



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Communication

Date: November 1, 2012

To: Board Members

Via: Thella F. Bowens, President/CEO

From: Vernon D. Evans, Vice President, Finance/Treasurer

Subject: Accept the Unaudited Financial Statements for the Three Months Ended September 30, 2012:

RECOMMENDATION: The Executive Committee recommends that the Board accept the report.



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

Kathy Kiefer

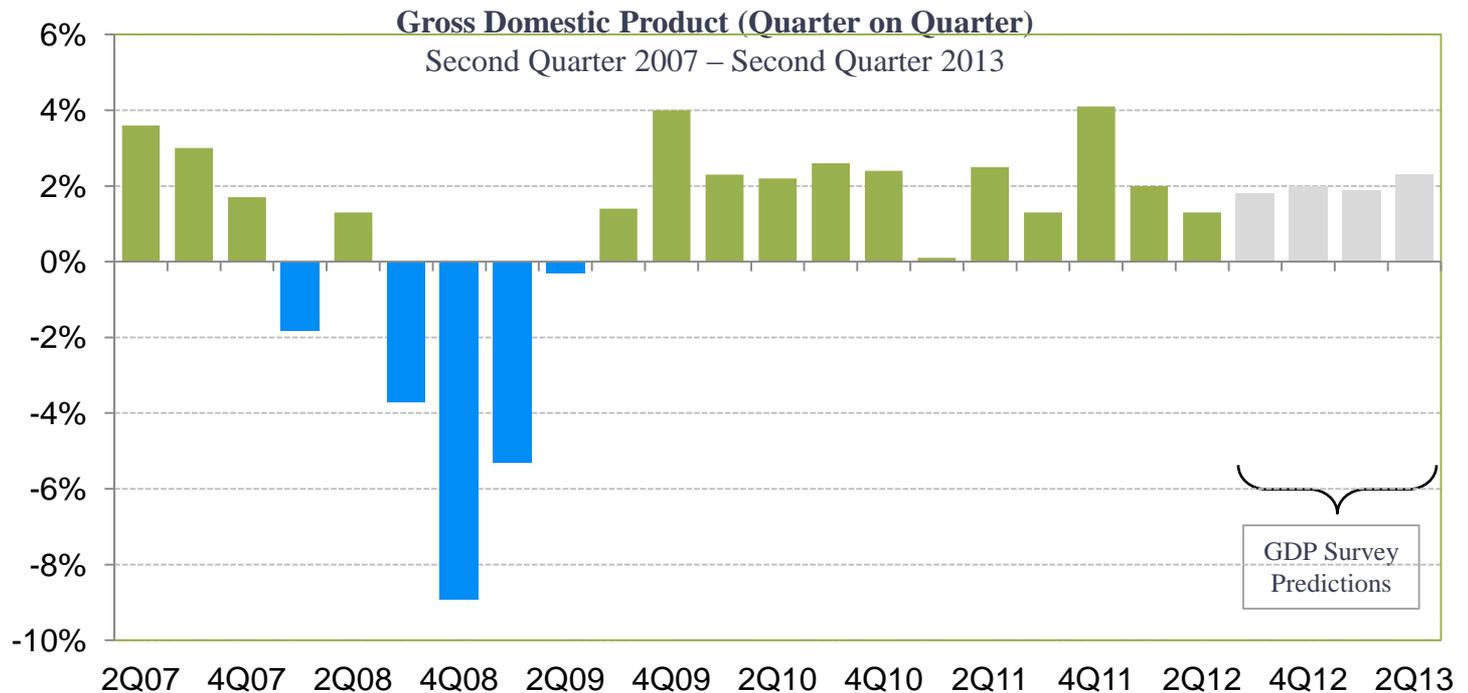
Director, Accounting

November 1, 2012



U.S. Economy Expands Less Than Forecast

- The U.S. economy grew at 1.3 percent in the second quarter. The U.S. economy struggled to gain momentum as consumers and businesses reduced spending. Moreover, the drought this year lowered the government's estimate for farm inventories, which also contributed to the weaker second quarter reading.
- Although 2Q12 GDP dropped, recent solid reports on Housing Starts and Personal Spending have increased the likelihood that Q3 GDP could exceed the consensus expectation of 1.8%.



Gross Domestic Product (GDP) is a measure of the United States' production over the quarter, often shown as quarter on quarter change. GDP includes consumption, government spending, investment, and net exports. It is the measure of economic activity in the United States.

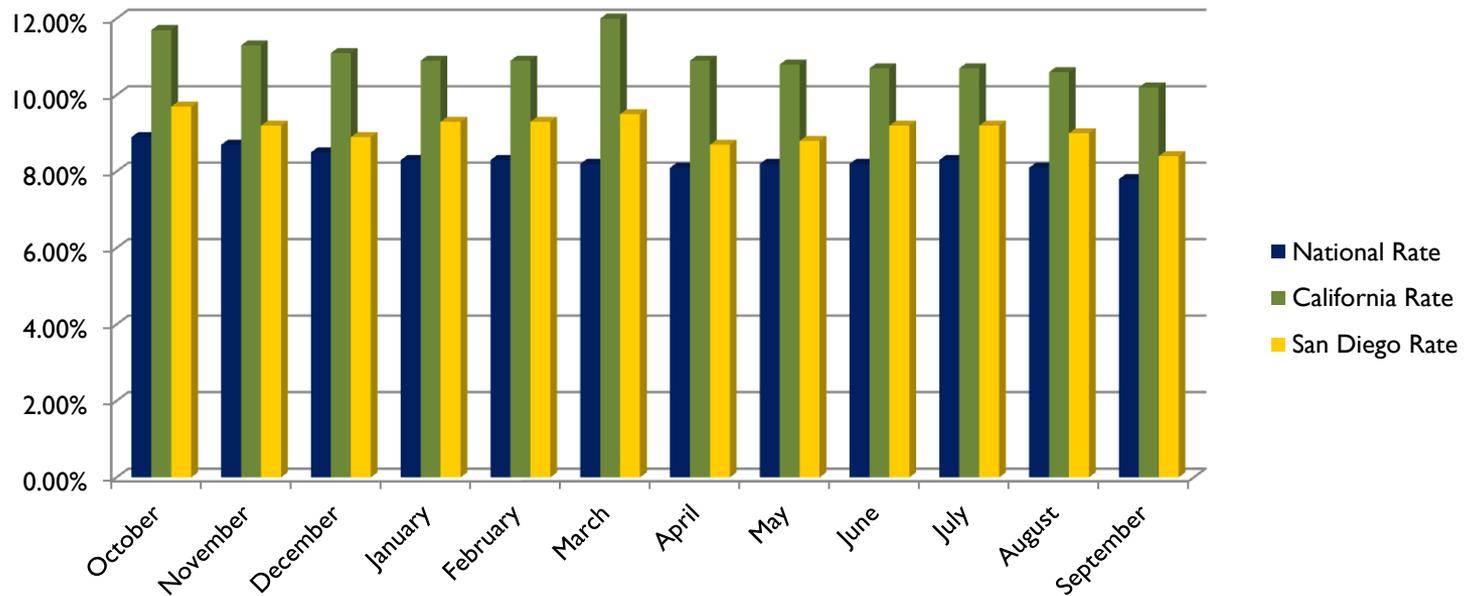


Unemployment Rate Remains High to be updated



The Federal unemployment rate decreased to 7.8% for the month of September, 2012, and the National U-6 rate decreased to 14.2%. In California, the State unemployment rate for September decreased to 10.2%, and the State U-6 rate decreased to 20.5%. Locally, San Diego's unemployment rate for the month of September was 8.4%, a decrease of 0.6%.

Unemployment Rates

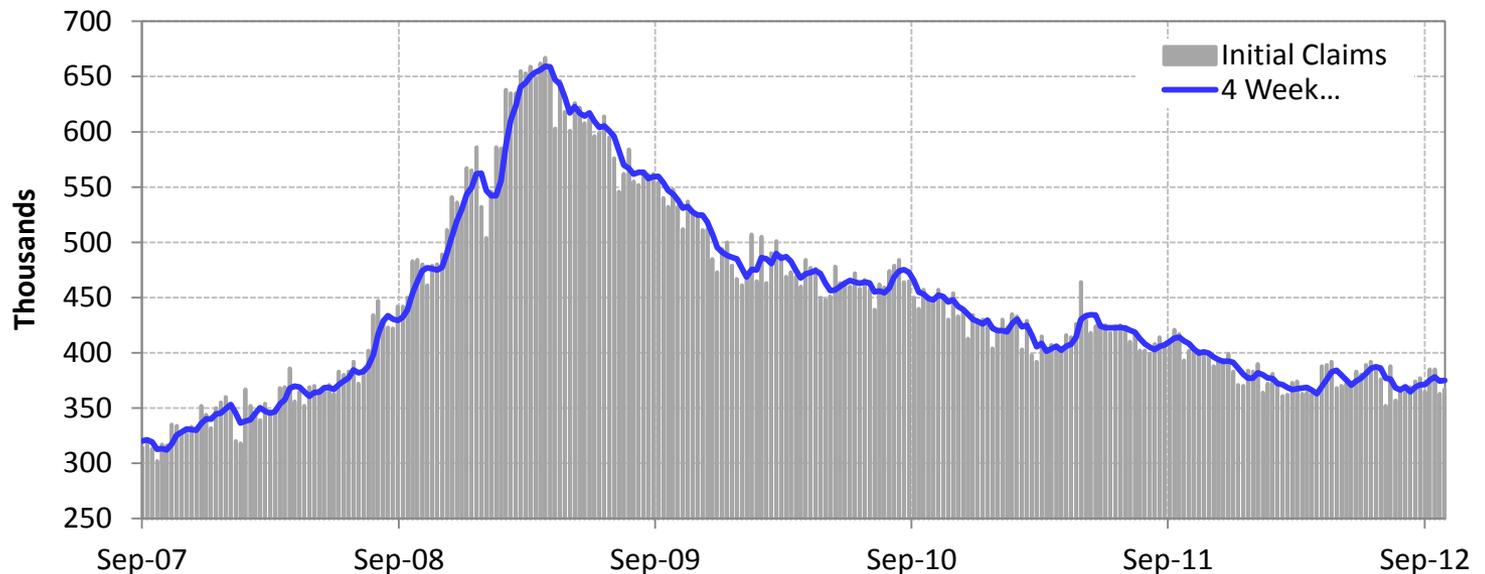




Initial Jobless Claims Remain Elevated

- For the week ending September 29th, initial claims for unemployment (seasonally adjusted) increased by 4,000 to 367,000. The four week moving average, which smoothes weekly volatility, was essentially unchanged at 375,000.
- Although claims declined sharply in late 2011 / early 2012, further progress in reducing claims has stalled for 5 months now. The level of claims is still well above the 350,000 level that many economists think is needed to indicate strong job growth.

Weekly Initial Jobless Claims
September 2007 – September 2012



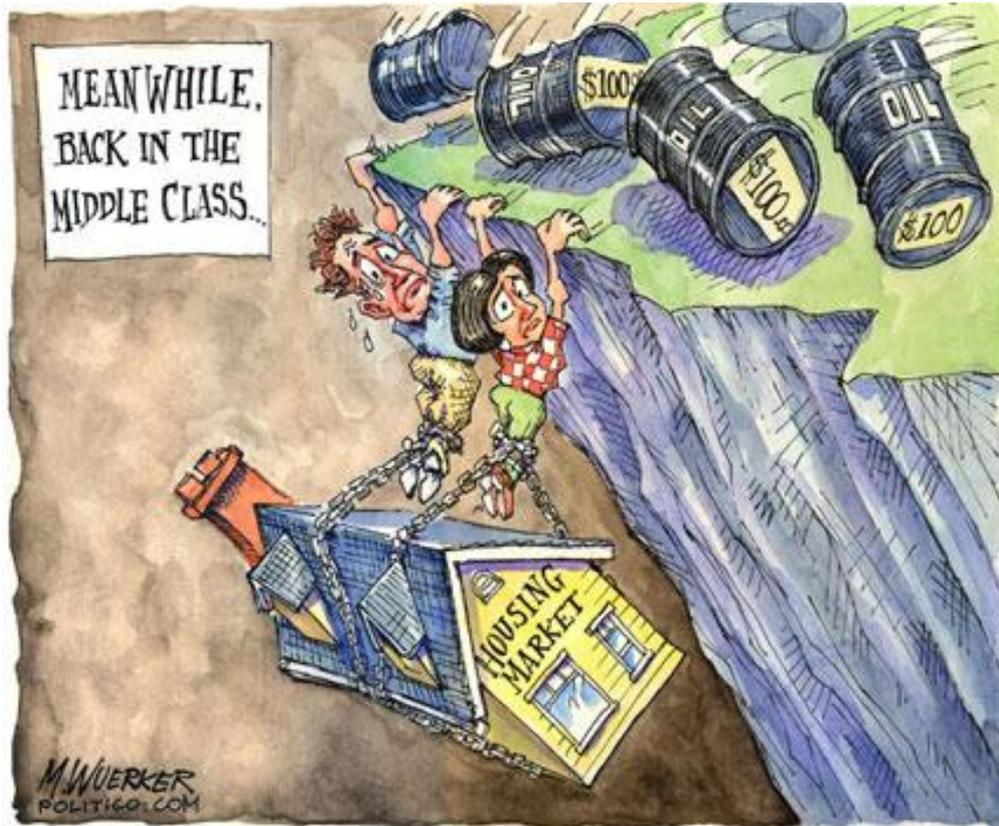


Existing Home Sales Improve



- Existing home sales, which make up approximately 90.0 percent of total home sales, rose strongly in August to 4.82 million units annually. The increase in home sales, which vastly exceeded analysts' expectations for 4.55 million units annually, was supported by low home prices, with the median falling 0.2 percent to \$187,400.
- The gains in August were the highest since May 2010; indicating that, the housing market is picking up momentum.
- While the short-term price expectations for home prices have turned positive, the long-term expectations continue to weaken, according to a survey conducted by Robert Shiller, the Yale professor who had predicted the internet and the housing bubbles.
- According to Shiller, the "recovery may be plausible, and home prices have been rising fairly strongly in recent months, we do not see any unambiguous indication in our expectation data of a sharp upward turning point in demand for housing that some observers, and media accounts, have suggested".



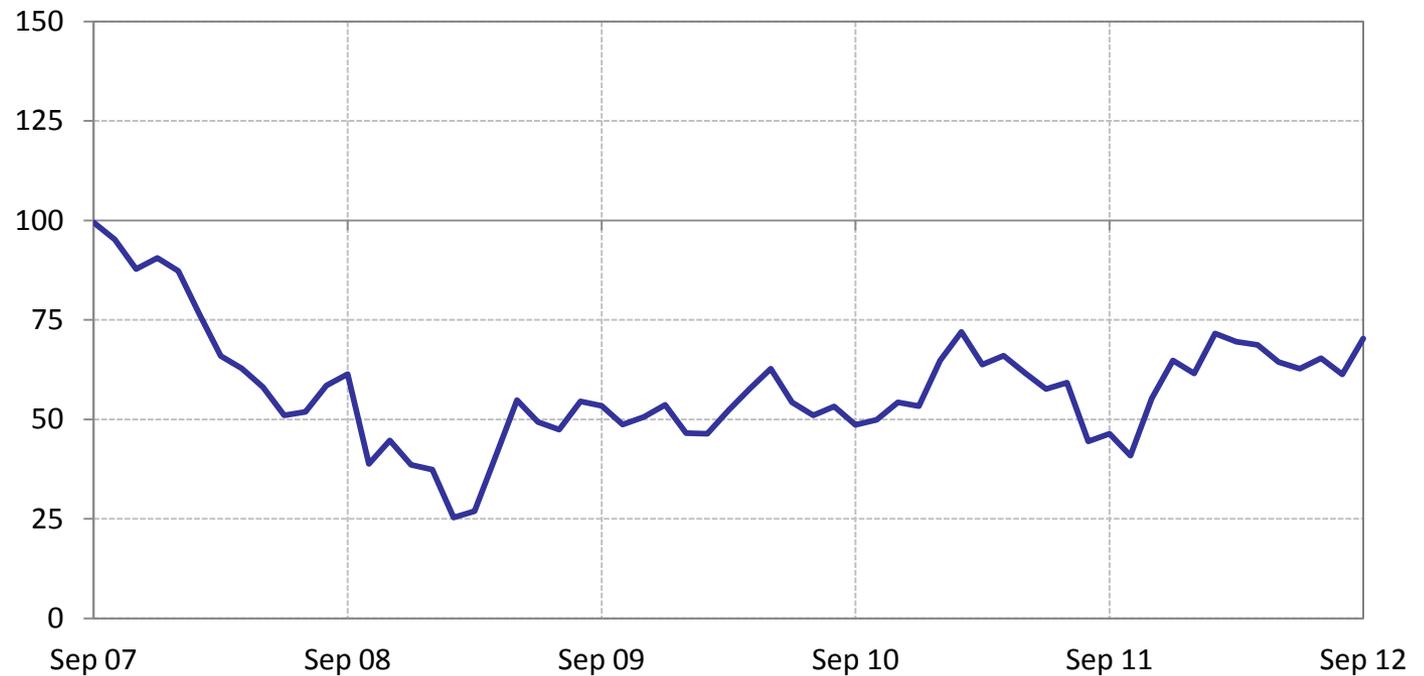




Consumer Confidence Rises in September

- Consumer confidence jumped nine points to 70.3 in September (from an upwardly revised to 61.3 August). The September reading was the best reading since February and the third best reading of the whole recovery.
- Consumers' appraisal of present-day conditions and their short-term outlook both improved in September. In particular, consumers' assessment of the labor market was decidedly more positive with the number of consumers feeling jobs were "hard to get" dropping. In addition, consumers outlook for the jobs market improved and more see more jobs ahead and substantially fewer see fewer jobs ahead.

Consumer Confidence Index
September 2007 – September 2012

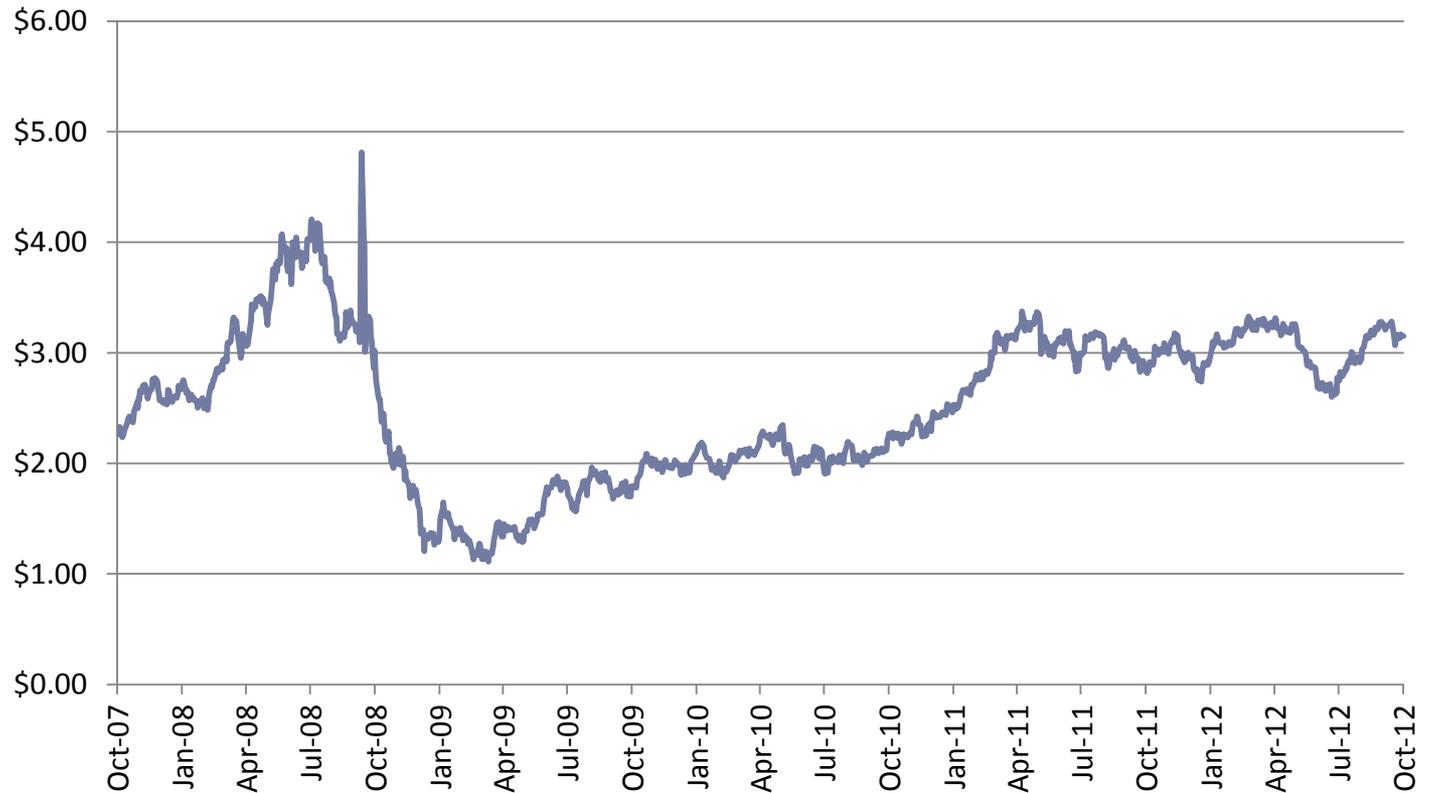




Jet Fuel Prices Up Over past 30 Days

- Average U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Prices over the past 30 days are up 6.9 percent compared to the prior 30 days. However, its closing price of \$3.15 on October 1st is down over 4% compared to its most recent high of \$3.28 on September 14th.

U.S. Gulf Coast Kerosene-Type Jet Fuel Spot Price FOB
October 1, 2007 – October 1, 2012





Oil Prices Trending Lower

- Average crude oil prices (WTI spot) over the past 30 days are down 1.9 percent compared to the prior 30 days. Oil prices have trended lower recently on fears of a global slow down.
- Oil closed at \$89.88 on October 5th compared to its most recent high of \$98.94 on September 14th.



West Texas Intermediate Oil Price Per Barrel (WTI Spot)

October 1, 2007 – October 5, 2012







The Equity Markets Trending Higher



- Although down from their recent highs, the equity markets continued their upward trend at the start of October. The Dow Jones Industrial Average is up 11.2% year-to-date while the S&P 500 index is up 15.8%.

Dow Jones Industrial and S&P 500 Indices October 1, 2007 – October 8, 2012





Treasury Yields Remain Range Bound



- U.S. Treasury yields remain range bound. With Fed Funds firmly anchored below 0.25%, 2-year Treasury yields should remain low, and with Operation Twist extended, selling pressure should hold yields up.
- Longer-term Treasury rates also remain range bound with slow growth and Federal Reserve actions helping to push down longer-term yields. However, longer-term Treasury yields have increased in recent days on a better than expected headline unemployment number and global economic uncertainty that has increased demand for safer assets.

2- and 5-Year U.S. Treasury Yields
September 1, 2011 – October 5, 2012



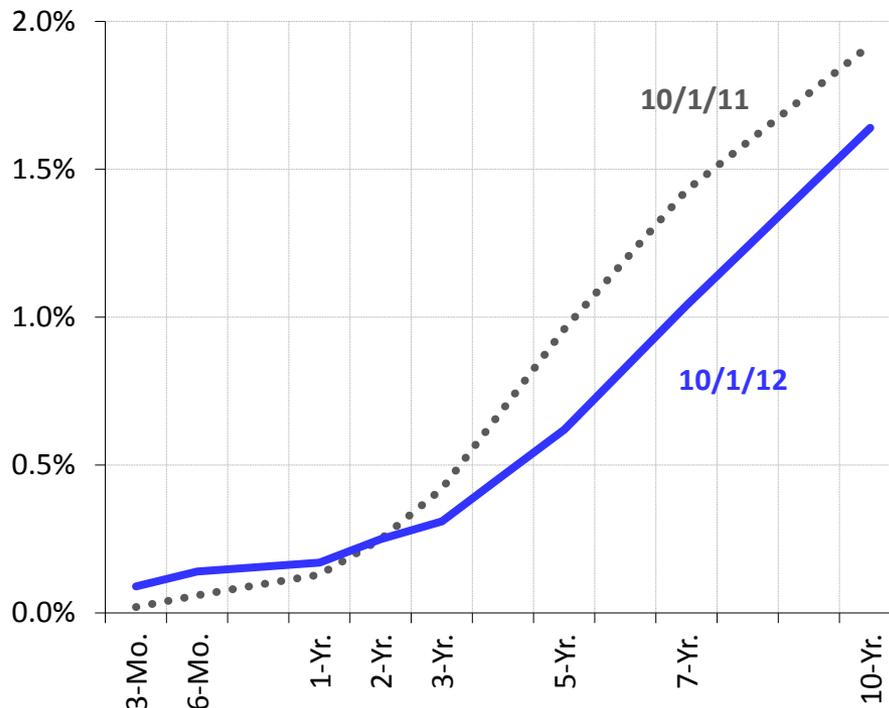


Yield Curve Has Flattened

- The Treasury yield curve has flattened in 2012 with short-term rates up and longer-term rates down on economic worries, continued uncertainty global economic conditions, the Federal Reserve's Operation Twist and QE3.



U.S. Treasury Yield Curve
September 11, 2012 vs. December 30, 2011



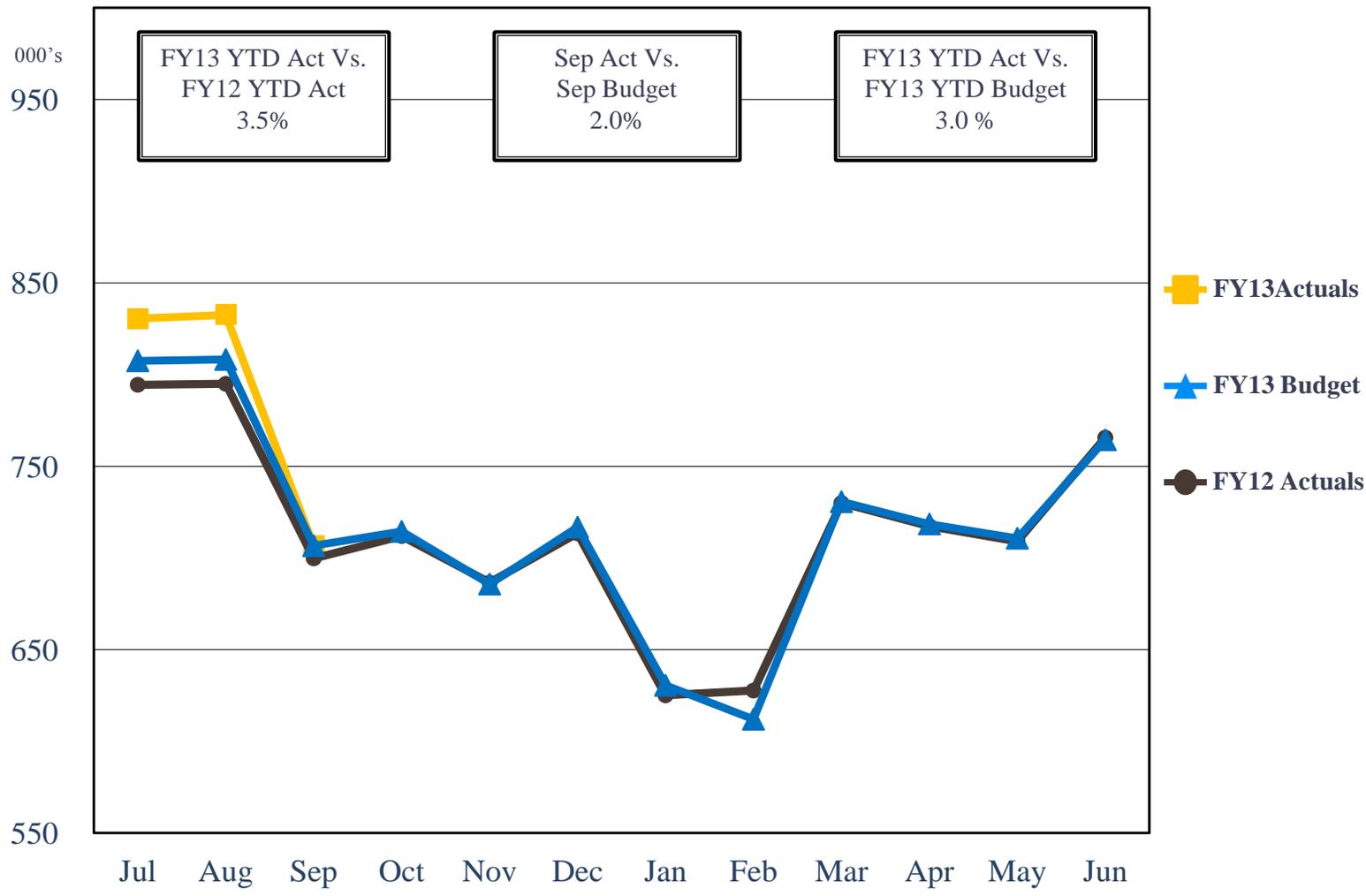
	10/1/11	10/1/12	Change
3-Mo.	0.02%	0.09%	0.07%
6-Mo.	0.06%	0.14%	0.08%
1-Yr.	0.13%	0.17%	0.04%
2-Yr.	0.25%	0.25%	0.00%
3-Yr.	0.42%	0.31%	(0.11%)
5-Yr.	0.96%	0.62%	(0.34%)
10-Yr.	1.92%	1.64%	(0.28%)

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



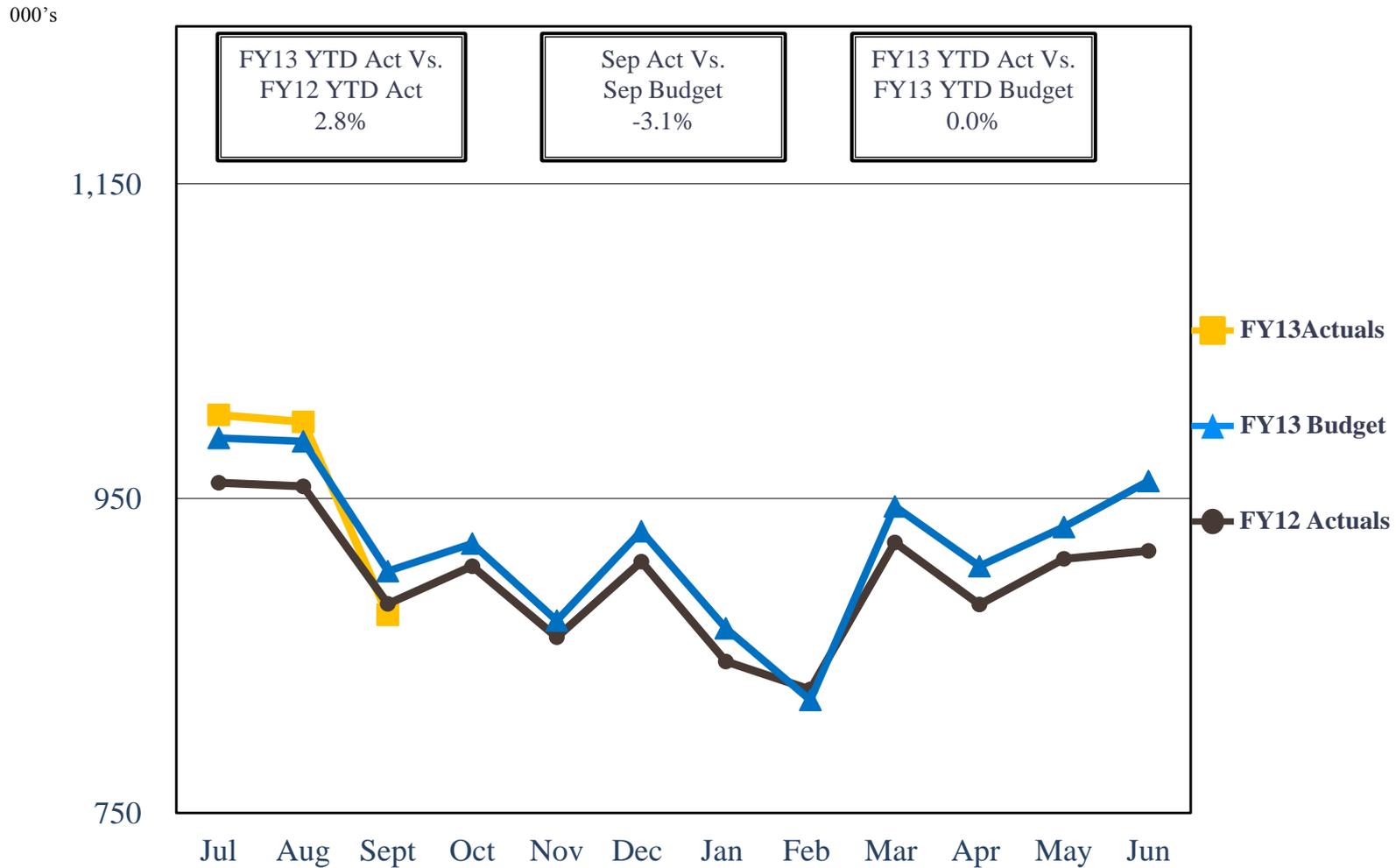


Enplanements



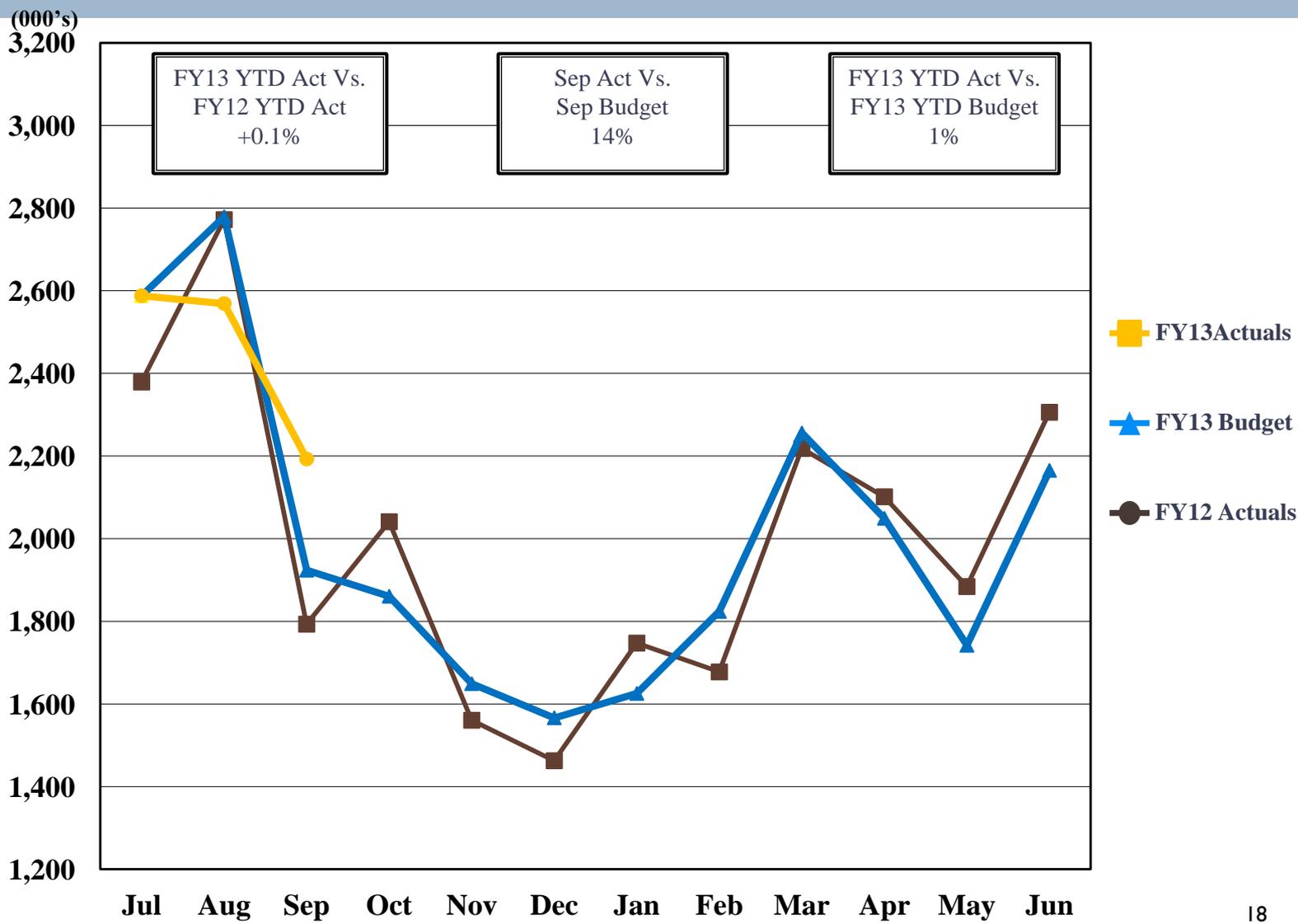


Gross Landing Weight Units (000 lbs)





Car Rental License Fees



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





Operating Revenues

for the Month Ended September 30, 2012 (Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:					
Landing fees	\$ 1,736	\$ 1,638	\$ (98)	(6)%	\$ 1,653
Aircraft parking fees	275	270	(5)	(2)%	258
Building rentals	3,530	3,625	95	3%	2,711
Security surcharge	1,719	1,679	(40)	(2)%	1,402
Other aviation revenue	131	133	2	2%	133
Total aviation revenue	\$ 7,391	\$ 7,345	\$ (46)	(1)%	\$ 6,157

Operating Revenues

for the Month Ended September 30, 2012 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Terminal rent non-airline	\$ 80	\$ 79	\$ (1)	(1)%	\$ 74
Concession revenue:					
Terminal concession revenue:					
Food and beverage	559	586	27	5%	484
Gifts and news	290	359	69	24%	325
Other	243	144	(99)	(41)%	229
Total terminal concession revenue	1,092	1,089	(3)	-	1,038
Car rental and license fee revenue:					
Rental car and license fees	1,924	2,196	272	14%	1,793
License fees-other	229	277	48	21%	212
Total rental car and license fees	2,153	2,473	320	15%	2,005
Total concession revenue	\$ 3,245	\$ 3,562	\$ 317	10%	\$ 3,043

Operating Revenues

for the Month Ended September 30, 2012 (Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
Short-term parking revenue	\$ 336	\$ 456	\$ 120	36%	\$ 293
Long-term parking revenue	2,100	2,324	224	11%	1,990
Total parking revenue	2,436	2,780	344	14%	2,283
Ground transportation permits and citations	336	117	(219)	(65)%	148
Ground rentals	670	706	36	5%	586
Grant reimbursements	18	16	(2)	(11)%	18
Other operating revenue	62	39	(23)	(37)%	58
Subtotal	3,522	3,658	136	4%	3,093
Total operating revenues	\$ 14,238	\$ 14,644	\$ 406	3%	\$ 12,367

Operating Expenses

for the Month Ended September 30, 2012 (Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating expenses:					
Salaries and benefits	\$ 3,021	\$ 2,827	\$ 194	6%	\$ 2,780
Contractual services	2,294	2,432	(138)	(6)%	2,247
Safety and security	1,746	1,860	(114)	(7)%	1,664
Space rental	973	952	21	2%	957
Utilities	668	618	50	7%	801
Maintenance	842	385	457	54%	753
Equipment and systems	51	27	24	47%	10
Materials and supplies	31	18	13	42%	19
Insurance	73	73	0	-	59
Employee development and support	98	79	19	19%	53
Business development	362	204	158	44%	155
Equipment rental and repairs	122	91	31	25%	123
Total operating expenses	\$ 10,281	\$ 9,566	\$ 715	7%	\$ 9,621

Financial Summary

for the Month Ended September 30, 2012 (Unaudited)



(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Total operating revenues	\$ 14,238	\$14,644	\$ 406	3%	\$ 12,367
Total operating expenses	10,281	9,566	715	7%	9,621
Income from operations	3,957	5,078	1,121	28%	2,746
Depreciation	3,481	3,559	78	2%	3,947
Operating income (loss)	\$ 476	\$ 1,519	\$ 1,043	219%	\$ (1,201)

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



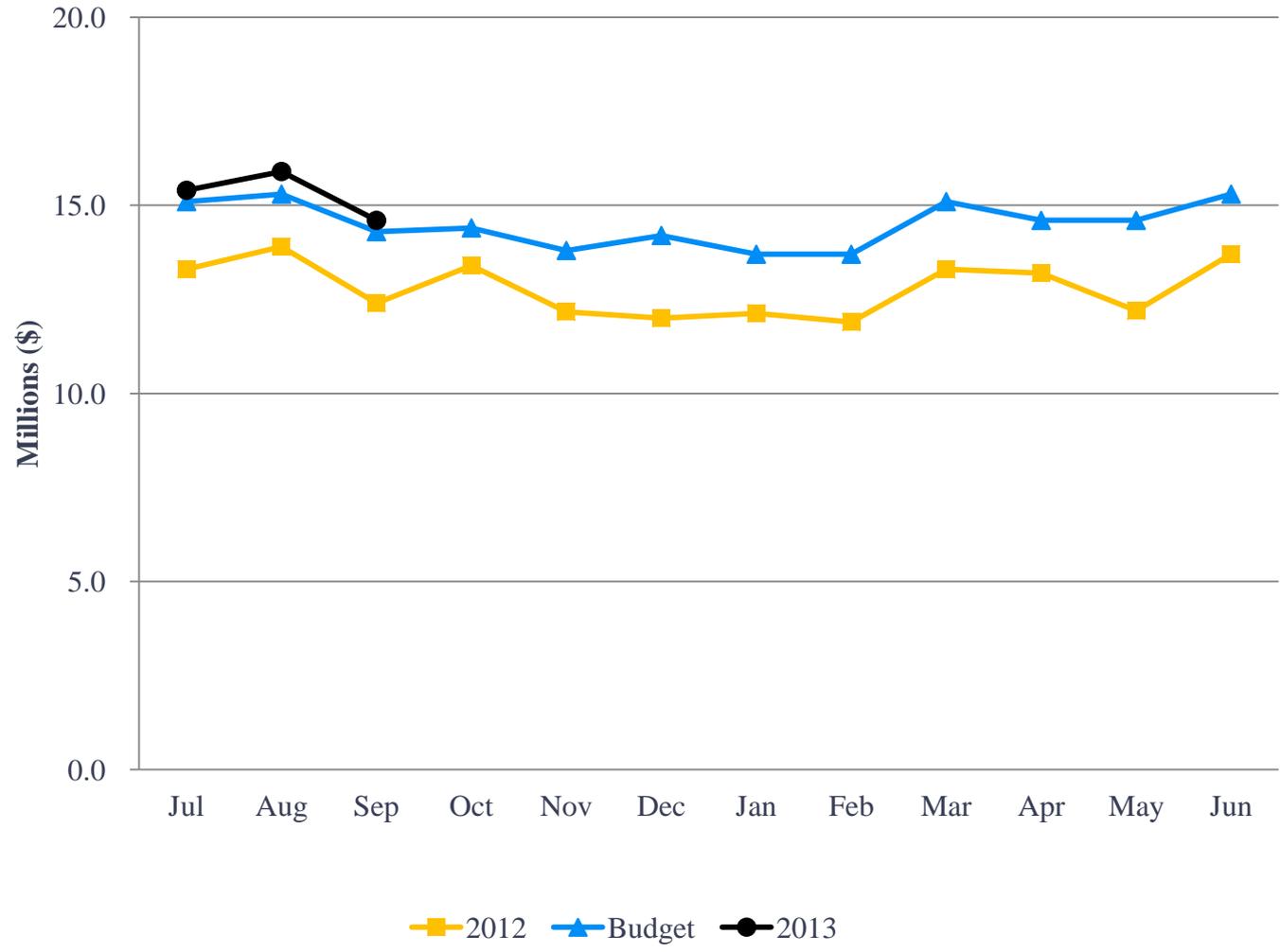
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 2,697	\$ 3,008	\$ 311	12%	\$ 2,843
Customer facility charges (ConRAC Facility)	937	1,051	114	12%	916
Quieter Home Program	(248)	(149)	99	40%	336
Interest income	252	352	100	40%	504
BAB interest rebate	416	416	0	-	416
Interest expense	(2,807)	33	2,840	101%	(161)
Bond amortization	77	90	11	14%	57
Other nonoperating revenue (expenses)	(1,667)	(227)	(225)	-	526
Nonoperating revenue, net	1,324	4,574	3,250	245%	5,439
Income before grant contributions	1,800	6,093	4,293	239%	4,238
Capital grant contributions	1,340	1,001	(339)	(25)%	4,109
Net income	\$ 3,140	\$ 7,094	\$ 3,954	126%	\$ 8,347

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





Monthly Operating Revenue, FY 2013 (Unaudited)



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)



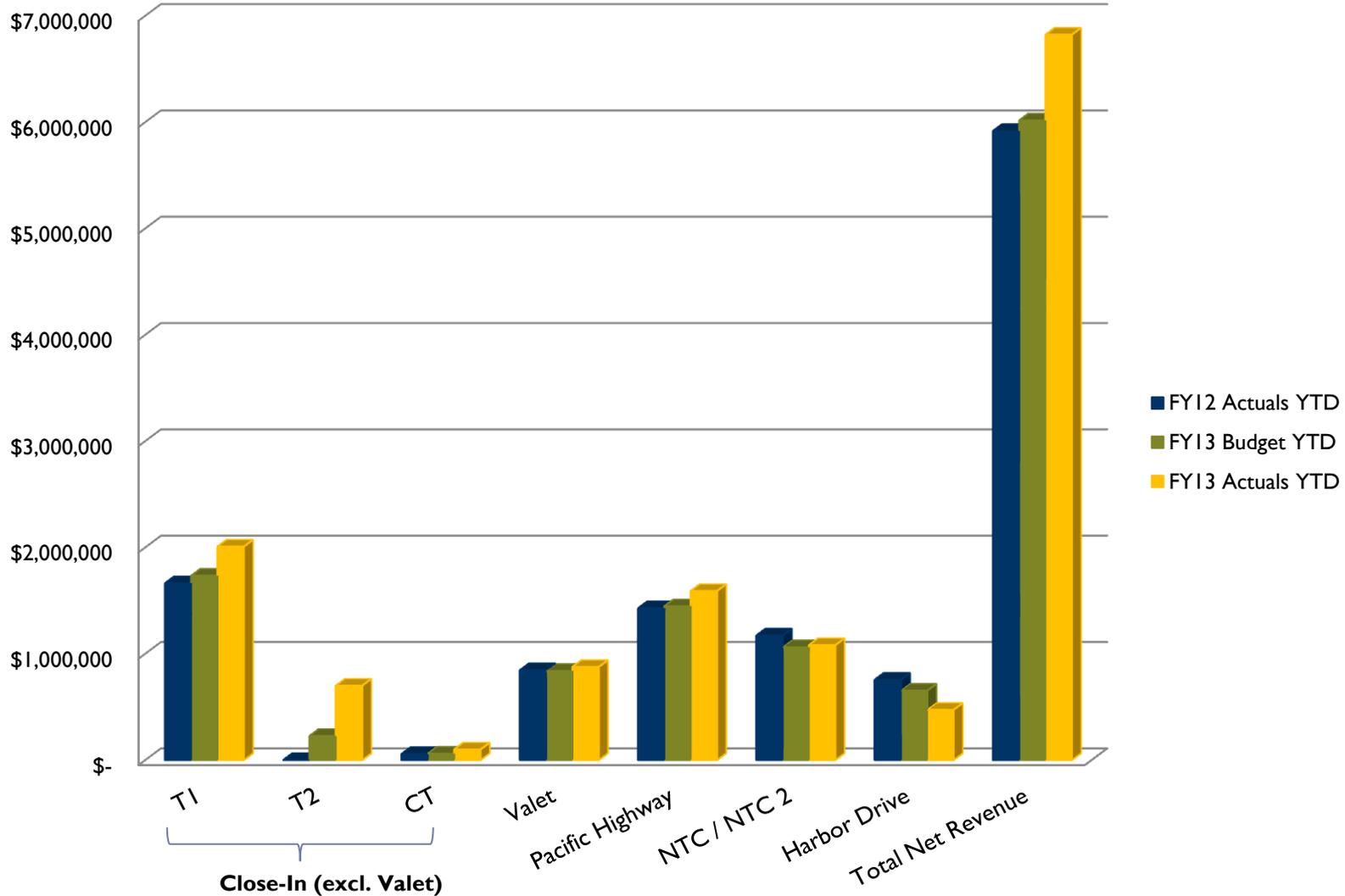
(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
Short-term parking revenue	\$ 1,397	\$ 1,680	\$ 283	20%	\$ 1,279
Long-term parking revenue	6,015	6,822	807	13%	5,916
Total parking revenue	7,412	8,502	1,090	15%	7,195
Ground transportation permits 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



YTD Parking Revenue

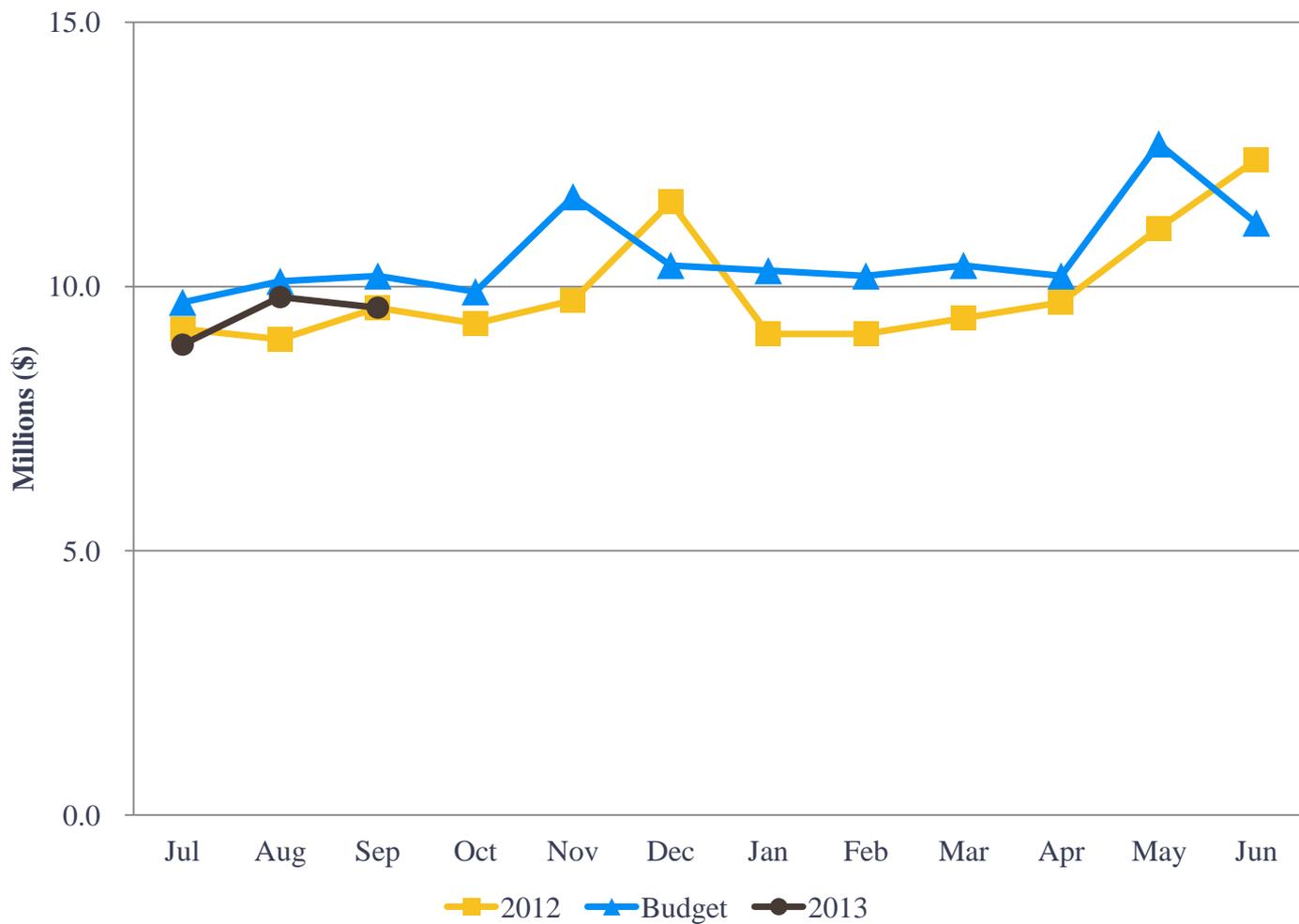


For the three months ended September 30, 2012





Monthly Operating Expenses, FY 2013 (Unaudited)



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	0	-	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

	2012	2011
	\$ 41,003	\$ 42,502
	7,431	13,383
	4,586	4,945
	7,065	7,622
	615	500
	60,700	68,952
	1,019,507	750,099
	\$ 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
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Total current liabilities

	<u>83,299</u>	<u>51,213</u>
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Current liabilities - payable from restricted assets:

Current portion of long-term debt

	5,415	5,905
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Accrued interest on bonds

and commercial paper

	8,184	7,722
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Total liabilities payable from restricted assets

\$	<u>13,599</u>	\$ <u>13,627</u>
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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	\$ 371,605	
173,529	147,675	
16,113	17,023	
87,301	92,325	
691,492	628,628	
\$ 1,433,882	\$ 1,346,117	



Questions



San Diego County Regional Airport Authority



Investment Report As of September 30, 2012

Presented by:

Vernon D. Evans, CPA

Vice President, Finance / Treasurer & CFO

Scott Brickner, CPA

Director, Financial Planning and Budget

September 24, 2012



This report is prepared for the San Diego County Regional Airport Authority (the "Authority") in accordance with California Government Code Section 53646, which states that "the treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report."

The investment report and investment portfolio are in compliance with California Government Code Section 53646 and the Authority's approved Investment Policy. All investment transactions made in the Authority's portfolio during this period were made on behalf of the Authority. Sufficient liquidity and anticipated revenue are available to meet expenditure requirements for the next six months.

A handwritten signature in black ink that reads "Vernon D. Evans". The signature is written in a cursive style and is positioned above a horizontal line.

Vernon D. Evans
Chief Financial Officer/Treasurer
San Diego County Regional Airport Authority



Total Portfolio Summary



	Current Period September 30, 2012	Prior Period June 30, 2012	Change From Prior
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)

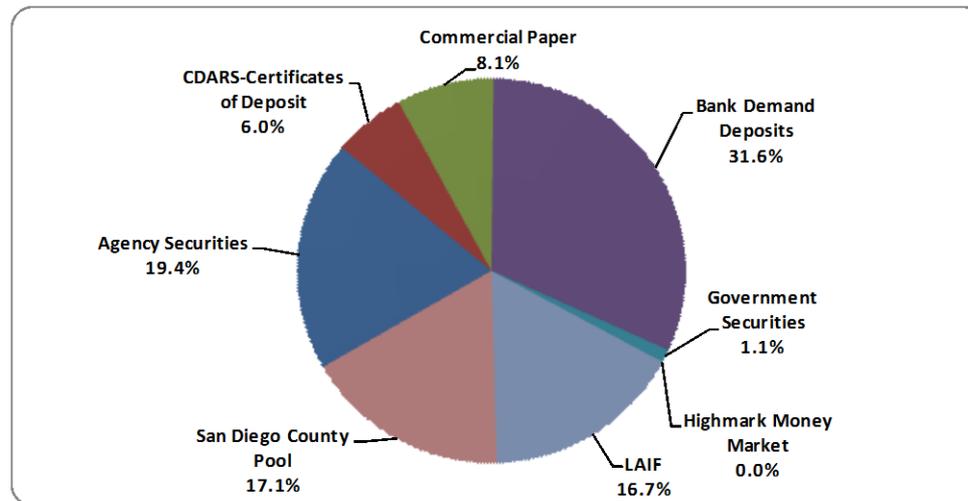
Notes:

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

Portfolio Composition by Security Type



	September 30, 2012		June 30, 2012		Permitted by Policy
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio	
Agency Securities	\$ 55,260,000	19.4%	\$ 58,241,000	20.7%	100%
CDARS-Certificates of Deposit	17,028,000	6.0%	16,999,000	6.1%	30%
Commercial Paper	22,972,000	8.1%	25,899,000	9.3%	25%
Bank Demand Deposits	89,592,000	31.6%	78,963,000	28.3%	100%
Government Securities	3,001,000	1.1%	3,002,000	1.1%	100%
Highmark Money Market	69,000	0.0%	810,000	0.3%	20%
LAIF	47,371,000	16.7%	47,248,000	16.9%	\$50 million ⁽¹⁾
San Diego County Pool	48,382,000	17.1%	48,315,000	17.3%	\$50 million ⁽²⁾
Total:	\$ 283,675,000	100.0%	\$ 279,477,000	100.0%	

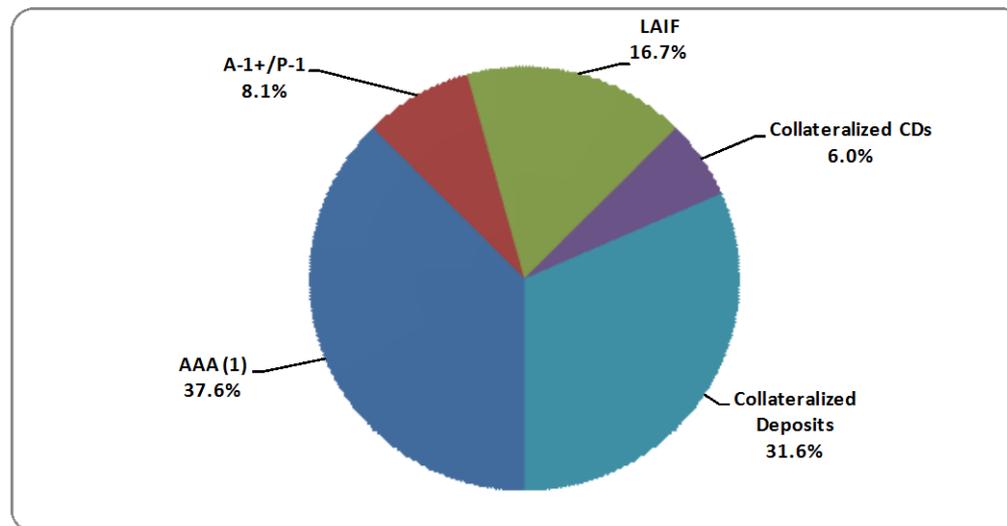


Notes:

- 1.) The \$50 million limit on LAIF is a non-statutory LAIF internal limit. It does not apply to bond proceeds.
- 2.) The San Diego County Investment Pool mirrors the LAIF internal limit and does not apply to bond proceeds.

Portfolio Composition by Credit Rating

	September 30, 2012		June 30, 2012	
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio
AAA ⁽¹⁾	\$ 106,713,000	37.6%	\$ 110,368,000	39.4%
A-1+/P-1	22,972,000	8.1%	25,899,000	9.3%
LAIF	47,371,000	16.7%	47,248,000	16.9%
Collateralized CDs	17,028,000	6.0%	16,999,000	6.1%
Collateralized Deposits	89,592,000	31.6%	78,963,000	28.3%
Total:	\$ 283,675,000	100.0%	\$ 279,477,000	100.0%



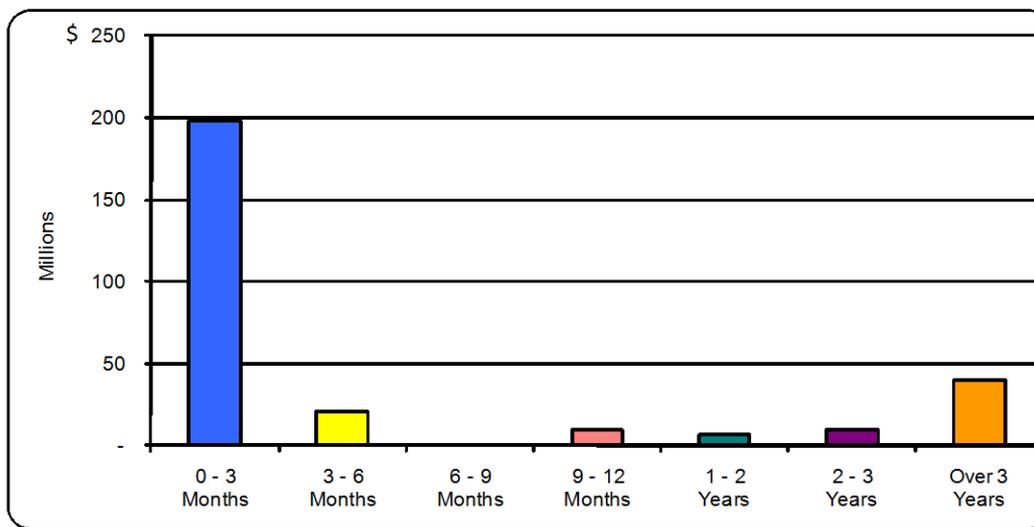
Notes:

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

Portfolio Composition by Maturity Distribution⁽¹⁾



	September 30, 2012		June 30, 2012	
	Market Value	Percent of Portfolio	Market Value	Percent of Portfolio
0 - 3 Months	\$ 197,910,000	69.7%	\$ 178,334,000	63.7%
3 - 6 Month	20,426,000	7.2%	12,478,000	4.5%
6 - 9 Months	-	0.0%	20,365,000	7.3%
9 - 12 Months	10,079,000	3.6%	-	0.0%
1 - 2 Years	6,074,000	2.1%	16,071,000	5.8%
2 - 3 Years	9,515,000	3.4%	12,570,000	4.5%
Over 3 Years	39,671,000	14.0%	39,659,000	14.2%
Total:	\$ 283,675,000	100.0%	\$ 279,477,000	100.0%

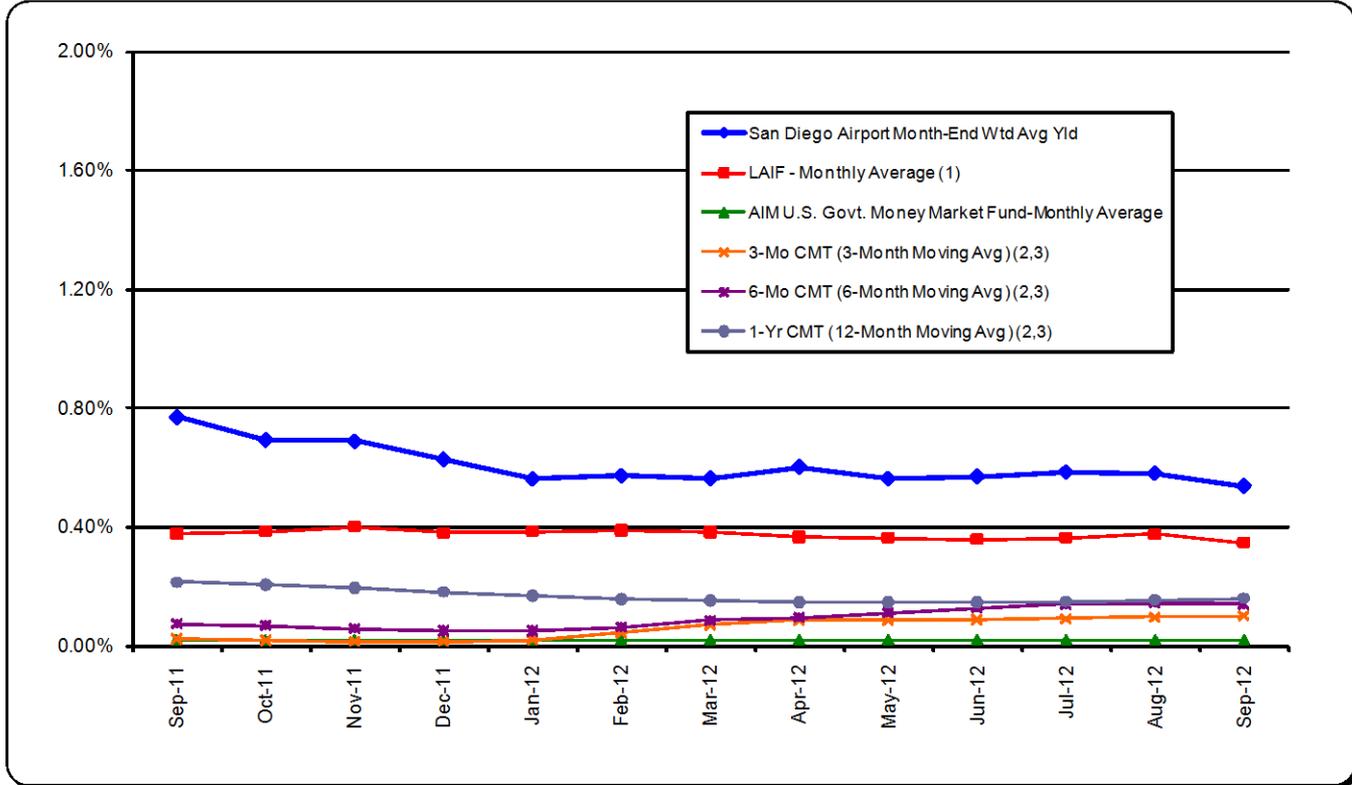


Notes:

1.) The 0-3 Month category includes investments held in the LAIF and the San Diego County Investment Pool.



Benchmark Comparison



Notes:

- 1.) Benchmark data for LAIF is the average monthly effective yield.
- 2.) CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities.
- 3.) The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year CMT is the daily average for the previous 12-months.

Detail of Security Holdings

As of September 30, 2012



Settlement Date	Security Description	Coupon	Maturity Date	Next Call Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
03/26/12	FHLMC	0.625	12/23/13	12/23/13	3,000,000	100.335	3,010,050	100.449	3,013,470	449	0.432
03/30/12	FNMA	1.500	09/08/14	09/08/14	3,000,000	102.390	3,071,700	102.030	3,060,900	708	0.513
01/09/12	FHLMC	0.850	01/09/15	01/09/13	3,000,000	100.000	3,000,000	100.146	3,004,380	831	0.850
02/13/12	FHLMC	0.700	02/13/15	02/13/13	2,500,000	100.000	2,500,000	100.172	2,504,300	866	0.700
04/30/12	FNMA	0.700	04/30/15	04/30/13	4,000,000	100.000	4,000,000	100.148	4,005,920	942	0.700
12/28/11	FNMA	0.750	12/28/15	12/28/12	5,000,000	99.970	4,998,500	100.046	5,002,300	1184	1.498
02/10/12	FHLMC	1.000	02/10/16	02/10/14	3,000,000	100.475	3,014,250	100.708	3,021,240	1228	0.879
02/24/12	FNMA	0.800	02/24/16	02/24/14	3,000,000	99.785	2,993,550	100.546	3,016,380	1242	0.855
10/26/11	FNMA	1.375	10/26/16	10/26/12	3,000,000	100.000	3,000,000	100.090	3,002,700	1487	1.689
01/18/12	FNMA	0.700	01/18/17	07/18/13	4,000,000	100.000	4,000,000	100.429	4,017,160	1571	1.599
01/27/12	FHLMC	2.250	01/23/17	01/23/14	2,500,000	102.885	2,572,125	102.581	2,564,525	1576	1.645
02/06/12	FNMA	0.750	02/06/17	02/06/13	3,000,000	99.900	2,997,000	100.217	3,006,510	1590	1.700
04/17/12	FNMA	1.550	04/17/17	10/17/12	4,000,000	99.950	3,998,000	100.062	4,002,480	1660	1.560
05/09/12	FNMA	1.000	05/09/16	05/09/13	4,000,000	99.990	3,999,600	100.397	4,015,880	1317	1.003
09/21/12	FNMA	1.125	06/28/17	06/28/13	3,000,000	100.368	3,011,040	100.456	3,013,680	1732	1.050
07/26/12	FNMA	0.750	07/26/17	07/26/13	2,000,000	99.875	1,997,500	100.281	2,005,620	1760	1.220
09/21/12	FHLMC	1.000	09/12/17	09/12/13	3,000,000	99.975	2,999,250	100.097	3,002,910	1808	1.000
Agency Total					55,000,000		55,162,565		55,260,355	1285	1.130
02/09/12	Neighborhood Nat'l Bk CD	0.850	02/07/13		4,949,427	100.000	4,949,427	100.000	4,949,427	130	0.850
02/27/12	Union Bank CD	0.200	02/27/13		2,000,000	100.000	2,000,000	100.000	2,000,000	150	0.200
06/28/12	East West Bk CD	0.750	07/02/13		10,078,932	100.000	10,078,932	100.000	10,078,932	275	0.750
CD's Total					17,028,359		17,028,359		17,028,359	218	0.714



Detail of Security Holdings

As of September 30, 2012



Settlement Date	Security Description	Coupon	Maturity Date	Next Call Date	Par Value	Purchase Price	Book Value	Market Price	Market Value	Days to Maturity	Yield to Maturity
06/05/12	Toyota Motor Credit CP	0.600	03/01/13		3,000,000	99.361	2,986,550	99.748	2,992,440	152	0.603
06/27/12	Toyota Motor Credit CP	0.530	03/22/13		2,000,000	99.520	1,992,109	99.713	1,994,260	173	0.532
01/20/12	FCAR Owner Trust CP	0.650	10/16/12		3,500,000	99.513	3,482,938	99.991	3,499,685	16	0.653
02/16/12	FCAR Owner Trust CP	0.620	11/09/12		3,000,000	99.540	2,986,205	99.969	2,999,070	40	0.620
03/30/12	Toyota Motor Credit CP	0.552	12/24/12		3,000,000	99.589	2,987,671	99.914	2,997,420	85	0.552
04/13/12	FCAR Owner Trust CP	0.600	01/08/13		5,000,000	99.550	4,977,500	99.882	4,994,100	100	0.600
05/22/12	FCAR Owner Trust CP	0.570	01/17/13		3,500,000	99.620	3,486,700	99.871	3,495,485	109	0.570
Commercial Paper Total					23,000,000		22,899,672		22,972,460	92	0.594
03/29/11	U.S. Treasury	0.375	10/31/12		3,000,000	99.740	2,992,148	100.019	3,000,570	31	0.541
Government Total					3,000,000		2,992,148		3,000,570	31	0.541
	US Bank General Acct				33,262,109	100.000	33,262,109	100.000	33,262,109	1	0.035
US Bank Accounts Total					33,262,109		33,262,109		33,262,109	1	0.035
	Highmark US Govt MMF				69,403	100.000	69,403	100.000	69,403	1	0.000
Highmark Money Market Total					69,403		69,403		69,403	1	0.000
	Local Agency Invstmnt Fd				47,248,303	100.000	47,248,303	100.259	47,370,590	1	0.377
	San Diego County Inv Pool				48,346,275	100.000	48,346,275	100.073	48,381,639	1	0.490
	Bank of the West				23,363,661	100.000	23,363,661	100.000	23,363,661	1	0.350
	East West Bank				102,705	100.000	102,705	100.000	102,705	1	0.350
	East West Bank				32,858,161	100.000	32,858,161	100.000	32,858,161	1	0.350
East West Bank Total					32,960,865		32,960,865	100.000	32,960,865	1	0.350
	Union Bk Cash				5,113.25	100.000	5,113.25	100.000	5,113.25	1	0.000
Grand Total					\$ 283,284,088	100.02	\$ 283,338,474	100.14	\$ 283,675,125	272	0.537

Portfolio Investment Transactions

From July 1st, 2012 – September 30th, 2012



Settle Date	Security Description	Security Type	CUSIP	Coupon	Mature Date	Call Date	Unit Price	Amount
PURCHASES								
07/26/12	FNMA (Step)	AGCY CALL	3136G0RZ6	0.750	07/26/17	07/26/13	99.875	2,000,000
09/21/12	FNMA	AGCY CALL	3135G0MN0	1.125	06/28/17	6/21/13	100.368	3,011,040
09/21/12	FHLMC	AGCY CALL	3134G3H52	1.000	09/12/17	09/12/13	99.975	2,999,250
								\$ 8,010,290
CALLS								
07/19/11	FNMA	AGCY CALL	3136FRYJ6	1.250	07/19/16	07/19/12	99.800	2,000,000
08/01/11	FHLMC	AGCY CALL	3134G2TR3	0.450	07/26/13	07/26/12	100.000	3,000,000
03/21/12	FNMA	AGCY STEP	3136FT4U0	0.625	03/21/16	09/21/12	100.000	3,000,000
01/11/12	FHLMC	AGCY CALL	3134G2F64	1.500	09/21/16	09/21/12	100.345	3,000,000
								\$ 11,000,000
MATURITIES								
12/19/11	Toyota Motor Credit CP	CP - DISC	89233GJE7	0.760	09/14/12	--	99.430	3,000,000
								\$ 3,000,000
Deposits								
								\$ -
Withdrawals								
								\$ -

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

