

San Diego County Regional Airport Authority



Review of the Unaudited Financial Statements for the Three Months Ended September 30, 2012

Presented by:

Vernon D. Evans, CPA

Vice President, Finance / Treasurer & CFO

November 1, 2012

Unaudited Financial Statements
For the Three Months Ended
September 30, 2012

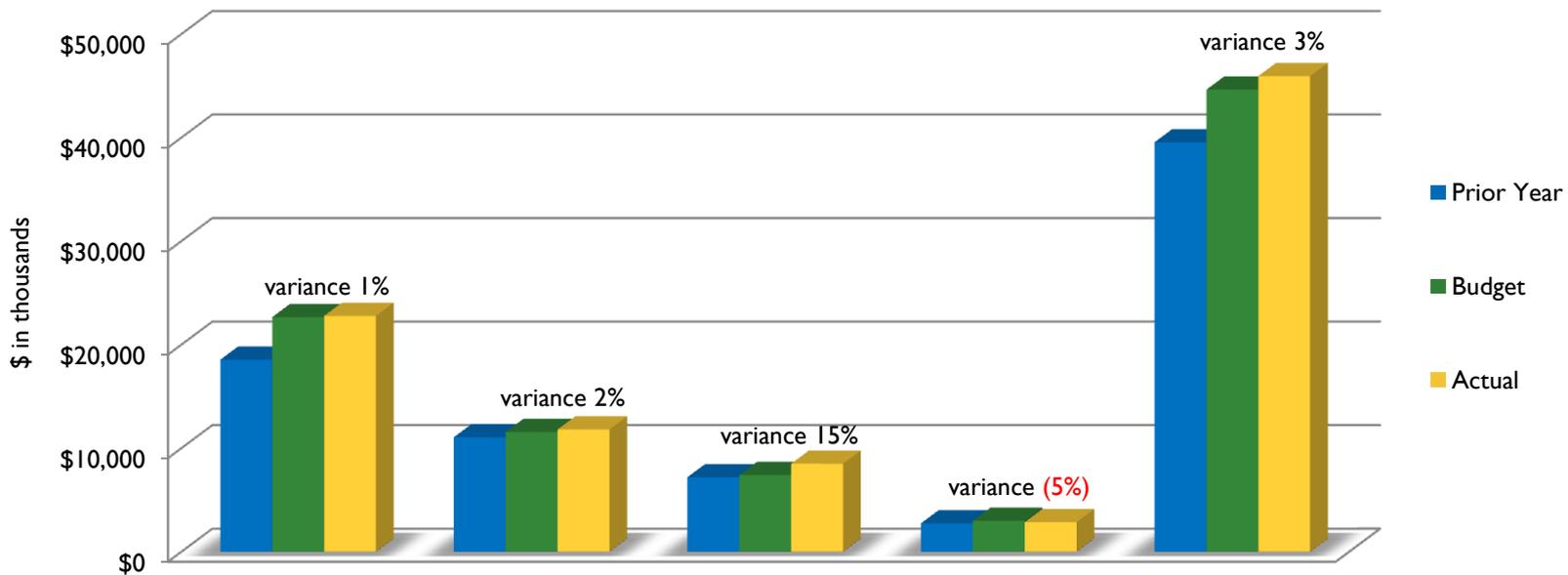




Operating Revenue



For Three Months Ended September 30, 2012 (unaudited)



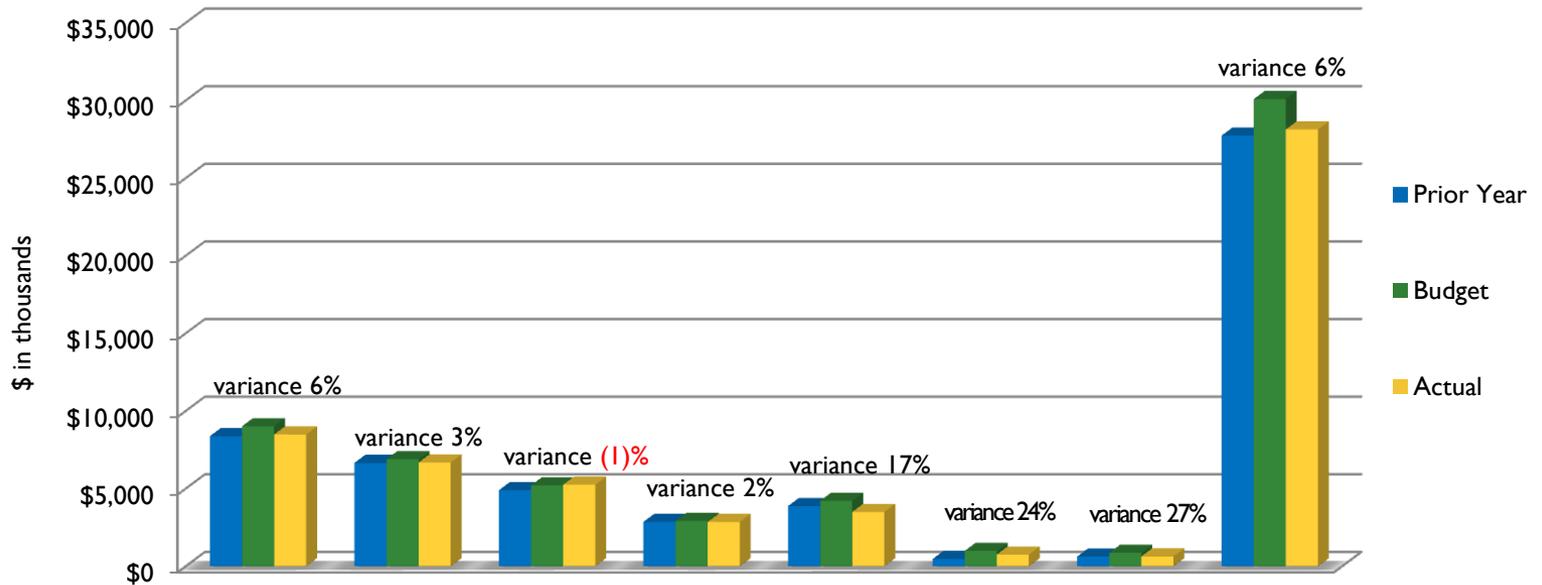
	Aviation revenue	Concession revenue	Parking revenue	Other revenue	Total revenue
Prior Year	\$ 18,546	\$ 11,062	\$ 7,195	\$ 2,744	\$ 39,547
Budget	22,661	11,569	7,412	2,989	44,631
Actual	22,776	11,808	8,502	2,852	45,938
Variance	115	239	1,090	(137)	1,307



Operating Expenses



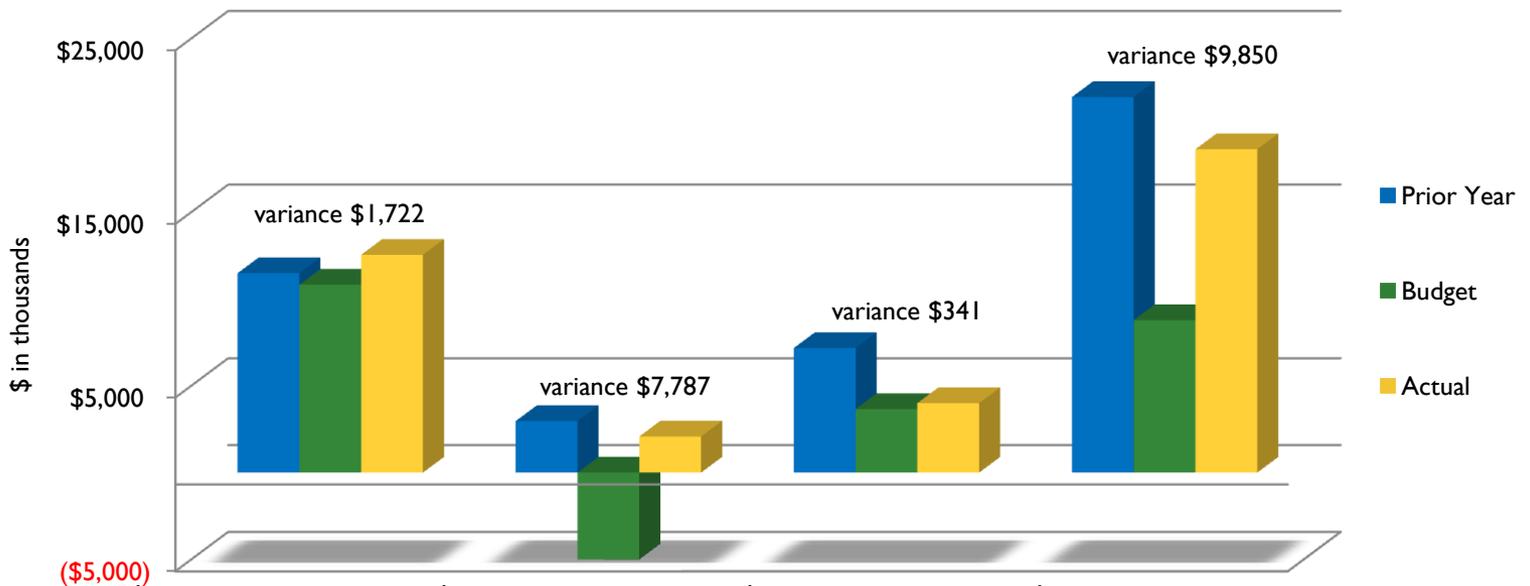
For Three Months Ended September 30, 2012 (unaudited)



	Salaries & benefits	Contract services	Safety & security	Space rental	Utilities & maintenance	Employee & Business Dev.	Insurance & Other	Total operating expenses
Prior Year	\$ 8,374	\$ 6,653	\$ 4,897	\$ 2,859	\$ 3,875	\$ 462	\$ 618	\$ 27,738
Budget	9,012	6,891	5,208	2,920	4,210	984	862	30,087
Actual	8,482	6,681	5,249	2,853	3,493	747	627	28,132
Variance	530	210	(41)	67	717	237	235	1,955

Nonoperating Revenue & Expenses

For Three Months Ended September 30, 2012 (unaudited)



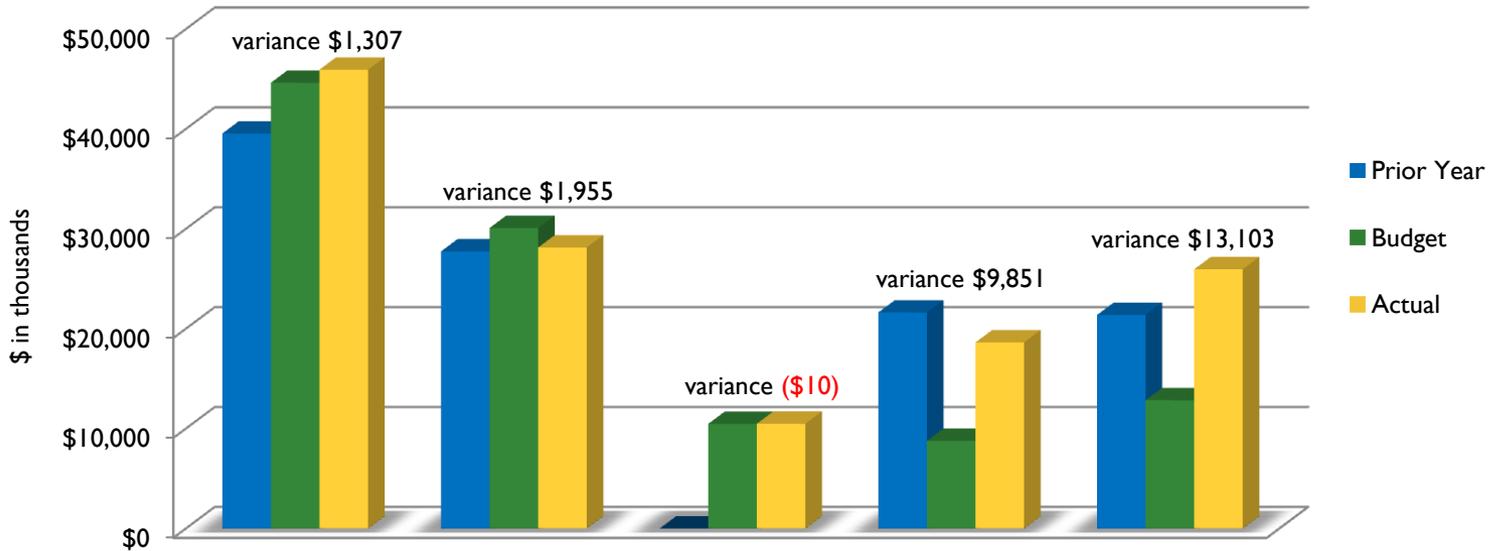
	Passenger Facility Charge, Customer Facility Charge, & Quieter Home Program	Interest expense, interest income, capitalized interest (net)	Capital grant contributions	Total nonoperating revenue, (net)
Prior Year	\$ 11,486	\$ 2,968	\$ 7,172	\$ 21,626
Budget	10,822	(5,707)	3,662	8,777
Actual	12,544	2,079	4,003	18,626
Variance	1,722	7,787	341	9,850



Financial Summary



For Three Months Ended September 30, 2012 (unaudited)



	Total operating revenues	Total operating expenses	Depreciation	Total nonoperating revenues, (net)	Net income
Prior Year	\$ 39,547	\$ 27,738	\$ 12,063	\$ 21,628	\$ 21,374
Budget	44,631	30,087	10,475	8,777	12,846
Actual	45,938	28,132	10,485	18,628	25,949
Variance	1,307	1,955	(10)	9,851	13,103
Prior Year	39,547	27,738	12,063	21,628	21,374

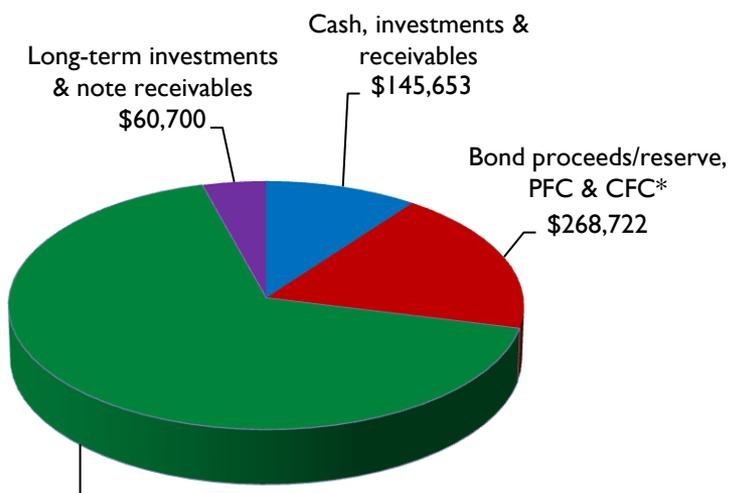


Balance Sheet (Unaudited), as of September 30, 2012

(\$ in thousands)

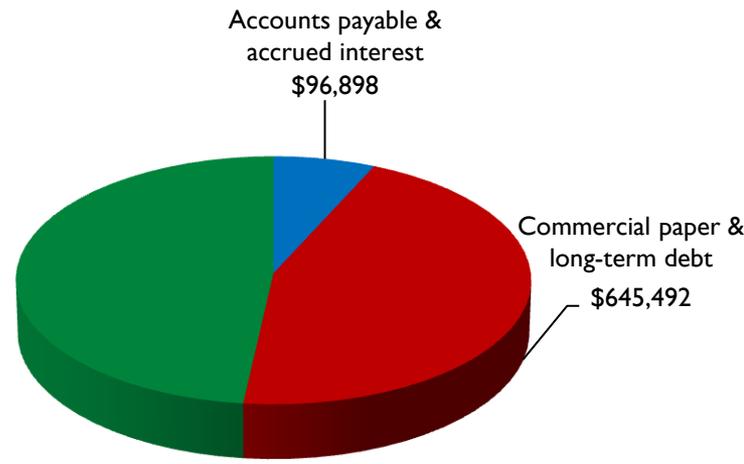


Assets Total: \$1,433,822



- Current Assets
 - Restricted Assets
 - Capital Assets, net
 - Other Assets
- * Passenger Facility Change (PFC)
Customer Facility Charge (CFC)

Liabilities & Net Assets Total: \$1,433,822



- Current Liabilities
- Long-term Liabilities
- Net Assets

Revenues & Expenses (Unaudited)
For the Three Months Ended
September 30, 2012





Operating Revenues

for the Three Months Ended September 30, 2012

(Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	%	Prior Year
				Change	
Aviation revenue:					
Landing fees	\$ 5,532	\$ 5,533	\$ 1	-	\$ 5,171
Aircraft parking fees	825	830	5	1%	792
Building rentals	10,752	10,857	105	1%	8,007
Security surcharge	5,157	5,157	0	-	4,177
Other aviation revenue	395	399	4	1%	399
Total aviation revenue	\$ 22,661	\$ 22,776	\$ 115	1%	\$ 18,546

Operating Revenues

for the Three Months Ended September 30, 2012

(Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 240	\$ 231	\$ (9)	(4)%	\$ 217
Concession revenue:					
Terminal concession revenue:					
Food and beverage	1,806	1,818	12	1%	1,597
Gifts and news	965	1,097	133	14%	1,088
Other	786	730	(56)	(7)%	728
Total terminal concession revenue	3,557	3,645	88	2%	3,413
Car rental and license fee revenue:					
Rental car license fees	7,291	7,350	59	1%	6,944
License fees-other	721	814	93	13%	705
Total rental car and license fees	8,012	8,164	152	2%	7,649
Total concession revenue	\$ 11,569	\$ 11,808	\$ 239	2%	\$ 11,062

Operating Revenues

for the Three Months Ended September 30, 2012

(Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
Short-term parking revenue	\$ 1,397	\$ 1,680	\$ 283	20%	\$ 1,279
Long-term parking revenue	6,015	6,822	807	13%	5,916
Total parking revenue	7,412	8,502	1,090	15%	7,195
Ground transportation permits and citations	524	315	(209)	(40)%	454
Ground rentals	1,983	2,080	97	5%	1,695
Grant reimbursements	55	48	(7)	(13)%	158
Other operating revenue	187	178	(9)	(5)%	220
Subtotal	10,161	11,123	962	9%	9,722
Total operating revenues	\$ 44,631	\$ 45,938	\$ 1,307	3%	\$ 39,547

Operating Expenses

for the Three Months Ended September 30, 2012

(Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	\$ 9,012	\$ 8,482	\$ 530	6%	\$ 8,374
Contractual services	6,891	6,681	210	3%	6,653
Safety and security	5,208	5,249	(41)	(1)%	4,897
Space rental	2,920	2,853	67	2%	2,859
Utilities	1,918	1,818	100	5%	2,009
Maintenance	2,292	1,675	617	27%	1,866
Equipment and systems	148	46	102	69%	37
Materials and supplies	84	71	13	15%	48
Insurance	218	209	9	4%	185
Employee development and support	245	160	85	35%	123
Business development	739	587	152	21%	339
Equipment rental and repairs	412	301	111	27%	348
Total operating expenses	\$ 30,087	\$ 28,132	\$ 1,955	6%	\$ 27,738



Financial Summary

for the Three Months Ended September 30, 2012

(Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 44,631	\$ 45,938	\$ 1,307	3%	\$ 39,547
Total operating expenses	30,087	28,132	1,955	6%	27,738
Income from operations	14,544	17,806	3,262	22%	11,809
Depreciation	10,475	10,485	(10)	-	12,063
Operating income (loss)	\$ 4,069	\$ 7,321	\$ 3,252	80%	\$ (254)

Nonoperating Revenues & Expenses for the Three Months Ended September 30, 2012 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 8,631	\$ 8,900	\$ 269	3%	\$ 8,511
Customer facility charges (ConRAC Facility)	2,877	3,087	210	7%	2,871
Quieter Home Program	(686)	557	1,243	181%	104
Interest income	1,120	1,102	(18)	(2)%	1,556
BAB interest rebate	1,249	1,249	-	-	1,249
Interest expense	(8,331)	81	8,414	101%	(1,094)
Bond amortization	260	270	10	4%	165
Other nonoperating revenue (expenses)	(5)	(623)	(618)	-	1,094
Nonoperating revenue, net	5,115	14,625	9,510	186%	14,456
Income before grant contributions	9,184	21,946	12,762	139%	14,202
Capital grant contributions	3,662	4,003	341	9%	7,172
Net income	\$ 12,846	\$ 25,949	\$ 13,103	102%	\$ 21,374



Balance Sheets (Unaudited)



(In thousands)

September

	2012	2011
Current assets:		
Cash and investments	\$ 113,836	\$ 74,795
Tenant lease receivable, net of allowance of 2012: \$52,329 and 2011: \$14,918	7,543	6,063
Grants receivable	6,533	7,984
Notes receivable-current portion	1,476	1,696
Prepaid expenses and other current assets	7,217	10,955
Total current assets	136,605	101,493
 Cash designated for capital projects and other	 \$ 9,048	 \$ 9,402



Balance Sheets (Unaudited)



(In thousands)
September

	2012	2011
Restricted assets:		
Cash and investments:		
Bonds reserve	\$ 47,829	\$ 45,098
Passenger facility charges and interest unapplied	68,738	54,361
Customer facility charges and interest applied*	32,858	21,974
Commercial paper reserve	3	63
SBD bond guarantee	2,000	4,000
Bond proceeds held by trustee	106,193	347,839
Commercial paper interest held by trustee	13	13
Passenger facility charges receivable	4,055	4,615
Customer facility charges receivable*	1,030	921
OCIP insurance reserve	6,003	6,239
Total restricted assets	\$ 268,722	\$ 485,123

*ConRAC Facility



Balance Sheets (Unaudited)



(In thousands)

September

2012

2011

Noncurrent assets:

Capital assets:

Land and land improvements	\$ 24,487	\$ 24,482
Runways, roads and parking lots	269,659	273,649
Buildings and structures	461,525	464,489
Machinery and equipment	12,929	10,328
Vehicles	5,389	5,423
Office furniture and equipment	31,176	30,601
Works of art	2,350	2,440
Construction-in-progress	702,325	389,727
Total capital assets	1,509,840	1,201,139
Less: accumulated depreciation	(551,033)	(519,992)
Total capital assets, net	\$ 958,807	\$ 681,147



Balance Sheets (Unaudited)



(In thousands)

September

Other assets:

Notes receivable - long-term portion

Investments - long-term portion

Deferred costs - bonds (net)

Net pension asset

Security deposit

Total other assets

Total noncurrent assets

TOTAL ASSETS

	<u>2012</u>	<u>2011</u>
\$ 41,003	\$ 41,003	\$ 42,502
7,431	7,431	13,383
4,586	4,586	4,945
7,065	7,065	7,622
615	615	500
60,700	60,700	68,952
1,019,507	1,019,507	750,099
\$ 1,433,882	\$ 1,433,882	\$ 1,346,117



Balance Sheets (Unaudited)



(In thousands)

September

Current liabilities:

Accounts payable and accrued liabilities

	<u>2012</u>	<u>2011</u>
\$	80,451	\$ 47,918

Deposits and other current liabilities

	2,848	3,295
--	-------	-------

Total current liabilities

	<u>83,299</u>	<u>51,213</u>
--	---------------	---------------

Current liabilities - payable from restricted assets:

Current portion of long-term debt

	5,415	5,905
--	-------	-------

Accrued interest on bonds

and commercial paper

	8,184	7,722
--	-------	-------

Total liabilities payable from restricted assets

\$	<u>13,599</u>	\$ <u>13,627</u>
----	---------------	------------------



Balance Sheets (Unaudited)



(In thousands)

September

Long-term liabilities - other:

Commercial paper notes payable

Deferred rent liability

Other long-term liabilities

Long-term debt - bonds net of amortized premium

Total long-term liabilities

Total liabilities

	2012	2011
\$ 19,924	\$ 20,729	
29	116	
1,452	1,577	
624,087	630,227	
645,492	652,649	
\$ 742,390	\$ 717,489	



Balance Sheets (Unaudited)



(In thousands)
September

Authority net assets:

Invested in capital assets, net of related debt

Other restricted

Unrestricted:

Designated

Undesignated

Total net assets

TOTAL LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
\$ 414,549	\$ 414,549	\$ 371,605
173,529	173,529	147,675
16,113	16,113	17,023
87,301	87,301	92,325
691,492	691,492	628,628
\$ 1,433,882	\$ 1,433,882	\$ 1,346,117



Authority's Investments

Total Portfolio Summary



	Current Period	Prior Period	Change From Prior
	September 30, 2012	June 30, 2012	
Book Value	\$283,338,000	\$279,359,000	\$3,979,000
Market Value	\$283,675,000	\$279,477,000	\$4,198,000
Market Value%	100.14%	100.06%	0.08%
Unrealized Gain / (Loss)	\$337,000	\$118,000	\$219,000
Weighted Average Maturity (Days)	272 days	301 days	(29)
Weighted Average Yield as of Period End	0.54%	0.57%	(0.03%)
Cash Interest Received- Quarter-to-Date	\$348,000	\$287,000	\$61,000
Accrued Interest	\$208,000	\$252,000	(\$44,000)

Notes:

(1) Increase in balance is due to a positive operating cash flow for the first quarter.



Authority's Bond Proceeds

Bond Proceeds Summary

As of: September 30, 2012
(in thousands)

Fund	Series A/B	Series C	Total	Yield	Rating
<u>Project Fund</u>					
SDCIP ⁽¹⁾	\$ 6,142	\$ 34,547	\$ 40,689	0.49%	AAAf
	6,142	34,547	40,689		
<u>Capitalized Interest</u>					
SDCIP ⁽¹⁾	513	371	884	0.49%	AAAf
JP Morgan Federal MM Reserve	6	4	10	0.00%	AAAm
	519	375	894		
<u>Debt Service Reserve Fund</u>					
East West Bank CD	13,228	7,120	20,348	0.75%	
Bank of the West DDA	9,695	6,367	16,062	0.45%	
SDCIP ⁽¹⁾	9,819	4,813	14,632	0.49%	AAAf
	32,742	18,300	51,042		
	\$ 39,403	\$ 53,222	\$ 92,625	0.54%	

*Bond proceeds are not included in deposit limits as applied to operating funds

(1) SDCIP Yield as of 08/31/2012



Questions

