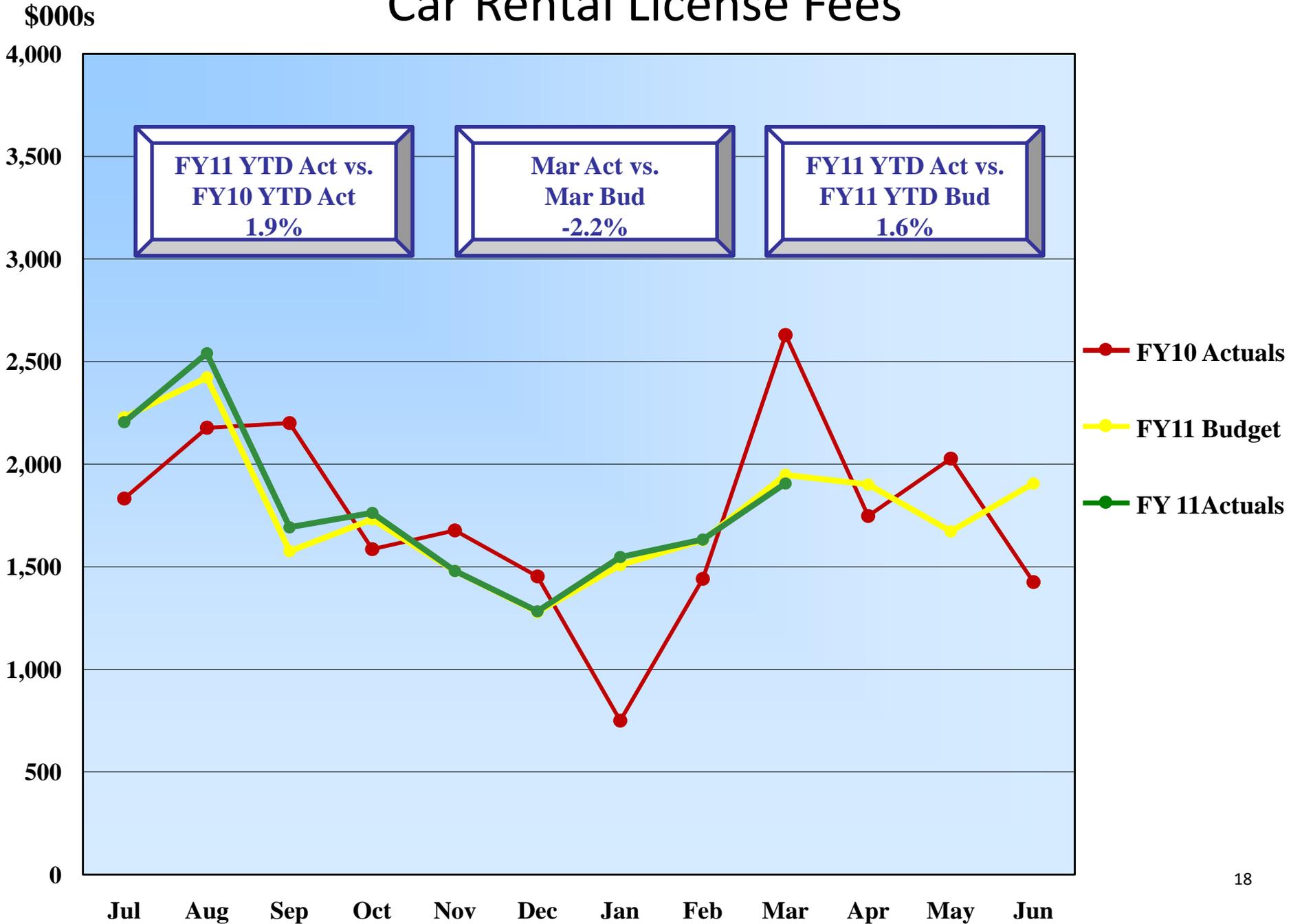


# Parking Revenue By Lot

Year to Date thru March 31, 2011



# Car Rental License Fees



# Revenues and Expenses (Unaudited)

## For the month ended March 31, 2011



# Operating Revenues

## For the Month Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Aviation revenue:</b>					
Landing fees	\$ 1,549	\$ 1,502	\$ (47)	(3)%	\$ 1,584
Aircraft parking fees	236	236	(0)	-	254
Building rentals	2,317	2,303	(14)	(1)%	2,142
Security surcharge	1,232	1,246	14	1%	1,005
Other aviation revenue	132	136	4	3%	131
<b>Total aviation revenue</b>	<b>\$ 5,466</b>	<b>\$ 5,423</b>	<b>\$ (43)</b>	<b>(1)%</b>	<b>\$ 5,116</b>



# Operating Revenues

## For the Month Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 72	\$ 70	\$ (2)	(3)%	\$ 66
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	503	534	31	6%	489
Gifts and news	319	322	3	1%	292
Other	233	146	(87)	(37)%	273
<b>Total terminal concession revenue</b>	<b>1,055</b>	<b>1,002</b>	<b>(53)</b>	<b>(5)%</b>	<b>1,054</b>
<b>Car rental and license fee revenue:</b>					
Rental car and license fees	1,948	1,906	(42)	(2)%	2,629
License fees-other	250	220	(30)	(12)%	316
Total rental car and license fees	2,198	2,126	(72)	(3)%	2,945
<b>Total concession revenue</b>	<b>\$ 3,253</b>	<b>\$ 3,128</b>	<b>\$ (125)</b>	<b>(4)%</b>	<b>\$ 3,999</b>

# Operating Revenues

## For the Month Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Parking revenue:</b>					
On-airport parking revenue	\$ 1,385	\$ 1,697	\$ 312	23%	\$ 1,619
Off-airport parking revenue	1,241	855	(386)	(31)%	846
<b>Total parking revenue</b>	<b>2,626</b>	<b>2,552</b>	<b>(74)</b>	<b>(3)%</b>	<b>2,465</b>
Ground transportation permits and citations	40	47	7	18%	16
Ground rentals	509	586	77	15%	493
Grant reimbursements	90	298	208	231%	39
Other operating revenue	60	51	(9)	(15)%	34
Subtotal	3,325	3,534	209	6%	3,047
<b>Total operating revenues</b>	<b>\$ 12,116</b>	<b>\$ 12,155</b>	<b>\$ 39</b>	<b>-</b>	<b>\$ 12,228</b>

# Operating Expenses

## For the Month Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating expenses:</b>					
Salaries and benefits	\$ 3,035	\$ 2,981	\$ 54	2%	\$ 2,877
Contractual services	2,315	2,260	55	2%	1,679
Safety and security	1,789	1,653	136	8%	1,612
Space rental	909	910	(1)	-	908
Utilities	541	571	(30)	(6)%	628
Maintenance	718	906	(188)	(26)%	857
Equipment and systems	69	27	42	61%	30
Materials and supplies	37	31	6	16%	24
Insurance	102	90	12	12%	98
Employee development and support	115	78	37	32%	111
Business development	209	152	57	27%	47
Equipment rental and repairs	114	108	6	5%	57
<b>Total operating expenses</b>	<b>\$ 9,953</b>	<b>\$ 9,767</b>	<b>\$ 186</b>	<b>2%</b>	<b>\$ 8,928</b>

# Financial Summary

## For the Month Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 12,116	\$12,155	\$ 39	-	\$ 12,228
Total operating expenses	9,953	9,767	186	2%	8,928
<b>Income from operations</b>	<b>2,163</b>	<b>2,388</b>	<b>225</b>	<b>10%</b>	<b>3,300</b>
Depreciation	4,164	3,907	257	6%	3,403
<b>Operating income (loss)</b>	<b>\$ (2,001)</b>	<b>\$ (1,519)</b>	<b>\$ 482</b>	<b>24%</b>	<b>\$ (103)</b>



# Nonoperating Revenues and (Expenses) For the Month Ended March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 2,736	\$ 3,204	\$ 468	17%	\$ 3,090
Customer facility charges (ConRAC Facility)	943	972	29	3%	957
Quieter Home Program	(421)	(389)	32	8%	(733)
Interest income	499	611	112	22%	508
BAB interest rebate	2,442	416	(2,026)	-	-
Interest expense	(5,273)	198	5,471	104%	(238)
Bond amortization cost	(12)	54	66	550%	(6)
Other nonoperating revenue (expenses)	(3)	(11)	(8)	(267)%	(342)
<b>Nonoperating revenue, net</b>	<b>911</b>	<b>5,055</b>	<b>4,144</b>	<b>455%</b>	<b>3,236</b>
<b>Income before grant contributions</b>	<b>(1,090)</b>	<b>3,536</b>	<b>4,626</b>	<b>(424)%</b>	<b>3,133</b>
Capital grant contributions	4,210	2,099	(2,111)	(50)%	3,532
<b>Net income</b>	<b>\$ 3,120</b>	<b>\$ 5,635</b>	<b>\$ 2,515</b>	<b>81%</b>	<b>\$ 6,665</b>

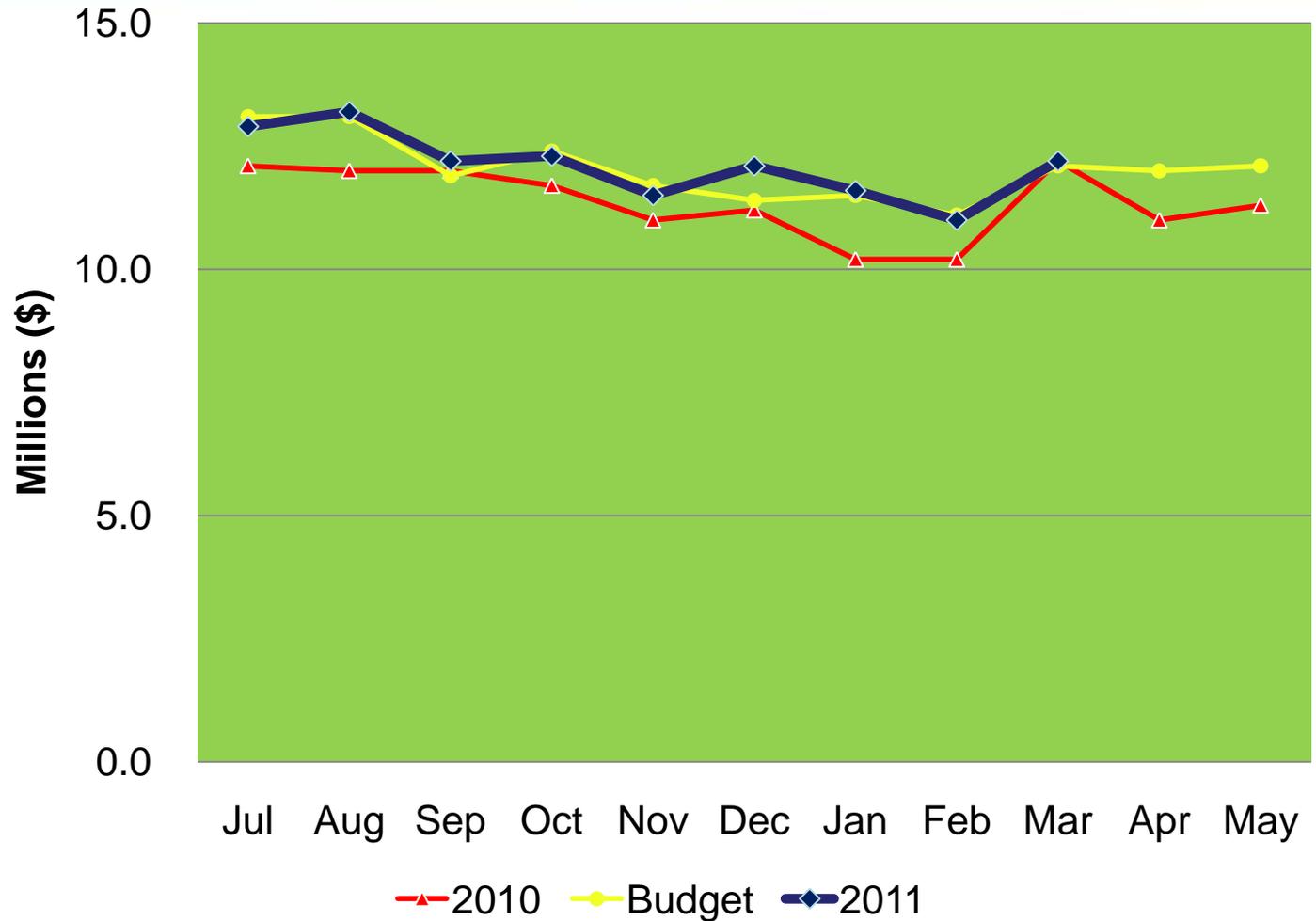
# Revenues and Expenses (Unaudited)

## For the nine months ended March 31, 2011



# Monthly Operating Revenue, FY 2011

(Unaudited)



# Operating Revenues

## For the Nine Months Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Aviation revenue:</b>					
Landing fees	\$ 14,232	\$ 13,867	\$ (365)	(3)%	\$ 14,403
Aircraft parking fees	2,120	2,196	76	4%	2,544
Building rentals	20,830	20,950	120	1%	19,220
Security surcharge	11,089	11,157	68	1%	9,024
Other aviation revenue	1,185	1,200	15	1%	1,184
<b>Total aviation revenue</b>	<b>\$ 49,456</b>	<b>\$ 49,370</b>	<b>\$ (86)</b>	-	<b>\$ 46,375</b>

# Operating Revenues

## For the Nine Months Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 651	\$ 655	\$ 4	1%	\$ 593
<b>Concession revenue:</b>					
<b>Terminal concession revenue:</b>					
Food and beverage	4,465	4,564	99	2%	4,537
Gifts and news	2,854	2,845	(9)	-	2,704
Other	2,131	2,088	(43)	(2)%	2,042
<b>Total terminal concession revenue</b>	<b>9,450</b>	<b>9,497</b>	<b>47</b>	<b>-</b>	<b>9,283</b>
<b>Car rental and license fee revenue:</b>					
Rental car license fees	15,799	16,048	249	2%	15,746
License fees-other	2,339	1,989	(350)	(15)%	2,161
Total rental car and license fees	18,138	18,037	(101)	(1)%	17,907
<b>Total concession revenue</b>	<b>\$ 27,588</b>	<b>\$ 27,534</b>	<b>\$ (54)</b>	<b>-</b>	<b>\$ 27,190</b>

# Operating Revenues

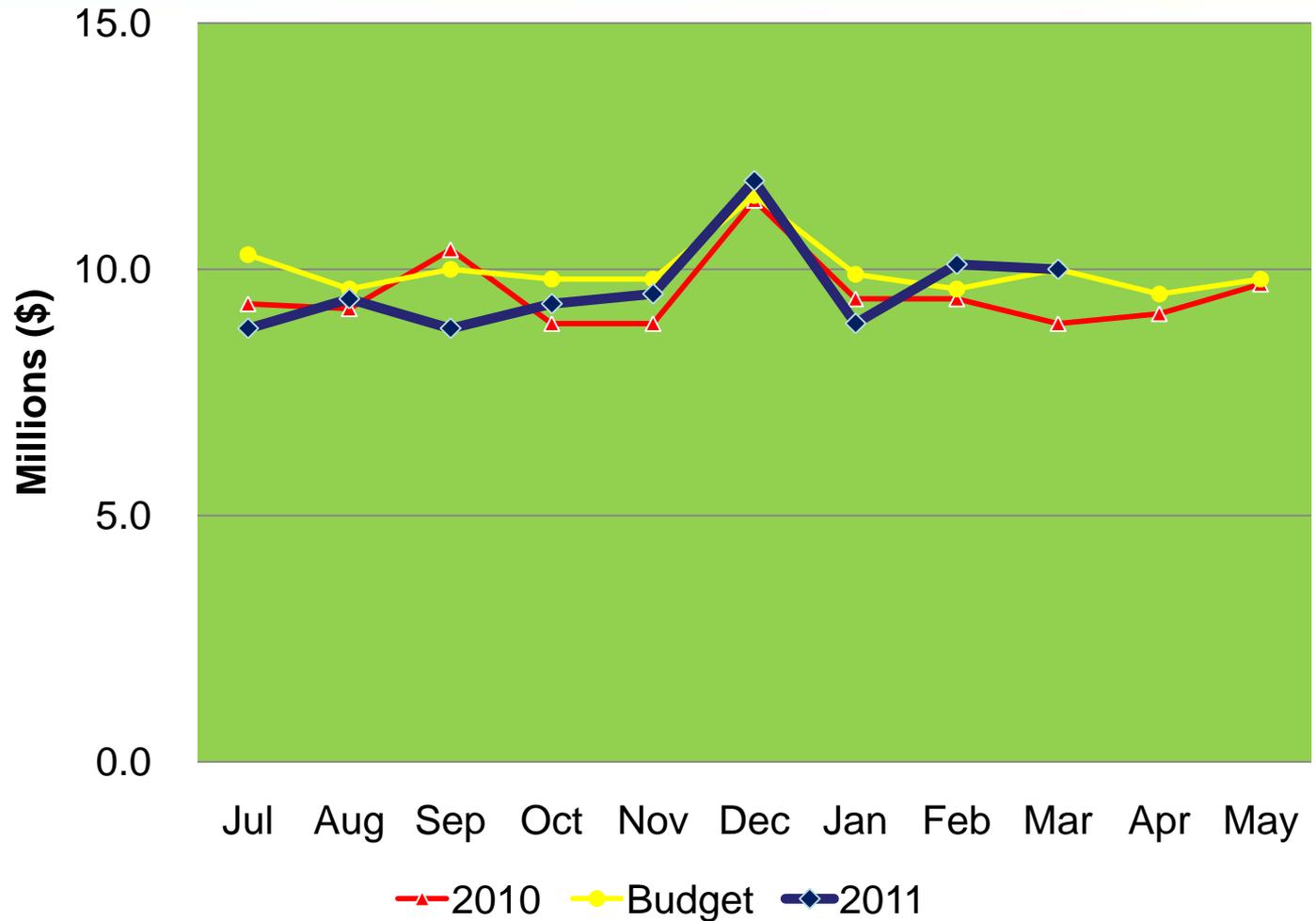
## For the Nine Months Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Parking revenue:</b>					
On-airport parking revenue	\$ 14,450	\$ 15,062	\$ 612	4%	\$ 14,135
Off-airport parking revenue	9,699	8,388	(1,311)	(14)%	8,306
<b>Total parking revenue</b>	<b>24,149</b>	<b>23,450</b>	<b>(699)</b>	<b>(3)%</b>	<b>22,441</b>
Ground transportation permits and citations	401	602	201	50%	288
Ground rentals	4,648	5,985	1,337	29%	4,451
Grant reimbursements	822	762	(60)	(7)%	911
Other operating revenue	541	573	32	6%	338
Subtotal	30,561	31,372	811	3%	28,429
<b>Total operating revenues</b>	<b>\$ 108,256</b>	<b>\$ 108,931</b>	<b>\$ 675</b>	<b>1%</b>	<b>\$ 102,587</b>

# Monthly Operating Expenses, FY 2011

(Unaudited)



# Operating Expenses

## For the Nine Months Ended

### March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Operating expenses:</b>					
Salaries and benefits	\$ 28,245	\$ 27,891	\$ 354	1%	\$ 26,122
Contractual services	21,804	19,512	2,292	11%	20,060
Safety and security	15,299	15,430	(131)	(1)%	15,056
Space rental	8,179	8,180	(1)	-	8,176
Utilities	5,341	4,866	475	9%	5,146
Maintenance	6,202	6,021	181	3%	6,864
Equipment and systems	420	347	73	17%	326
Materials and supplies	296	235	61	21%	294
Insurance	917	810	107	12%	884
Employee development and support	1,036	711	325	31%	667
Business development	1,626	1,248	378	23%	1,303
Equipment rental and repairs	1,070	1,121	(51)	(5)%	1,041
<b>Total operating expenses</b>	<b>\$ 90,435</b>	<b>\$ 86,372</b>	<b>\$ 4,063</b>	<b>4%</b>	<b>\$ 85,939</b>

# Financial Summary

## For the Nine Months Ended March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 108,256	\$ 108,931	\$ 675	1%	\$ 102,587
Total operating expenses	90,435	86,372	4,063	4%	85,939
<b>Income from operations</b>	<b>17,821</b>	<b>22,559</b>	<b>4,738</b>	<b>27%</b>	<b>16,648</b>
Depreciation	38,044	36,462	1,582	4%	29,960
<b>Operating income (loss)</b>	<b>\$ (20,223)</b>	<b>\$ (13,903)</b>	<b>\$ 6,320</b>	<b>31%</b>	<b>\$ (13,312)</b>

# Nonoperating Revenues and (Expenses) For the Nine Months Ended March 31, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
<b>Nonoperating revenues (expenses):</b>					
Passenger facility charges	\$ 25,204	\$ 24,746	\$ (458)	(2)%	\$ 24,752
Customer facility charges (ConRAC Facility)	7,755	8,079	324	4%	7,928
Quieter Home Program	(2,805)	(2,590)	215	8%	(2,215)
Interest income	4,487	4,437	(50)	(1)%	5,474
BAB interest rebate	2,442	2,442	-	-	-
Interest expense	(8,752)	(7,396)	1,356	15%	(2,025)
Bond amortization cost	(109)	307	416	382%	(55)
Other nonoperating revenue (expenses)	(30)	1,427	1,457	-	(1,946)
<b>Nonoperating revenue, net</b>	<b>28,192</b>	<b>31,452</b>	<b>3,260</b>	<b>12%</b>	<b>31,913</b>
<b>Income before grant contributions</b>	<b>7,969</b>	<b>17,549</b>	<b>9,580</b>	<b>120%</b>	<b>18,601</b>
Capital grant contributions	29,125	20,523	(8,602)	(30)%	14,815
<b>Net income</b>	<b>\$ 37,094</b>	<b>\$ 38,072</b>	<b>\$ 978</b>	<b>3%</b>	<b>\$ 33,416</b>

## Balance Sheets (Unaudited)

### ASSETS

	(In thousands)	
	<b>March</b>	
	<b>2011</b>	<b>2010</b>
<b>Current assets:</b>		
Cash and investments	\$ 97,149	\$ 78,721
Tenant lease receivable, net of allowance of 2011: \$30,980 and 2010: \$164,634	5,370	5,974
Grants receivable	7,070	5,371
Notes receivable-current portion	1,613	1,587
Prepaid expenses and other current assets	10,575	9,290
<b>Total current assets</b>	<b>121,777</b>	<b>100,943</b>
<b>Cash designated for capital projects and other</b>	<b>\$ 4,135</b>	<b>\$ 13,091</b>



## Balance Sheets (Unaudited)

### ASSETS

(In thousands)

**March**

#### Restricted assets:

##### Cash and investments:

	2011	2010
Bonds reserve	\$ 45,708	\$ 47,303
Passenger facility charges and interest unapplied	59,198	58,009
Customer facility charges and interest applied*	16,934	8,236
Commercial paper reserve	43	95
SBD bond guarantee	4,000	4,000
Bond proceeds held by trustee	406,652	5,464
Commercial paper interest held by trustee	13	12
Passenger facility charges receivable	4,829	3,520
Customer facility charges receivable*	960	1,029
OCIP insurance reserve	6,400	6,766
<b>Total restricted assets</b>	<b>\$ 544,737</b>	<b>\$ 134,434</b>

\*ConRAC Facility

## Balance Sheets (Unaudited)

### ASSETS

	(In thousands)	
	<b>March</b>	
	<b>2011</b>	<b>2010</b>
<b>Noncurrent assets:</b>		
<b>Capital assets:</b>		
Land and land improvements	\$ 23,454	\$ 23,582
Runways, roads and parking lots	236,772	229,316
Buildings and structures	463,760	423,509
Machinery and equipment	10,218	7,771
Vehicles	5,367	4,983
Office furniture and equipment	30,127	28,525
Works of art	2,411	2,257
Construction-in-progress	300,342	182,375
<b>Total capital assets</b>	<b>1,072,451</b>	<b>902,318</b>
Less: accumulated depreciation	(495,321)	(453,348)
<b>Total capital assets, net</b>	<b>\$ 577,130</b>	<b>\$ 448,970</b>

## Balance Sheets (Unaudited)

### ASSETS

(In thousands)

**March**

	<b>2011</b>	<b>2010</b>
<b>Other assets:</b>		
Notes receivable - long-term portion	\$ 43,443	\$ 45,087
Investments - long-term portion	20,195	3,929
Deferred costs - bonds (net)	5,087	805
Net pension asset	7,900	3,792
	<b>76,625</b>	<b>53,613</b>
<b>Total other assets</b>		
<b>Total noncurrent assets</b>	<b>653,755</b>	<b>502,583</b>
	<b>\$ 1,324,404</b>	<b>\$ 751,051</b>
<b>TOTAL ASSETS</b>		



## Balance Sheets (Unaudited)

### LIABILITIES AND NET ASSETS

(In thousands)

**March**

	<b>2011</b>	<b>2010</b>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 50,134	\$ 39,162
Deposits and other current liabilities	4,052	3,941
<b>Total current liabilities</b>	<b>54,186</b>	<b>43,103</b>
<b>Current liabilities - payable from restricted assets:</b>		
Current portion of long-term debt	4,725	3,105
Accrued interest on bonds and commercial paper	8,475	701
<b>Total liabilities payable from restricted assets</b>	<b>\$ 13,200</b>	<b>\$ 3,806</b>

## Balance Sheets (Unaudited)

### LIABILITIES AND NET ASSETS

	(In thousands)	
	<b>March</b>	
	<b>2011</b>	<b>2010</b>
<b>Long-term liabilities:</b>		
Commercial paper notes payable	\$ 21,509	\$ 114,430
Deferred rent liability	272	809
Other long-term liabilities	1,228	1,127
Long-term debt - bonds net of amortized premium	635,486	41,178
<b>Total long-term liabilities</b>	<b>658,495</b>	<b>157,544</b>
<b>Total liabilities</b>	<b>\$ 725,881</b>	<b>\$ 204,453</b>



## Balance Sheets (Unaudited)

### LIABILITIES AND NET ASSETS

	(In thousands)	
	<b>March</b>	
	<b>2011</b>	<b>2010</b>
<b>Authority net assets:</b>		
Invested in capital assets, net of related debt	\$ 321,684	\$ 290,824
Other restricted	148,275	137,538
Unrestricted:		
Designated	16,034	20,884
Undesignated	112,530	97,352
<b>Total net assets</b>	<b>598,523</b>	<b>546,598</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,324,404</b>	<b>\$ 751,051</b>

# Questions

