



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Communication

Date: October 26, 2010
To: Board Members
Via: Thella F. Bowens, President/CEO
From: Vernon D. Evans, Vice President, Finance/Treasurer
Subject: Unaudited Financial Statements as of September 30, 2010

The attached report is to be received at the November 4, 2010 Board meeting.





Item 8

San Diego County Regional Airport Authority

Review of the Unaudited Financial Statements for the Three Months Ended September 30, 2010

Presented by:

Vernon D. Evans, CPA

Vice-President-Finance/Treasurer and CFO

November 4, 2010

JEFF PARKER

Florida Today

ECONOMIC MOOD SWING



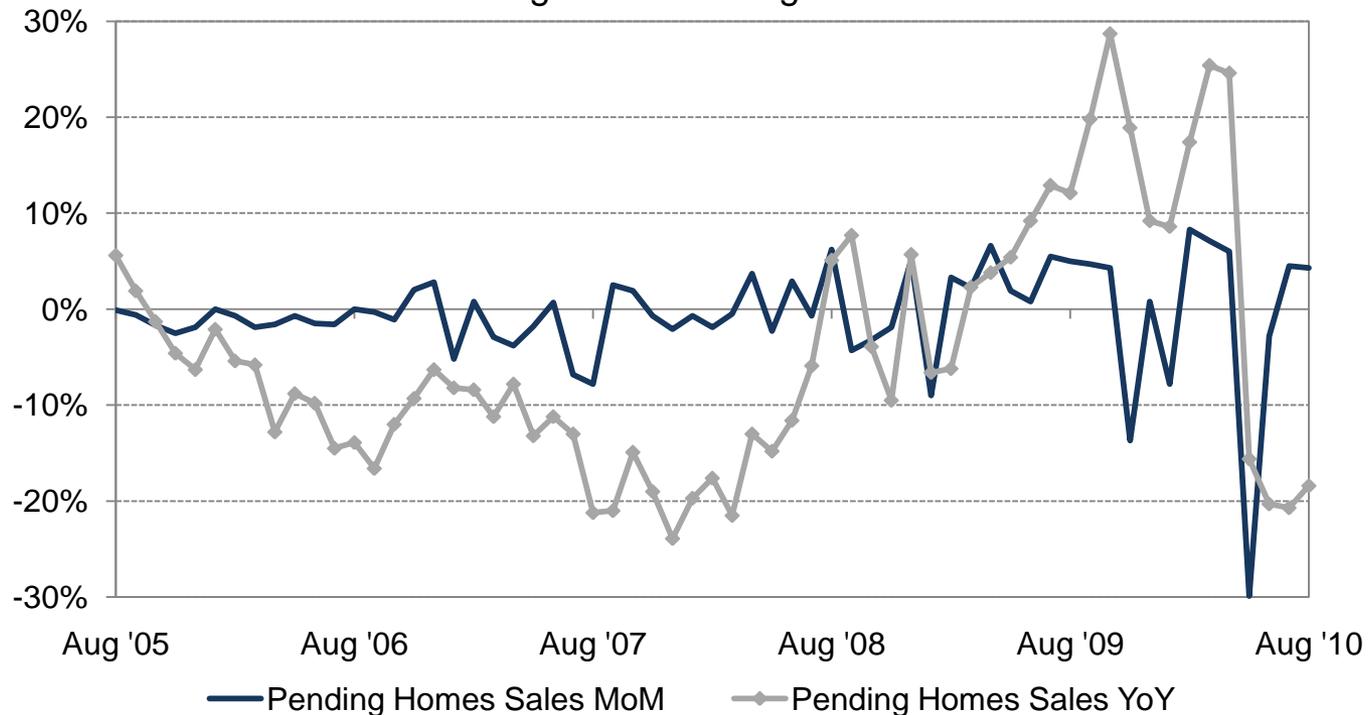
AIRPORTS FUEL
REGIONAL ECONOMIES

Pending Home Sales Emerge From The Depths



- It appears that pending home sales did, in fact, bottom out in June and are starting to recover, inching up 4.3% in August after a 4.5% gain in July. This release is a good sign for a recovery in the housing market. However, the housing market is not expected to remain under pressure given the continued weakness in the overall economy.

Pending Home Sales Index
August 2005 – August 2010



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

New Home Sales Remain Near Bottom



- New home sales were unchanged in August. The low level of new home sales is indicative of the continued weakness in the housing market.

New Home Sales
August 2005 – August 2010

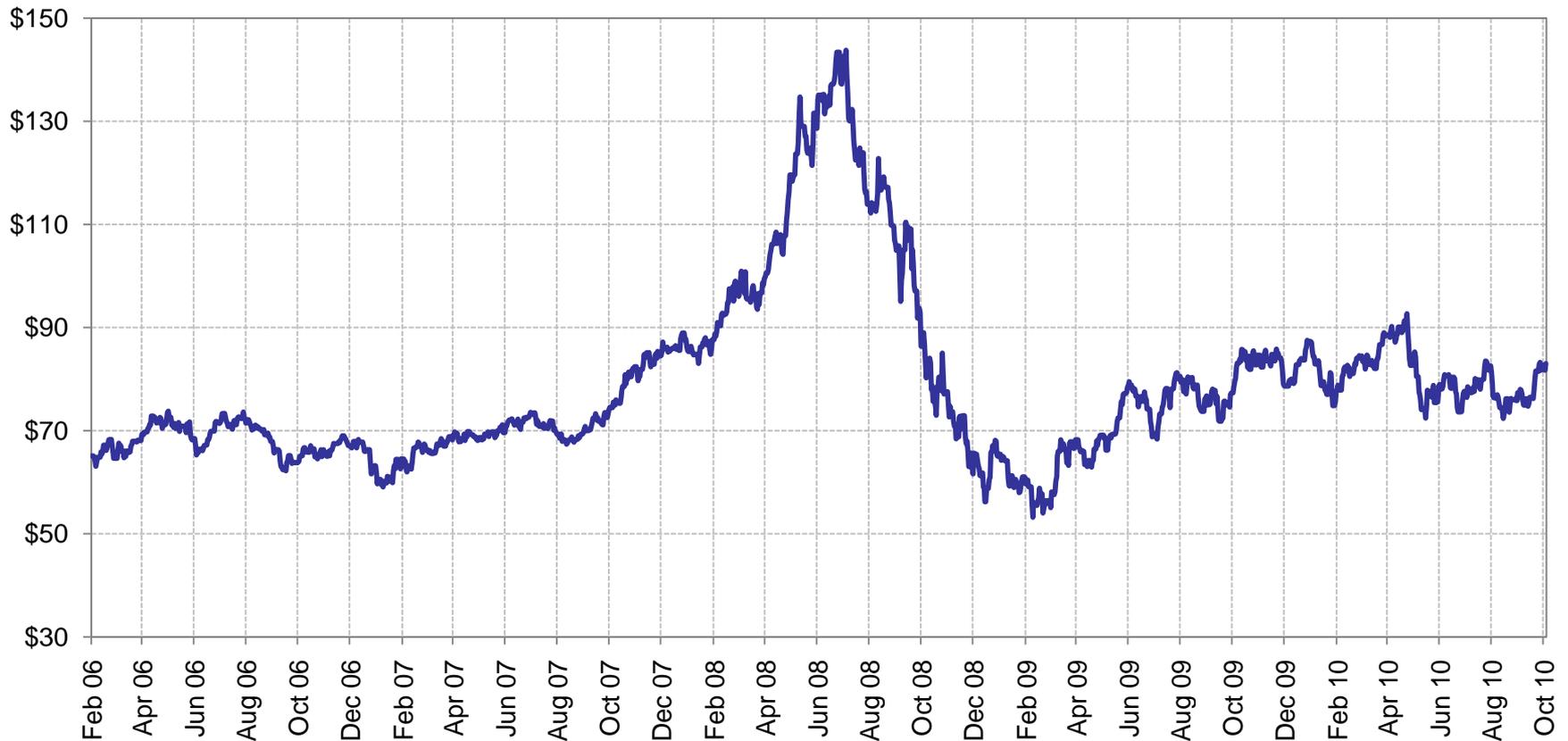


Oil Prices Up In Recent Weeks



- Oil and other commodity prices have surged in recent weeks as the dollar remains under pressure with the market expecting another round of quantitative easing by the Federal Reserve.

Oil Prices WTI Cushing Spot per Barrel
February 1006 – October 2010



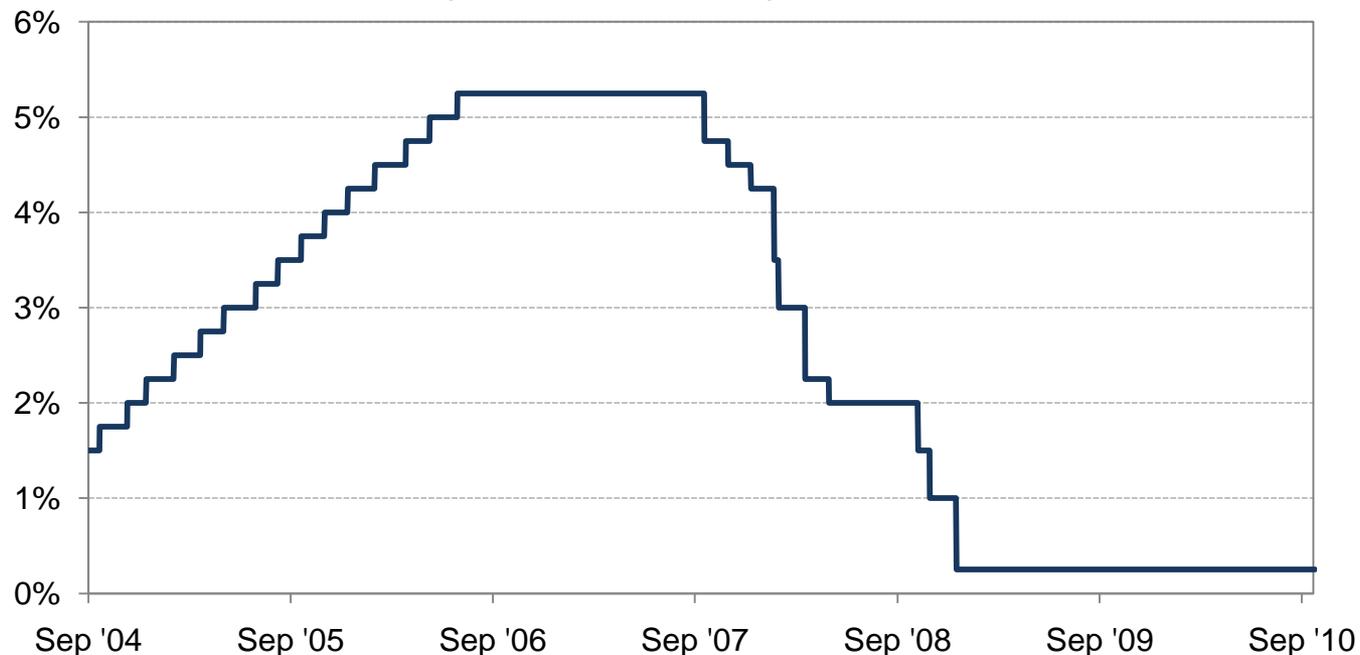
Bloomberg: CLA Cmdty

FOMC To Continue Policy Of Principal Reinvestment



- At their September 21 policy meeting the Federal Reserve did not change the target overnight rate as expected, keeping it in the range from 0-0.25%. The committee also affirmed that it will “maintain its existing policy of reinvesting principal payments from its security holdings.” They are basing the need for accommodative monetary policy partly on the modest pace of the recovery, but more so on the fact that the current rate level and stimulus has failed to spark inflation. As long as inflation remains, in the Fed’s view, “at levels somewhat below [those that]... promote maximum employment and price stability,” rates will remain low.

Fed Funds Target Rate
September 2004 – September 2010



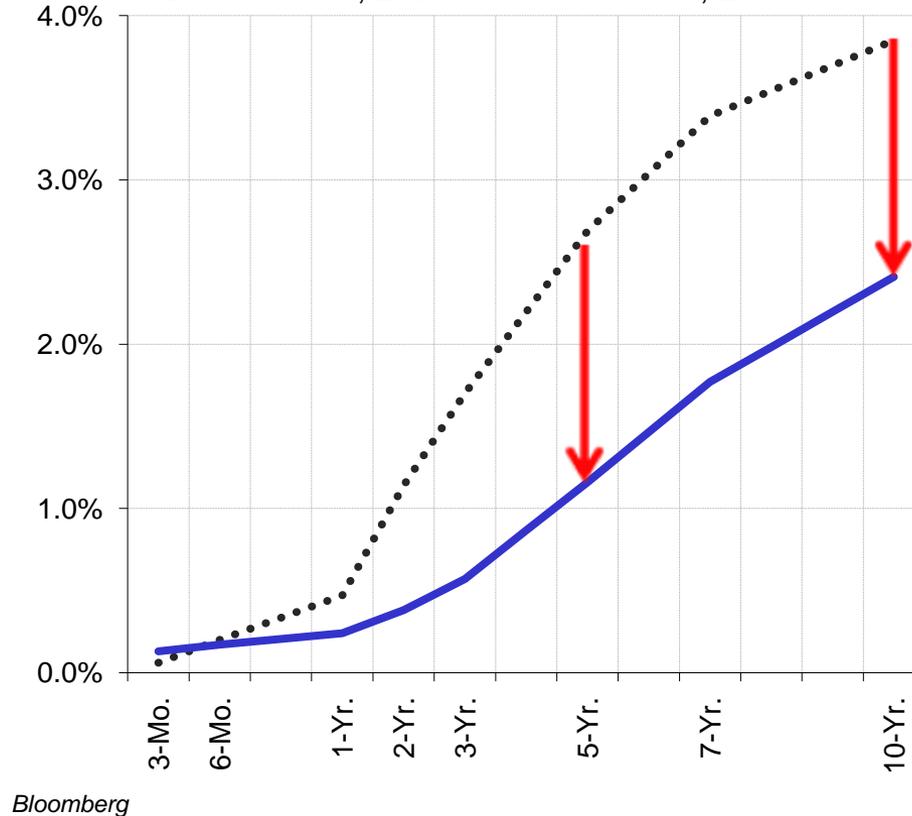
The Fed chooses whether or not to change the fed funds target rate at each Federal Open Market Committee (FOMC) meeting. It sets its rate based on whether it wants to stimulate or slow economic activity. The target rate is currently set low to stimulate the economy. Short term interest rates are closely tied to the fed funds target rate.

Yield Curve Flattens on Economic Concerns



- The yield curve has flattened due to: (i) disappointing economic news, (ii) expectations that the Federal Reserve will be on hold for one to two years, (iii) continued low inflation expectations, and (iv) the likelihood of a second round of quantitative easing by the Federal Reserve.

U.S. Treasury Yield Curve
December 31, 2009 versus October 6, 2010



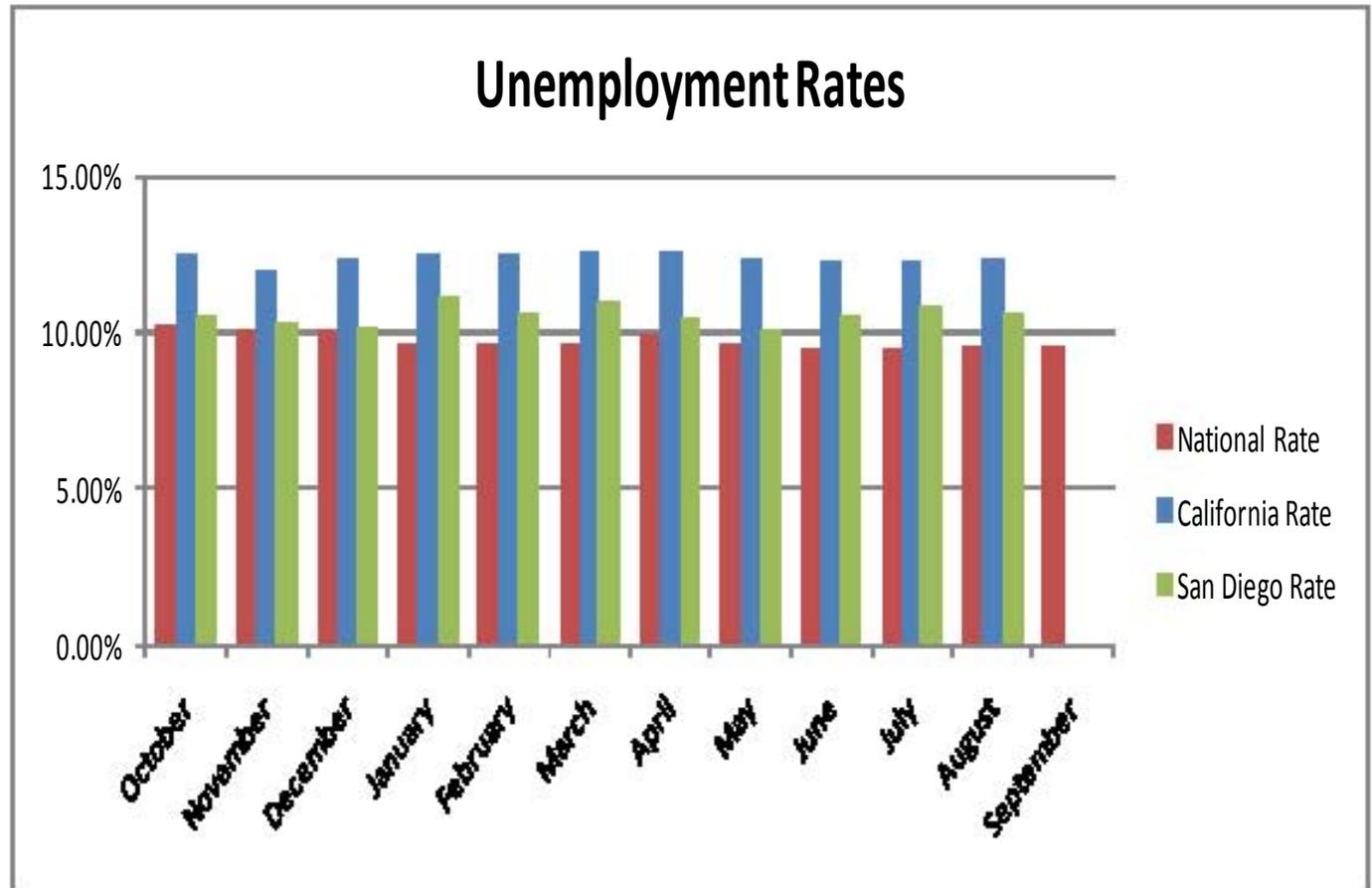
	12/31/09	10/6/10	Change
3-Mo.	0.06%	0.13%	0.07%
6-Mo.	0.20%	0.17%	(0.03%)
1-Yr.	0.47%	0.24%	(0.23%)
2-Yr.	1.14%	0.38%	(0.76%)
3-Yr.	1.70%	0.57%	(1.13%)
5-Yr.	2.69%	1.16%	(1.53%)
10-Yr.	3.85%	2.41%	(1.44%)

Bloomberg

Unemployment Rate This Fiscal Year

The California unemployment rate of 12.4% remains much higher than the National average, 9.6%. The U-6 rate slightly increased from 16.7% to 17.1% in September.

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



Consumer Confidence Drops



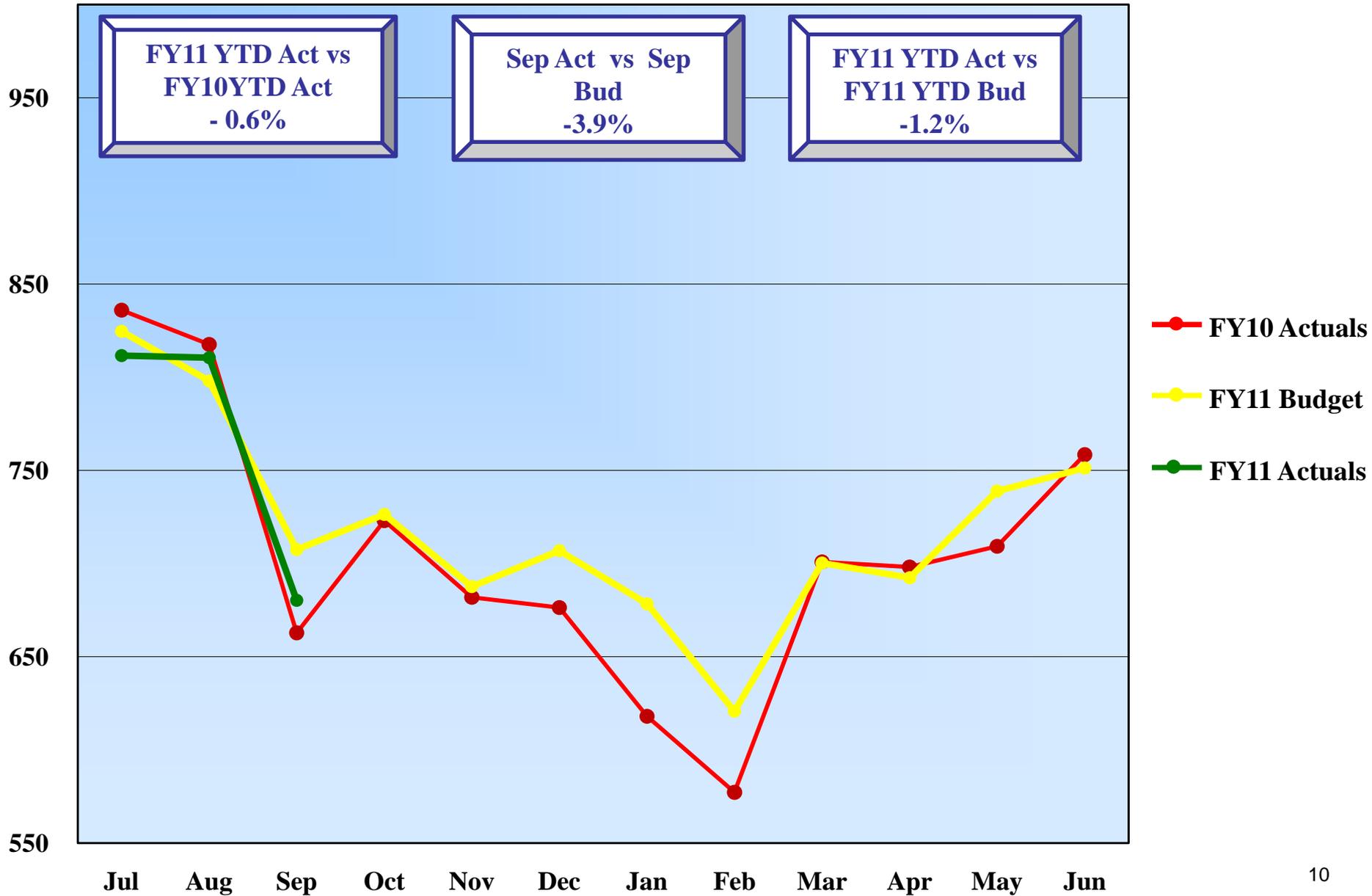
- After improving in August, Consumer Confidence fell in September as consumers remain concerned about the state of the economy and the weak labor market.

Consumer Confidence
September 2005 – September 2010



Enplanements

000s



Gross Landing Weight Units (000 lbs)

000s

1,350

1,150

950

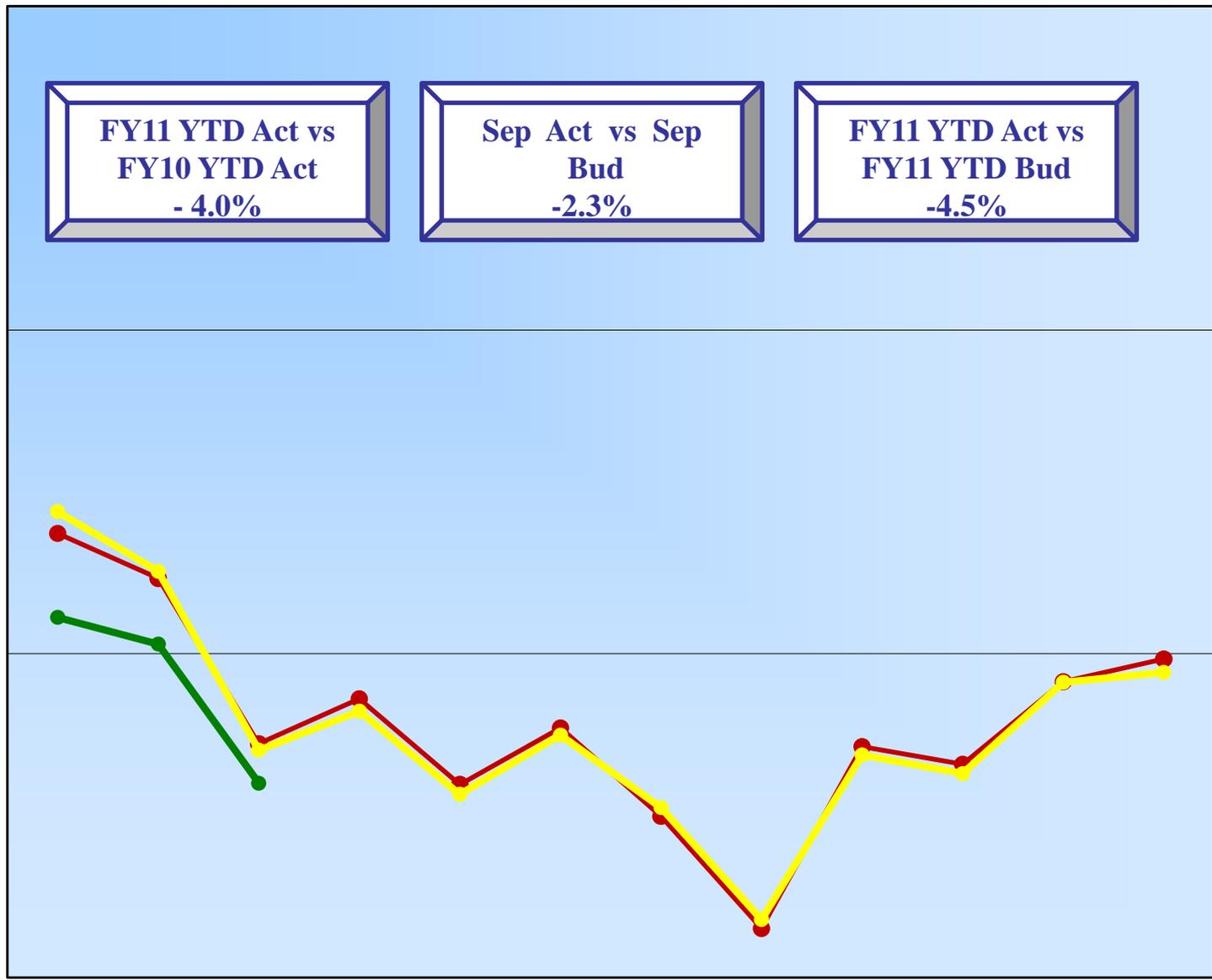
750

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

**Sep Act vs Sep
Bud
-2.3%**

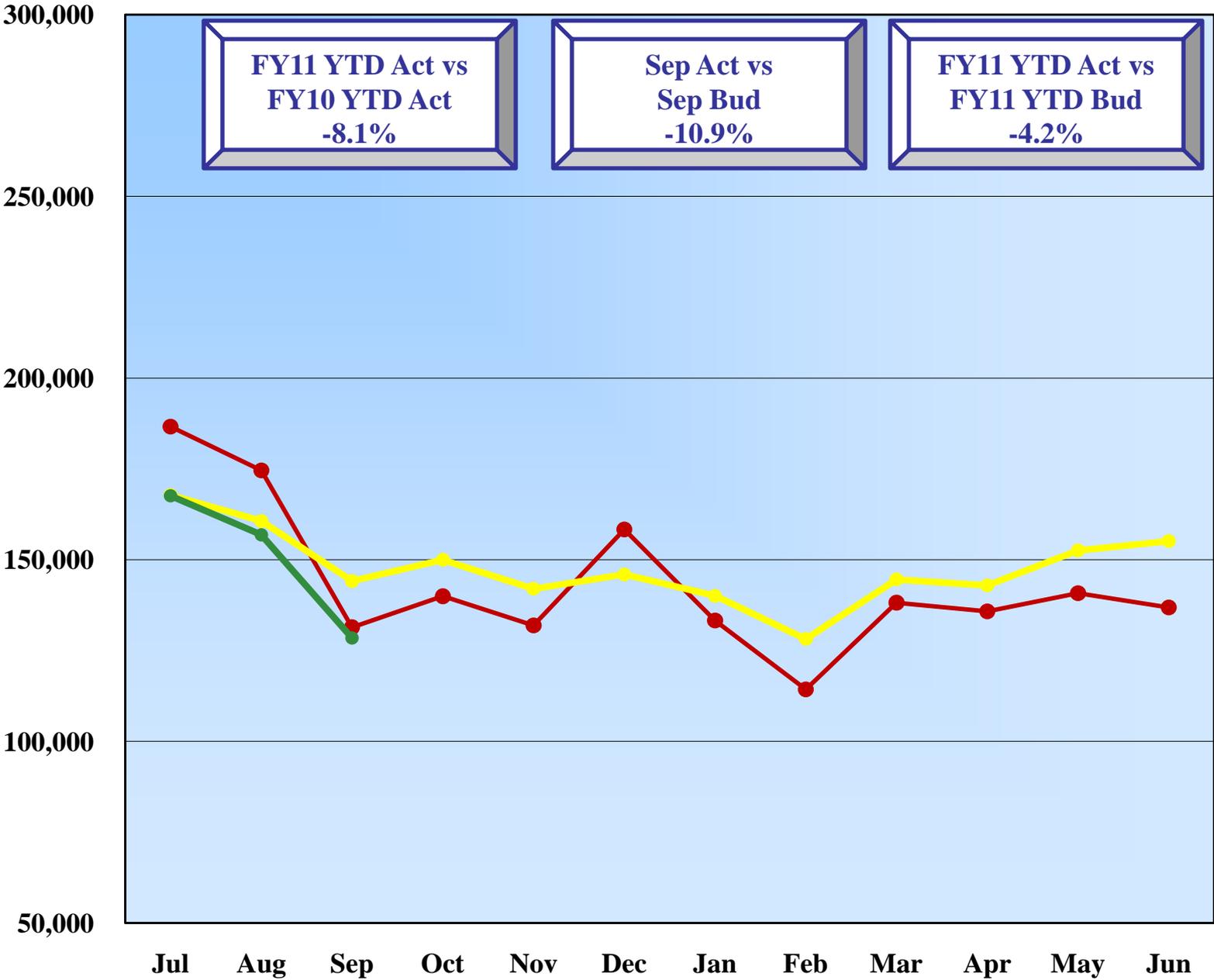
**FY11 YTD Act vs
FY11 YTD Bud
-4.5%**

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



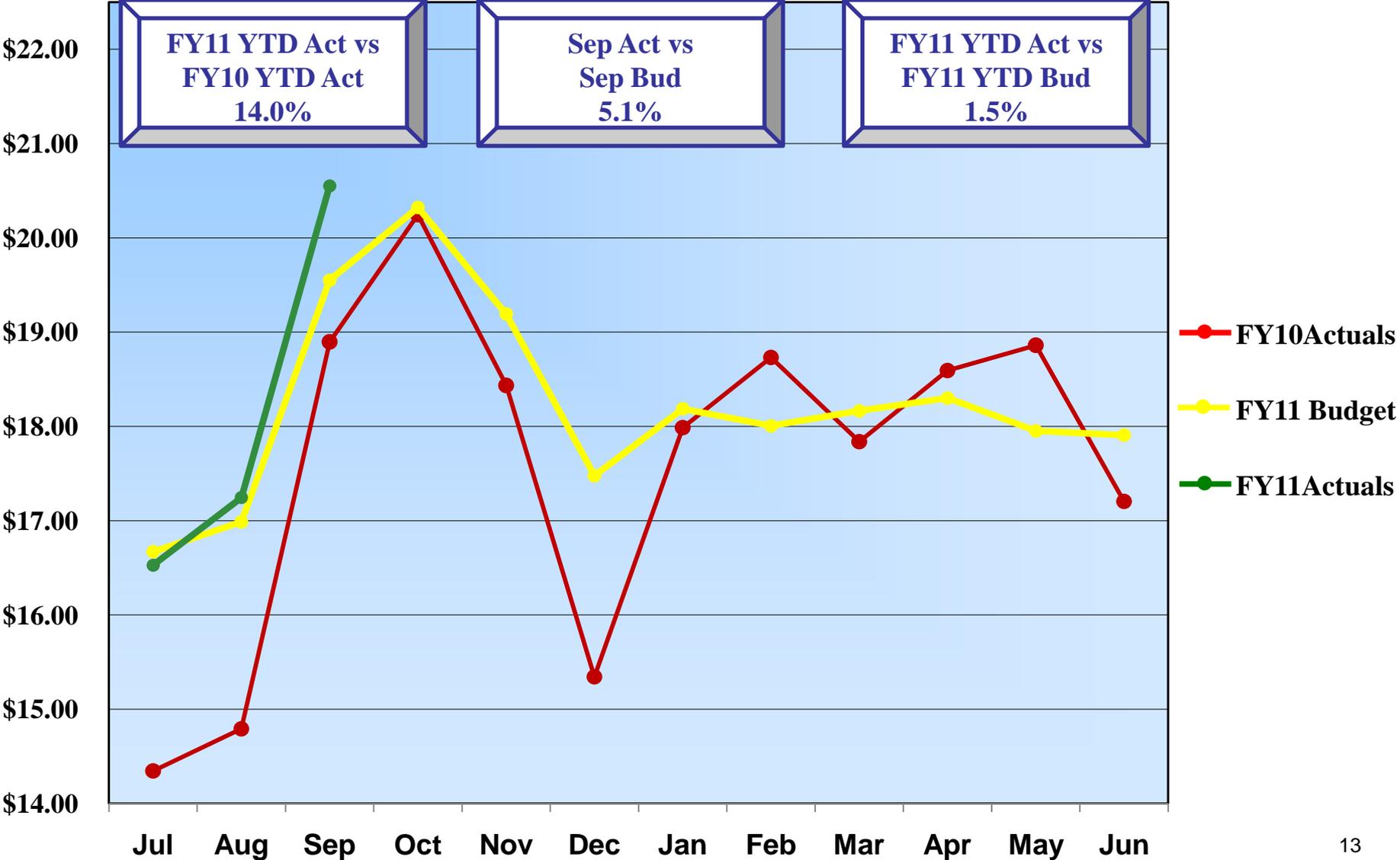
Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun

Airport Parking Transactions

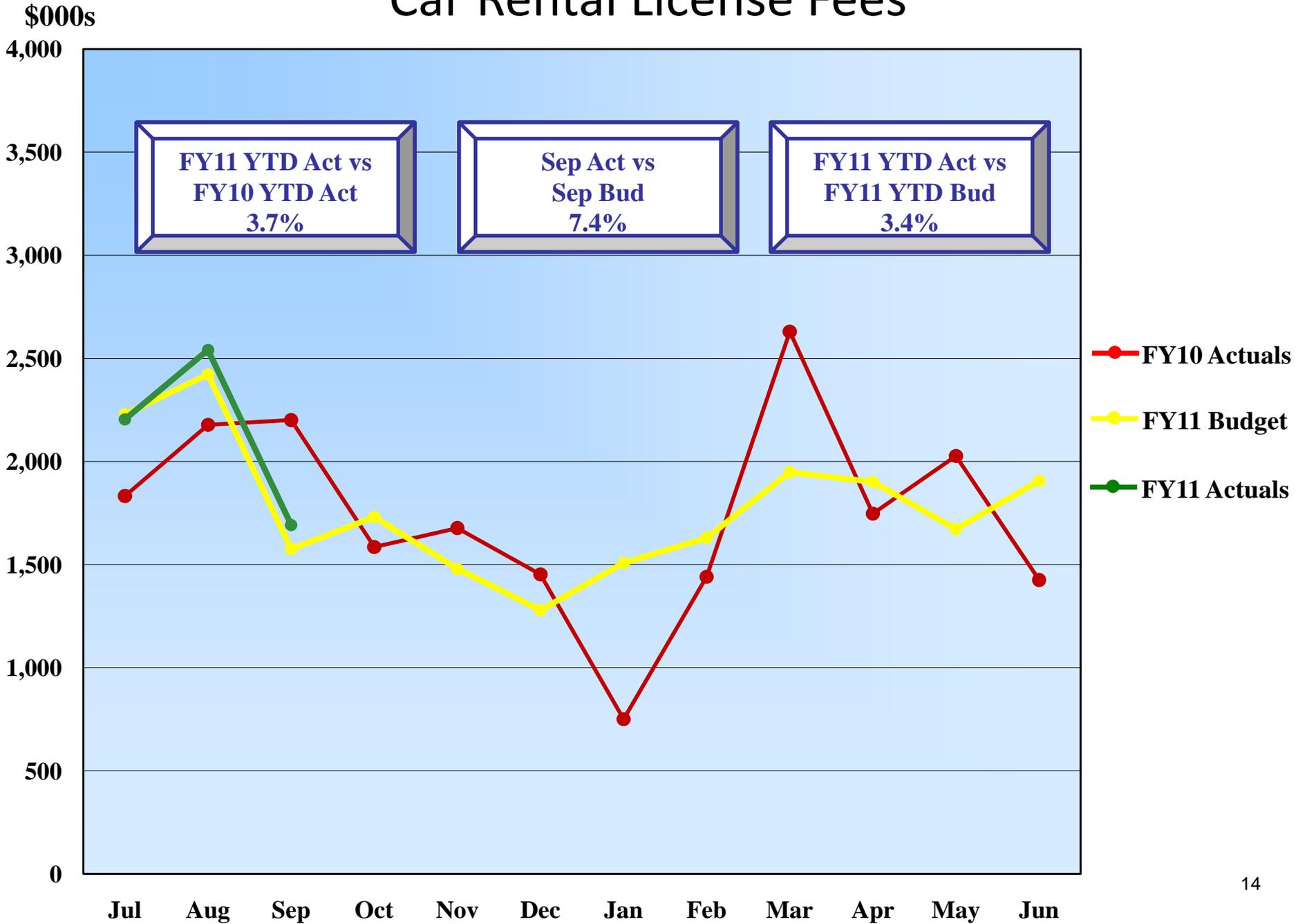


Airport Parking

Revenue (\$) / Transaction



Car Rental License Fees



**Unaudited
Financial Statements
For the Three Months Ended
September 30, 2010**



Revenues and Expenses (Unaudited)

For the month ended September 30, 2010



Operating Revenues

For the Month Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:					
Landing fees	\$ 1,563	\$ 1,504	\$ (59)	(4)%	\$ 1,590
Aircraft parking fees	236	245	9	4%	292
Building rentals	2,311	2,326	15	1%	2,129
Security surcharge	1,232	1,235	3	-	1,005
Other aviation revenue	133	134	1	1%	133
Total aviation revenue	\$ 5,475	\$ 5,444	\$ (31)	(1)%	\$ 5,149

Operating Revenues Questions For the Month Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 72	\$ 67	\$ (5)	(7)%	\$ 65
Concession revenue:					
Terminal concession revenue:					
Food and beverage	471	470	(1)	-	518
Gifts and news	303	303	-	-	328
Other	234	211	(23)	(10)%	167
Total terminal concession revenue	1,008	984	(24)	(2)%	1,013
Car rental and license fee revenue:					
Rental car and license fees	1,576	1,692	116	7%	2,201
License fees-other	257	210	(47)	(18)%	242
Total rental car and license fees	1,833	1,902	69	4%	2,443
Total concession revenue	\$ 2,841	\$ 2,886	\$ 45	2%	\$ 3,456

Operating Revenues

For the Month Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
On-airport parking revenue	\$ 1,842	\$ 1,631	\$ (211)	(11)%	\$ 1,533
Off-airport parking revenue	975	1,009	34	3%	950
Total parking revenue	2,817	2,640	(177)	(6)%	2,483
Ground transportation permits and citations	46	82	36	78%	19
Ground rentals	522	925	403	77%	461
Grant reimbursement	90	80	(10)	(11)%	308
Other operating revenue	60	65	5	8%	42
Subtotal	3,535	3,792	257	7%	3,313
Total operating revenues	\$ 11,923	\$ 12,189	\$ 266	2%	\$ 11,983

Operating Expenses

For the Month Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	\$ 2,948	\$ 2,878	\$ 70	2%	\$ 2,627
Contractual services	2,541	2,146	395	16%	2,483
Safety and security	1,602	1,592	10	1%	1,513
Space rental	910	909	1	-	908
Utilities	681	694	(13)	(2)%	691
Maintenance	753	179	574	76%	1,605
Equipment and systems	62	29	33	53%	27
Materials and supplies	26	29	(3)	(12)%	30
Insurance	102	90	12	12%	100
Employee development and support	103	73	30	29%	59
Business development	159	107	52	33%	212
Equipment rental and repairs	88	76	12	14%	150
Total operating expenses	\$ 9,975	\$ 8,802	\$ 1,173	12%	\$ 10,405

Financial Summary

For the Month Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 11,923	\$12,189	\$ 266	2%	\$ 11,983
Total operating expenses	9,975	8,802	1,173	12%	10,405
Income from operations	1,948	3,387	1,439	74%	1,578
Depreciation	4,270	4,310	(40)	(1)%	3,281
Operating income (loss)	\$ (2,322)	\$ (923)	\$ 1,399	60%	\$ (1,703)

Nonoperating Revenues and (Expenses) For the Month Ended September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 2,764	\$ 2,590	\$ (174)	(6)%	\$ 2,607
Customer facility charges (ConRAC Facility)	857	916	59	7%	905
Quieter Home Program	(403)	(292)	111	28%	(69)
Interest income	499	406	(93)	(19)%	622
Interest expense	(241)	(223)	18	7%	(232)
Bond amortization cost	(12)	(6)	6	50%	(6)
Other nonoperating revenue (expenses)	(3)	(23)	(20)	(667)%	(218)
Nonoperating revenue, net	3,461	3,368	(93)	(3)%	3,609
Income before grant contributions	1,139	2,445	1,306	115%	1,906
Capital grant contributions	3,610	4,723	1,113	31%	512
Net income	\$ 4,749	\$ 7,168	\$ 2,419	51%	\$ 2,418

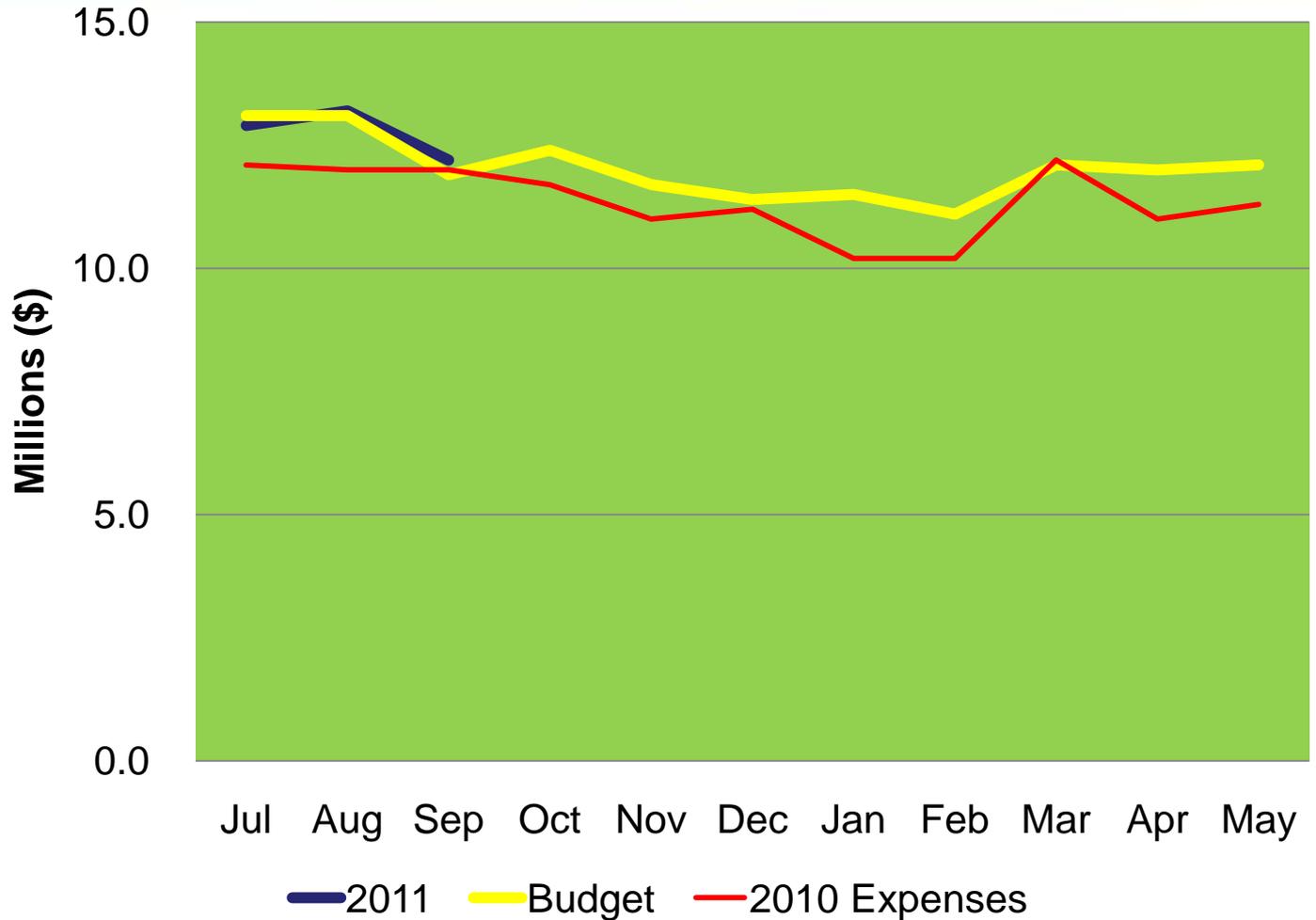
Revenues and Expenses (Unaudited)

For the three months ended September 30, 2010



Monthly Operating Revenue, FY 2011

(Unaudited)



Operating Revenues

For the Three Months Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:					
Landing fees	\$ 5,144	\$ 4,910	\$ (234)	(5)%	\$ 5,166
Aircraft parking fees	707	759	52	7%	886
Building rentals	6,942	7,046	104	1%	6,434
Security surcharge	3,696	3,721	25	1%	3,014
Other aviation revenue	399	400	1	-	397
Total aviation revenue	\$ 16,888	\$ 16,836	\$ (52)	-	\$ 15,897

Operating Revenues

For the Three Months Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 217	\$ 201	\$ (16)	(7)%	\$ 199
Concession revenue:					
Terminal concession revenue:					
Food and beverage	1,587	1,583	(4)	-	1,635
Gifts and news	1,049	1,046	(3)	-	1,011
Other	757	703	(54)	(7)%	587
Total terminal concession revenue	3,393	3,332	(61)	(2)%	3,233
Car rental and license fee revenue:					
Rental car license fees	6,226	6,437	211	3%	6,211
License fees-other	838	740	(98)	(12)%	740
Total rental car and license fees	7,064	7,177	113	2%	6,951
Total concession revenue	\$ 10,457	\$ 10,509	\$ 52	-	\$ 10,184

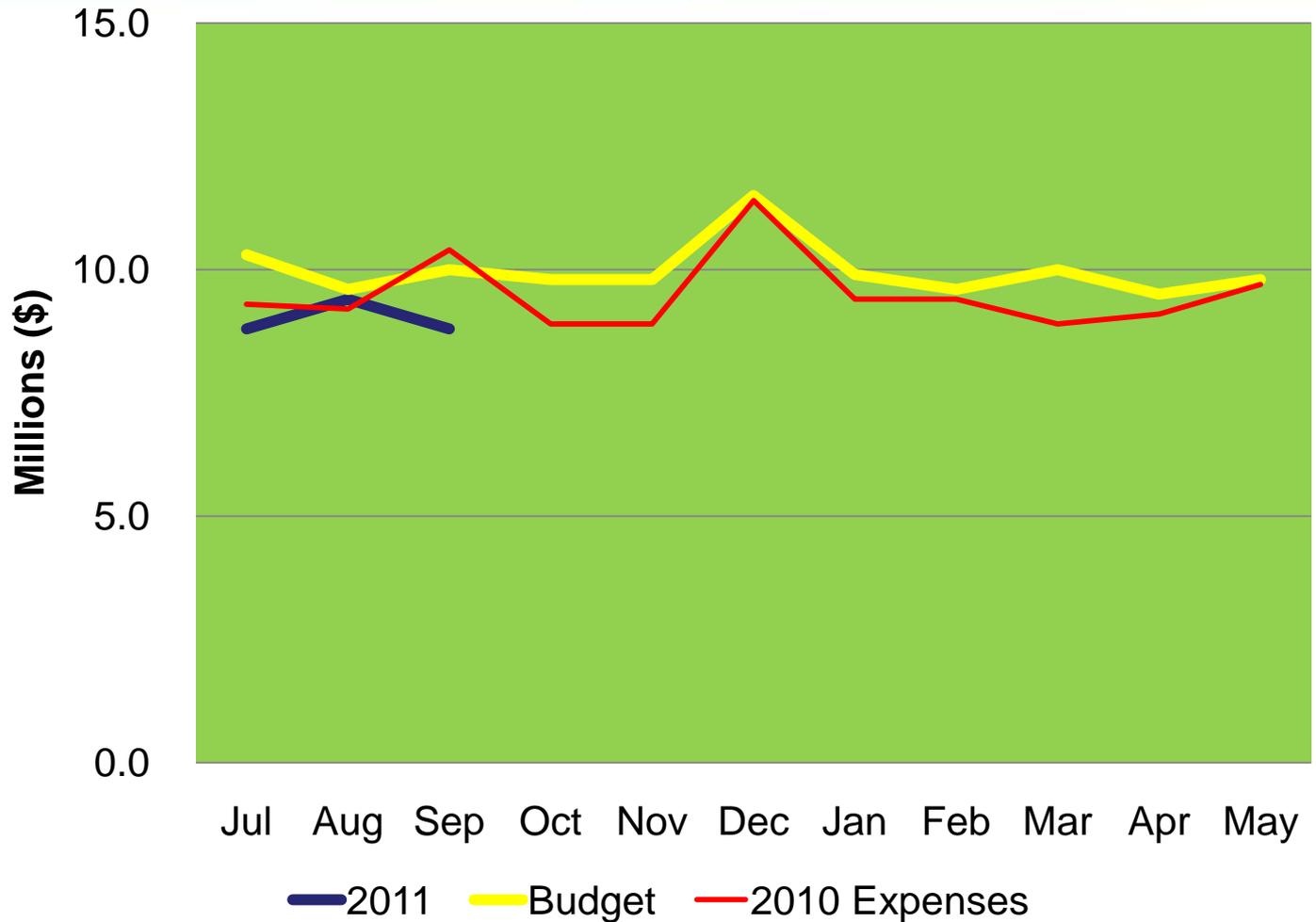
Operating Revenues

For the Three Months Ended September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
On-airport parking revenue	\$ 5,108	\$ 5,102	\$ (6)	-	\$ 4,843
Off-airport parking revenue	3,236	3,013	(223)	(7)%	2,900
Total parking revenue	8,344	8,115	(229)	(3)%	7,743
Ground transportation permits and citations	180	260	80	44%	141
Ground rentals	1,553	1,897	344	22%	1,426
Grant reimbursement	272	136	(136)	(50)%	345
Other operating revenue	180	252	72	40%	116
Subtotal	10,529	10,660	131	1%	9,771
Total operating revenues	\$ 38,091	\$ 38,206	\$ 115	0%	\$ 36,051

Monthly Operating Expenses, FY 2011

(Unaudited)



Operating Expenses

For the Three Months Ended

September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	\$ 9,074	\$ 8,645	\$ 429	5%	\$ 8,140
Contractual services	7,420	6,103	1,317	18%	6,851
Safety and security	4,740	4,725	15	-	4,788
Space rental	2,727	2,726	1	-	2,726
Utilities	2,027	1,845	182	9%	2,040
Maintenance	2,222	1,705	517	23%	2,750
Equipment and systems	124	62	62	50%	100
Materials and supplies	101	69	32	32%	112
Insurance	306	271	35	11%	292
Employee development and support	276	161	115	42%	173
Business development	445	324	121	27%	538
Equipment rental and repairs	384	308	76	20%	451
Total operating expenses	\$ 29,846	\$ 26,944	\$ 2,902	10%	\$ 28,961

Financial Summary

For the Three Months Ended September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 38,091	\$ 38,206	\$ 115	-	\$ 36,051
Total operating expenses	29,846	26,944	2,902	10%	28,961
Income from operations	8,245	11,262	3,017	37%	7,090
Depreciation	12,315	12,314	1	-	9,868
Operating income (loss)	\$ (4,070)	\$ (1,052)	\$ 3,018	74%	\$ (2,778)

Nonoperating Revenues and (Expenses) For the Three Months Ended September 30, 2010 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 9,104	\$ 8,561	\$ (543)	(6)%	\$ 8,753
Customer facility charges (ConRAC Facility)	2,720	2,852	132	5%	2,855
Quieter Home Program	(882)	(936)	(54)	(6)%	(196)
Interest income	1,496	1,266	(230)	(15)%	2,346
Interest expense	(729)	(686)	43	6%	(698)
Bond amortization cost	(36)	(18)	18	50%	(18)
Other nonoperating revenue (expenses)	(10)	43	53	-	(646)
Nonoperating revenue, net	11,663	11,082	(581)	(5)%	12,396
Income before grant contributions	7,593	10,030	2,437	32%	9,618
Capital grant contributions	10,830	8,992	(1,838)	(17)%	863
Net income	\$ 18,423	\$ 19,022	\$ 599	3%	\$ 10,481

Balance Sheets (Unaudited)

ASSETS

	(In thousands)	
	September	
	2010	2009
Current assets:		
Cash and investments	\$ 73,787	\$ 29,023
Tenant lease receivable, net of allowance of 2010: \$20,055 and 2009: \$305,064	6,017	4,967
Grants receivable	7,285	2,946
Notes receivable-current portion	1,613	1,705
Prepaid expenses and other current assets	11,877	10,904
Total current assets	100,579	49,545
Cash designated for capital projects and other	\$ 20,601	\$ 10,796



Balance Sheets (Unaudited)

ASSETS

(In thousands)

September

2010

2009

Restricted assets:

Cash and investments:

Bonds reserve

\$ 45,708 \$ 47,303

Passenger facility charges and interest unapplied

63,539 107,502

Customer facility charges and interest applied*

13,029 3,470

Commercial paper reserve

280 206

SBD bond guarantee

4,000 4,000

Bond proceeds held by trustee

5,465 5,467

Commercial paper interest held by trustee

163 36

Passenger facility charges receivable

4,760 4,520

Customer facility charges receivable*

1,147 1,009

OCIP insurance reserve

6,400 1,066

Total restricted assets

\$ 144,491 \$ 174,579

*ConRAC Facility



Balance Sheets (Unaudited)

ASSETS

	(In thousands)	
	September	
	2010	2009
Noncurrent assets:		
Capital assets:		
Land and land improvements	\$ 23,454	\$ 23,582
Runways, roads and parking lots	235,385	229,197
Buildings and structures	462,703	417,471
Machinery and equipment	10,074	7,771
Vehicles	5,295	5,620
Office furniture and equipment	30,072	24,122
Works of art	2,257	2,175
Construction-in-progress	205,940	128,876
Total capital assets	975,180	838,814
Less: accumulated depreciation	(471,454)	(433,893)
Total capital assets, net	\$ 503,726	\$ 404,921

Balance Sheets (Unaudited)

ASSETS

(In thousands)
September

	2010	2009
Other assets:		
Notes receivable - long-term portion	\$ 44,221	\$ 45,854
Investments - long-term portion	8,383	13,563
Deferred costs - bonds (net)	771	840
Net pension asset	8,178	3,943
Total other assets	61,553	64,200
Total noncurrent assets	565,279	469,121
TOTAL ASSETS	\$ 830,950	\$ 704,041



Balance Sheets (Unaudited)

LIABILITIES AND NET ASSETS

	(In thousands)	
	September	
	2010	2009
Current liabilities:		
Accounts payable and accrued liabilities	\$ 39,893	\$ 45,762
Deposits and other current liabilities	3,433	2,983
Total current liabilities	43,326	48,745
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	3,265	3,105
Accrued interest on bonds and commercial paper	803	767
Total liabilities payable from restricted assets	\$ 4,068	\$ 3,872



Balance Sheets (Unaudited)

LIABILITIES AND NET ASSETS

	(In thousands)	
	September	
	2010	2009
Long-term liabilities - other:		
Commercial paper notes payable	\$ 164,430	\$ 84,430
Deferred rent liability	540	1,077
Other long-term liabilities	1,196	1,077
Long-term debt - bonds net of amortized premium	37,915	41,176
Total long-term liabilities	204,081	127,760
Total liabilities	\$ 251,475	\$ 180,377



Balance Sheets (Unaudited)

LIABILITIES AND NET ASSETS

	(In thousands)	
	September	
	2010	2009
Authority net assets:		
Invested in capital assets, net of related debt	\$ 298,656	\$ 282,514
Other restricted	147,756	177,684
Unrestricted:		
Designated	32,779	18,739
Undesignated	100,284	44,727
Total net assets	579,475	523,664
TOTAL LIABILITIES AND NET ASSETS	\$ 830,950	\$ 704,041

Questions

