




SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Communication

Date: August 15, 2011

To: Board Members

From: Vernon D. Evans, CFO 

Subject: Unaudited Financial Statements For The Years Ended June 30, 2011 and 2010

The attached unaudited financial reports include the following:

Balance Sheets as of June 30, 2011 and 2010
 Statement of Revenues and Expenses Compared to Budget for the Years Ended June 30, 2011 and 2010
 Authority Detailed Income Statement-Supplemental Schedule

Year to date analysis:

Total operating revenues were \$1.1m below budget primarily due to a parking revenue deficit as a result of reduced operations. This budget deficit was offset by the retroactive billing on new ground rental agreements with Federal Express, Southwest and UPS.

Total operating expenses were \$4.0m or 3% below budget. The Authority completed the reforecast in April and directed management to curtail expenditures to ensure that the Authority would not exceed the budget.

Nonoperating revenues, net, were \$7.8m, or 21% below budget primarily due to capitalizing more interest than anticipated.

Capital grant contributions were \$16.9m or 39% below budget due to the delays of the apron project and lower than anticipated project spending. The delays were caused by contract award challenges in October and December rains.

The bottom line is the Authority's financial performance for the year was very good despite the continuing economic downturn. The Authority continues to be a very financially sound organization.



SAN DIEGO
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Balance Sheets
as of June 30, 2011
(Unaudited)
ASSETS

	June 30	
	2011	2010
Current assets:		
Cash and investments ⁽¹⁾	\$ 89,587,690	\$ 105,045,940
Tenant lease receivable, net of allowance of 2011: \$14,918 and 2010: \$59,341	5,150,848	6,133,899
Grants receivable	4,042,771	3,866,272
Notes receivable-current portion	1,696,413	1,612,790
Prepaid expenses and other current assets	5,274,023	7,410,693
Total current assets	105,751,745	124,069,594
Cash designated for capital projects and other ⁽¹⁾	8,148,558	20,895,687
Restricted assets:		
Cash and investments:		
Bonds reserve ⁽¹⁾	45,098,156	45,707,776
Passenger facility charges and interest unapplied ⁽¹⁾	54,758,180	57,894,537
Customer facility charges and interest unapplied ^{(1)*}	21,012,210	10,841,385
Commercial paper reserve ⁽¹⁾	37,355	63,686
SBD Bond Guarantee ⁽¹⁾	4,000,000	4,000,000
Bond proceeds held by trustee ⁽¹⁾	396,902,866	9,622,848
Commercial paper interest held by trustee ⁽¹⁾	12,855	12,853
Passenger facility charges receivable	5,018,803	5,015,518
Customer facility charges receivable*	1,029,040	1,235,660
OCIP insurance reserve	6,239,213	6,400,000
Total restricted assets	534,108,678	140,794,263
Noncurrent assets:		
Capital assets:		
Land and land improvements	24,480,472	23,453,560
Runways, roads and parking lots	273,449,103	227,870,260
Buildings and structures	464,476,793	461,050,523
Machinery and equipment	10,327,361	9,996,872
Vehicles	5,342,155	5,239,015
Office furniture and equipment	30,577,183	29,975,944
Works of art	2,426,971	2,257,371
Construction-in-progress	322,515,497	183,013,695
Total capital assets	1,133,595,535	942,857,240
Less accumulated depreciation	(507,948,149)	(459,139,817)
Total capital assets, net	625,647,386	483,717,423
Other assets:		
Notes receivable - long-term portion	42,914,061	44,610,475
Investments-long-term portion ⁽¹⁾	16,827,172	950,564
Deferred costs - bonds (net)	5,033,020	788,084
Net pension asset	7,760,767	8,317,080
Security Deposit	225,000	-
Total other assets	72,760,020	54,666,203
Total noncurrent assets	698,407,406	538,383,626
TOTAL ASSETS	\$ 1,346,416,387	\$ 824,143,170

⁽¹⁾ Total cash and investments, \$636,385,042 2011 and \$255,035,276 2010

* ConRAC Facility

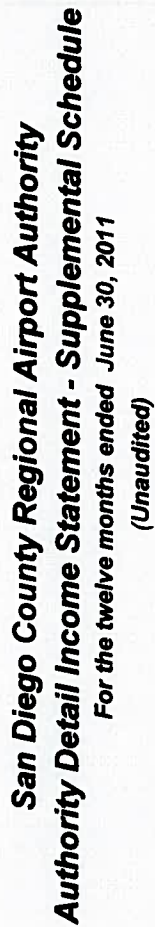
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Balance Sheets
as of June 30, 2011
(Unaudited)

LIABILITIES AND NET ASSETS

	June 30	
	2011	2010
Current liabilities:		
Accounts payable and accrued liabilities	\$ 56,971,598	\$ 50,356,920
Deposits and other current liabilities	2,601,415	1,395,529
Total current liabilities	59,573,013	51,752,449
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	4,760,000	3,105,000
Accrued interest on bonds and commercial paper	16,992,426	1,178,102
Total liabilities payable from restricted assets	21,752,426	4,283,102
Long-term liabilities:		
Commercial paper notes payable	20,729,000	164,430,000
Deferred rent liability	137,386	674,454
Other long-term liabilities	1,564,227	1,371,773
Long term debt - bonds net of amortized premium	635,269,061	41,178,973
Total long-term liabilities	657,699,674	207,655,200
Total liabilities	739,025,113	263,690,751
Authority net assets:		
Invested in capital assets, net of related debt	357,119,988	275,556,504
Other restricted	145,866,422	141,267,106
Unrestricted:		
Designated	15,909,325	33,212,767
Undesignated	88,495,539	110,416,043
Total net assets	607,391,274	560,452,419
TOTAL LIABILITIES AND NET ASSETS	\$ 1,346,416,387	\$ 824,143,170

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Statement of Revenues and Expenses Compared to Budget
For the Twelve Months Ended June 30, 2011 and 2010
(Unaudited)

	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Operating revenues:					
Aviation revenue:					
Landing fees	\$ 19,030,300	\$ 18,713,800	\$ (316,500)	(2)%	\$ 18,656,620
Aircraft parking fees	2,826,000	2,920,891	94,891	3%	3,382,019
Building rentals	27,787,096	26,735,687	(1,051,409)	(4)%	23,029,604
Security surcharge	14,785,500	14,843,206	57,706	0%	11,900,070
Other aviation revenue	1,584,302	1,596,665	12,363	1%	1,584,408
Terminal rent non-airline	868,200	869,212	1,012	0%	805,435
Terminal concessions	12,684,111	12,812,469	128,358	1%	12,454,436
Rental car license fees	21,278,800	21,686,296	407,496	2%	20,968,694
License fees other	3,086,800	2,599,589	(487,211)	(16)%	2,825,869
Parking revenue	32,281,228	30,909,430	(1,371,798)	(4)%	29,975,204
Ground transportation permits and citations	621,866	735,243	113,377	18%	320,639
Ground rentals	6,226,272	7,740,771	1,514,499	24%	5,923,301
Grant reimbursements	1,100,980	869,711	(231,269)	(21)%	1,257,284
Other operating revenue	721,392	778,692	57,300	8%	611,100
Total operating revenues	144,882,847	143,811,662	(1,071,185)	(1)%	133,694,683
Operating expenses:					
Salaries and benefits	38,557,427	38,256,686	300,741	1%	35,386,258
Contractual services	29,291,160	26,088,618	3,202,542	11%	27,998,903
Safety and security	20,657,433	21,324,369	(666,936)	(3)%	20,131,013
Space rental	10,905,339	10,906,405	(1,066)	(0)%	10,905,899
Utilities	7,048,000	6,413,489	634,511	9%	6,871,135
Maintenance	7,938,898	8,138,526	(199,628)	(3)%	9,230,944
Equipment and systems	529,516	562,491	(32,975)	(6)%	890,964
Materials and supplies	381,379	314,357	67,022	18%	412,911
Insurance	1,222,750	1,063,379	159,371	13%	1,166,209
Employee development and support	1,340,969	1,015,098	325,871	24%	990,128
Business development	2,202,076	2,244,569	(42,493)	(2)%	2,032,862
Equipment rentals and repairs	1,574,373	1,308,006	266,367	17%	1,270,944
Total operating expenses	121,649,320	117,635,993	4,013,327	3%	117,288,170
Depreciation	50,548,893	49,989,088	559,805	1%	42,350,800
Operating income (loss)	(27,315,366)	(23,813,419)	3,501,947	13%	(25,944,287)
Nonoperating revenue (expenses):					
Passenger facility charges	33,731,900	33,895,556	163,656	0%	34,048,981
Customer facility charges (ConRAC Facility)	10,550,136	10,986,467	436,331	4%	10,782,512
Quieter Home Program	(3,868,801)	(3,386,058)	482,743	12%	(1,873,442)
Interest income	5,982,540	6,070,445	87,905	1%	6,666,720
BAB interest rebate	3,691,000	3,691,431	431	0%	-
Interest expense	(13,382,831)	(7,295,927)	6,086,904	45%	(2,683,595)
Bond amortization cost	(144,848)	469,730	614,578	424%	(73,517)
Other nonoperating income (expenses)	(40,000)	(92,929)	(52,929)	(132)%	(1,003,947)
Nonoperating revenue, net	36,519,096	44,338,715	7,819,619	21%	45,863,712
Income before capital grant contributions	9,203,730	20,525,296	11,321,566	123%	19,919,425
Capital grant contributions	43,318,052	26,413,555	(16,904,497)	(39)%	27,350,431
Net income	\$ 52,521,782	\$ 46,938,851	\$ (5,582,931)	(11)%	\$ 47,269,856



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San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the twelve months ended June 30, 2011
(Unaudited)

Print Date: 8/12/2011
Print Time: 3:27:38PM
Report ID: GL0012

	Month to Date				Year to Date					
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Parking and Ground Transportat										
45210 - Parking	\$2,777,590	\$2,318,121	\$(459,469)	(17)	\$2,354,406	\$32,281,228	\$30,909,430	\$(1,371,798)	(4)	\$29,975,204
45220 - AVI fees	20,502	31,842	11,340	55	0	322,395	344,665	22,270	7	0
45240 - Ground Transportation Permits	61,842	2,720	(59,122)	(96)	3,840	275,471	328,790	53,319	19	288,985
45250 - Citations	2,089	16,303	14,214	680	14,251	24,000	61,788	37,788	157	31,654
Total Parking and Ground Transportat	2,862,023	2,368,985	(493,038)	(17)	2,372,497	32,903,094	31,644,674	(1,258,420)	(4)	30,295,842
Ground Rentals										
45310 - Ground Rental - Fixed	462,531	492,485	29,954	6	421,495	5,550,372	6,855,172	1,304,800	24	5,124,329
45320 - Ground Rental - Percentage	61,711	71,398	9,687	16	91,612	675,900	885,599	209,699	31	798,972
Total Ground Rentals	524,242	563,884	39,642	8	513,107	6,226,272	7,740,770	1,514,498	24	5,923,301
Grant Reimbursements										
45410 - TSA Reimbursements	24,094	17,634	(6,460)	(27)	17,634	214,492	214,400	(92)	0	213,665
45420 - Planning Grants	73,874	27,230	(46,644)	(63)	25,700	886,488	655,311	(231,177)	(26)	1,043,619
Total Grant Reimbursements	97,968	44,864	(53,104)	(54)	43,334	1,100,980	869,711	(231,269)	(21)	1,257,284
Other Operating Revenue										
45510 - Finger Printing Fee	4,116	11,658	7,542	183	5,760	49,392	58,809	9,417	19	53,147
45520 - Utilities Reimbursements	44,191	33,974	(10,217)	(23)	43,988	530,292	508,597	(21,695)	(4)	362,505
45530 - Miscellaneous Other Revenue	5,567	40,045	34,478	619	3,063	66,804	108,881	42,077	63	74,362
45540 - Service Charges	3,325	4,269	944	28	26,712	39,900	23,748	(16,152)	(40)	57,459
45570 - FBO Landing Fees	2,917	2,537	(380)	(13)	0	35,004	54,657	19,653	56	0
45580 - Equipment Rental	0	2,000	2,000	0	2,000	0	24,000	24,000	0	24,000
Total Other Operating Revenue	60,116	94,482	34,366	57	81,523	721,392	778,692	57,300	8	571,474
Total Operating Revenue	12,473,501	10,975,260	(1,498,241)	(12)	8,809,542	144,882,847	143,811,662	(1,071,185)	(1)	133,694,684
Personnel Expenses										
Salaries										
51110 - Salaries & Wages	3,261,012	3,047,458	213,554	7	2,595,859	28,277,634	23,846,997	4,430,637	16	22,953,210
51210 - Paid Time Off	0	258,071	(258,071)	0	238,578	0	2,094,561	(2,094,561)	0	2,131,038
51220 - Holiday Pay	0	46,688	(46,688)	0	45,304	0	655,828	(655,828)	0	625,113
51240 - Other Leave With Pay	0	18,892	(18,892)	0	22,248	0	143,279	(143,279)	0	119,735
51250 - Special Pay	0	43,783	(43,783)	0	84,560	0	499,555	(499,555)	0	794,943
Total Salaries	3,261,012	3,414,892	(153,880)	(5)	2,986,548	28,277,634	27,240,220	1,037,414	4	26,624,039
52110 - Overtime	86,867	117,343	(30,477)	(35)	114,385	973,658	834,219	139,439	14	1,033,432

San Diego County Regional Airport Authority
Authority Detail Income Statement - Supplemental Schedule
For the twelve months ended June 30, 2011
(Unaudited)

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	Month to Date				Year to Date			
	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)
Total Personnel Expenses	4,251,715	4,792,639	(540,923)	(13)	3,525,817	38,557,427	38,256,688	300,739
Non-Personnel Expenses								1
Contract Services								35,386,261
61100 - Temporary Staffing	\$38,449	\$32,915	\$5,534	14	\$57,688	\$478,850	\$287,206	\$191,644
61110 - Auditing Services	0	16,349	(16,349)	0	25,700	140,000	134,149	5,851
61120 - Legal Services	100,000	36,096	63,904	64	(138,319)	1,200,000	459,080	730,920
61130 - Services - Professional	1,140,354	996,712	143,641	13	2,223,013	12,152,097	9,080,795	3,071,302
61150 - Outside Svs - Other	301,120	202,075	99,046	33	304,305	3,028,414	2,470,602	557,812
61160 - Services - Custodial	1,120,774	1,050,980	69,794	6	1,404,085	13,710,770	14,799,855	(1,089,085)
61990 - OH Contra	0	(466,847)	466,847	0	(166,556)	0	(1,153,069)	1,153,069
61998 - Capitalized OH Contra	(159,780)	0	(159,780)	(100)	0	(1,418,971)	0	(1,418,971)
Total Contract Services	2,540,917	1,868,280	672,637	26	3,709,916	29,291,160	26,088,617	3,202,542
Safety and Security								11
61170 - Services - Fire, Police, Rescu	420,221	507,783	(87,562)	(21)	357,860	4,482,000	5,628,770	(1,146,770)
61180 - Services - SDUPD	1,622,248	1,372,246	250,002	15	1,569,125	14,229,933	14,102,510	127,423
61185 - Guard Services	186,555	131,807	54,748	29	126,705	1,945,500	1,593,089	352,411
Total Safety and Security	2,229,024	2,011,836	217,188	10	2,053,691	20,657,433	21,324,370	(666,937)
Space Rental								(3)
62100 - Rent	908,678	946,934	(38,256)	(4)	950,050	10,905,339	11,356,478	(451,139)
62199 - Rent Amortization	0	(37,507)	37,507	0	(37,506)	0	(450,073)	450,073
Total Space Rental	908,678	909,427	(749)	0	912,544	10,905,339	10,906,405	(1,066)
Utilities								0
63100 - Telephone & Other Communicatio	40,814	34,240	6,574	16	46,942	487,500	457,319	30,181
63110 - Utilities - Gas & Electric	500,050	440,944	59,106	12	654,373	5,850,500	5,324,412	526,088
63120 - Utilities - Water	70,000	39,687	30,313	43	54,973	710,000	631,758	78,242
Total Utilities	610,864	514,871	95,993	16	756,288	7,048,000	6,413,488	634,512
								9
								6,871,135

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	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual	Budget	Actual	Variance Favorable (Unfavorable)	Variance Percent	Prior Year Actual
Maintenance										
64100 - Facilities Supplies	\$56,525	\$93,185	\$(36,660)	(65)	\$110,322	\$703,600	\$702,270	\$1,330	0	\$727,554
64110 - Maintenance - Annual Repair	454,575	480,523	(25,948)	(6)	378,724	5,683,060	6,296,124	(613,064)	(11)	6,962,171
64122 - Contractor Labor	0	0	0	0	0	0	1,016	(1,016)	0	0
64123 - Contractor Burden	0	0	0	0	0	0	1,293	(1,293)	0	0
64124 - Maintenance-Overhead	0	603	(603)	0	97	0	10,451	(10,451)	0	652
64125 - Major Maintenance - Materials	50,000	147,714	(97,714)	(195)	142,641	1,100,000	556,784	543,216	49	992,796
64127 - Contract Overhead (contra)	0	0	0	0	(4,038)	0	29,751	(29,751)	0	7,601
64140 - Refuse & Hazardous Waste Dis	38,000	32,763	5,237	14	77,561	452,238	540,837	(88,599)	(20)	540,169
Total Maintenance	599,100	754,788	(155,688)	(26)	705,307	7,938,898	8,138,526	(199,628)	(3)	9,230,944
Equipment and Systems										
65100 - Equipment & Systems	46,379	160,907	(114,527)	(247)	238,352	576,822	603,811	(26,989)	(5)	931,095
65101 - OH Contra	(6,144)	(17,634)	11,490	187	(2,977)	(47,306)	(41,320)	(5,986)	(13)	(40,131)
Total Equipment and Systems	40,236	143,273	(103,037)	(256)	235,375	529,516	562,492	(32,976)	(6)	890,964
Materials and Supplies										
65110 - Office & Operating Supplies	31,259	32,451	(1,193)	(4)	36,948	386,990	263,497	123,493	32	359,937
65120 - Safety Equipment & Supplies	8,221	12,937	(4,716)	(57)	13,592	64,350	60,317	4,033	6	59,620
65130 - Tools - Small	2,000	3,013	(1,013)	(51)	0	20,000	14,683	5,317	27	32,546
65199 - OH Contra	(8,589)	(5,812)	(2,777)	(32)	(5,078)	(89,961)	(24,140)	(65,821)	(73)	(39,192)
Total Materials and Supplies	32,890	42,589	(9,699)	(29)	45,462	381,379	314,357	67,022	18	412,911
Insurance										
67170 - Insurance - Property	30,271	28,828	1,443	5	27,109	363,250	351,180	12,070	3	325,304
67171 - Insurance - Liability	36,667	23,913	12,753	35	30,905	440,000	293,979	146,021	33	430,176
67172 - Insurance - Public Officials L	26,250	23,239	3,011	11	25,505	315,000	278,866	36,134	11	306,218
67173 - Insurance Miscellaneous	8,458	3,264	5,194	61	8,671	101,500	139,354	(37,854)	(37)	104,511
67199 - Insurance - Claims	250	0	250	100	0	3,000	0	3,000	100	0
Total Insurance	101,896	79,244	22,652	22	92,189	1,222,750	1,063,379	159,371	13	1,166,209

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For the twelve months ended June 30, 2011
(Unaudited)

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	Month to Date				Year to Date			
	Budget	Actual	Variance		Prior Year Actual	Variance		
			Favorable (Unfavorable)	Percent		Favorable (Unfavorable)	Percent	
Depreciation and Amortization								
69110 - Depreciation Expense	\$4,189,243	\$4,737,754	\$(548,511)	(13)	\$4,587,754	\$559,806	1	\$42,350,800
Total Depreciation and Amortization	4,189,243	4,737,754	(548,511)	(13)	4,587,754	559,806	1	42,350,800
Non-Operating Revenue/(Expense)								
Passenger Facility Charges								
71110 - Passenger Facility Charges	2,935,487	3,067,125	131,638	4	3,272,919	163,656	0	34,048,981
Total Passenger Facility Charges	2,935,487	3,067,125	131,638	4	3,272,919	163,656	0	34,048,981
Customer Facility Charges								
71120 - Customer Facility Charges	926,680	1,023,735	97,055	10	911,501	436,331	4	10,782,512
Total Customer Facility Charges	926,680	1,023,735	97,055	10	911,501	436,331	4	10,782,512
Quilter Home Program								
71212 - Quieter Home - Labor	0	(56,401)	(56,401)	0	(63,820)	(514,769)	0	(613,058)
71213 - Quieter Home - Burden	0	(23,326)	(23,326)	0	(27,124)	(232,981)	0	(251,715)
71214 - Quieter Home - Overhead	0	(20,597)	(20,597)	0	(13,794)	(132,343)	0	(155,390)
71215 - Quieter Home - Material	(1,797,993)	(987,655)	810,338	45	(476,522)	(15,837,896)	12	(18,874,975)
71216 - Quieter Home Program	1,449,106	635,246	(813,860)	(56)	695,839	14,411,926	(1)	18,998,445
71217 - Contract Labor	0	(36,990)	(36,990)	0	(37,089)	(441,373)	0	(319,263)
71218 - Contractor Burden	0	(47,078)	(47,078)	0	(48,217)	(509,431)	0	(413,243)
71222 - Contractor Labor	0	(11,295)	(11,295)	0	(28,118)	(19,855)	0	(45,542)
71223 - Contractor Burden	0	(14,375)	(14,375)	0	(4,685)	(25,268)	0	(6,840)
71224 - Joint Studies Overhead	0	(1,339)	(1,339)	0	(2,477)	(6,783)	0	(7,875)
71225 - Joint Studies - Material	(31,250)	0	31,250	100	(20,112)	(46,476)	88	(101,288)
71226 - Contractor Overhead	0	(16,151)	(16,151)	0	(42,158)	(30,809)	0	(82,698)
Total Quilter Home Program	(380,137)	(579,960)	(199,823)	(53)	(68,277)	(3,386,057)	12	(1,873,442)
Interest Income								
71310 - Interest - Investments	290,187	120,855	(169,332)	(58)	197,879	(1,845,936)	(53)	3,853,152
71330 - Interest - Commercial Paper	0	0	0	0	(4)	1	0	5
71340 - Interest - Note Receivable - S	208,358	202,205	(6,153)	(3)	209,407	2,500,344	0	2,585,552
71350 - Interest - Other	0	(580)	(580)	0	(677)	(2,406)	0	1,638
71360 - Interest - Bonds	0	(23,214)	(23,214)	0	(28,865)	232,024	0	226,373
71361 - Interest Income - 2010 Bonds	0	143,430	143,430	0	0	1,704,174	0	0
Total Interest Income	498,545	442,695	(55,850)	(11)	377,740	87,905	1	6,666,720

Print Date: 8/12/2011
Print Time: 3:27:38PM
Report ID: GL0012

Data Date: 8/12/2011 **3:18:43PM**
DataSource: ARP

Print Date: 8/12/2011
Print Time: 3:27:38PM
Report ID: GL0012

Data Date: 8/12/2011 **3:18:43PM**
Data Source: ARP

San Diego County Regional Airport Authority



Review of the Unaudited Financial Statements for the Year Ended June 30, 2011

Presented by:

Vernon D. Evans, CPA

Vice President, Finance / Treasurer & CFO

August 22, 2011

Congressional Leaders Compromise



- Congressional leaders reached a compromise with President Obama on Sunday to raise the U.S. debt limit by at least \$2.1 trillion and cut spending by \$2.4 trillion or more.
- The deal, which will likely be voted on today, would cut \$917 billion in spending over the next 10 years and increase the debt limit initially by \$900 billion. There are also provisions for a special congressional committee to find another \$1.5 trillion in cuts by late November.
- If the November deadline is met, or a balanced budget amendment is passed, Obama would receive another \$1.5 trillion increase in the debt ceiling. If the deadline is not met, automatic spending cuts would be triggered in addition to another \$1.2 trillion debt ceiling increase.



**GOOD NEWS!
I RAISED
THE DEBT
CEILING**



**DIGIT
DICK
TRIBUNE
REVIEW**

**NOW...
ABOUT YOUR
FLOOR...**

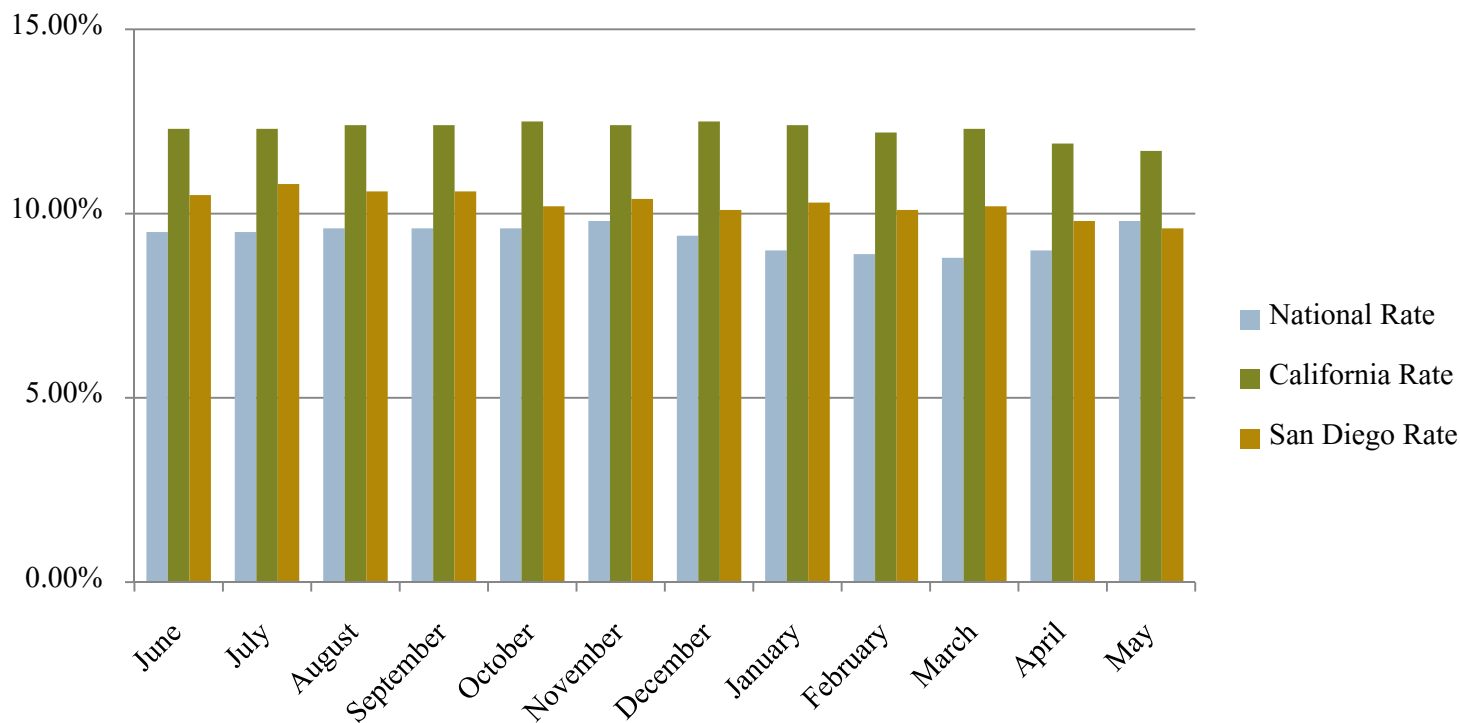




Unemployment Rate This Fiscal Year

The Federal unemployment rate decreased to 9.1%, up from 9.2% last month. The California unemployment rate remains high at 11.8% which continues to be higher than the national average. The U-6 rate is 16.1% for June. San Diego's unemployment rate is 10.4%.

Unemployment Rates





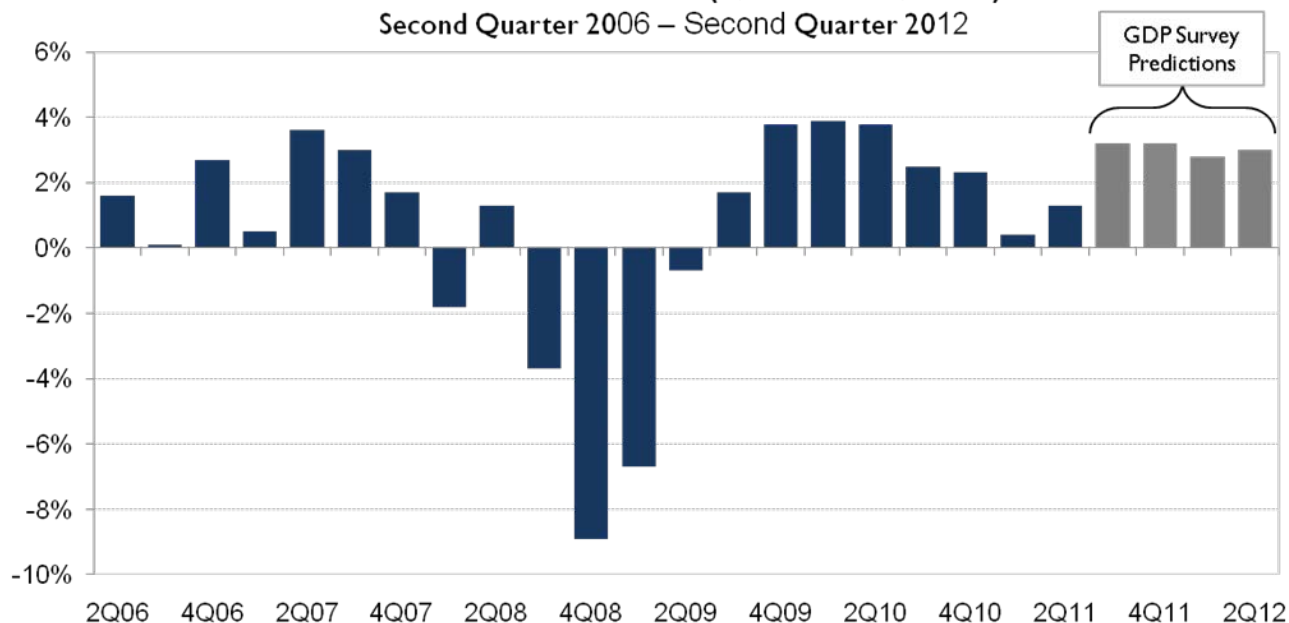
GDP Worse Than Previously Believed



Sluggish growth continued into the second quarter as GDP posted a 1.3 percent annualized rise, following a downwardly revised increase of 0.4 percent in the first quarter. Analysts had forecasted a 1.9 percent increase for the second quarter and the first quarter was initially estimated at 1.9 percent and later revised down to 1.8 percent and then to the current 0.4 percent. Most of the anemia in the second quarter came from the consumer sector which came to a screeching halt with a 0.1 annualized percent uptick in the first quarter, following a 2.1 percent rise the prior quarter. Government purchases declined modestly while gains were seen in net exports, business investment in structures and equipment, and even residential investment. Inventories nudged up.



Gross Domestic Product (Quarter on Quarter)
Second Quarter 2006 – Second Quarter 2012

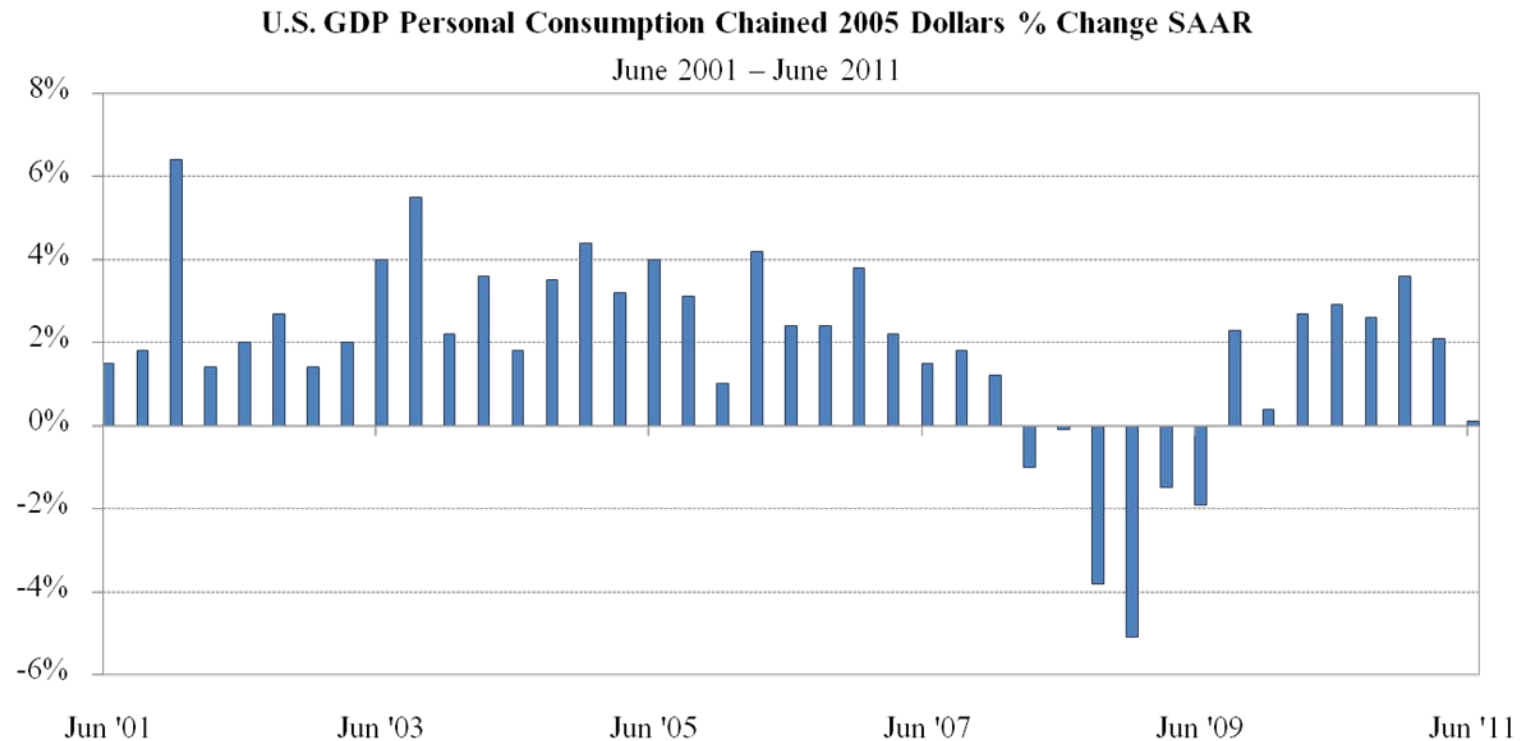


Gross Domestic Product (GDP) is a measure of the United States' production over the quarter, often shown as quarter on quarter change. GDP includes consumption, government spending, investment, and net exports. It is the measure of economic activity in the United States.



Personal Consumption Declines More Than Expected

Personal consumption was reported at 0.1% for the second quarter of 2011. Personal consumption fell from 2.2% in the first quarter of 2011 to 0.1% in the second quarter of 2011, this weakness is evident in the personal consumption segment of the second quarter of 2011 GDP release. The report shows that consumer sentiment is declining and indicates the economy isn't gaining momentum as the second half of the year begins.



Real GDP consumption expenditures in chained 2005 dollars at a seasonally adjusted annual rate.



Home Sales Fall Slightly In June



Sales of existing homes continued to decline in June, slipping 0.8 percent to an annual adjusted rate of 4.77 million. However, the sales that did occur came in at considerably higher prices, at a median \$184,300 for an 8.9 percent monthly gain. The year-on-year rate moved into positive ground for the first time this year at plus 0.8 percent. The average price, at \$236,200, rose 8.5 percent with the year-on-year rate at plus 2.7 percent. Note that prices in this report are not seasonally adjusted though year-on-year strength does point firmly to strength outside of seasonal factors.

Existing Home Sales



Existing home sales represents the number of sales in each month of previously constructed homes, condominiums, and co-ops. Existing homes are often a better indicator of trends in the housing market, as they account for a larger share of the market than new homes.



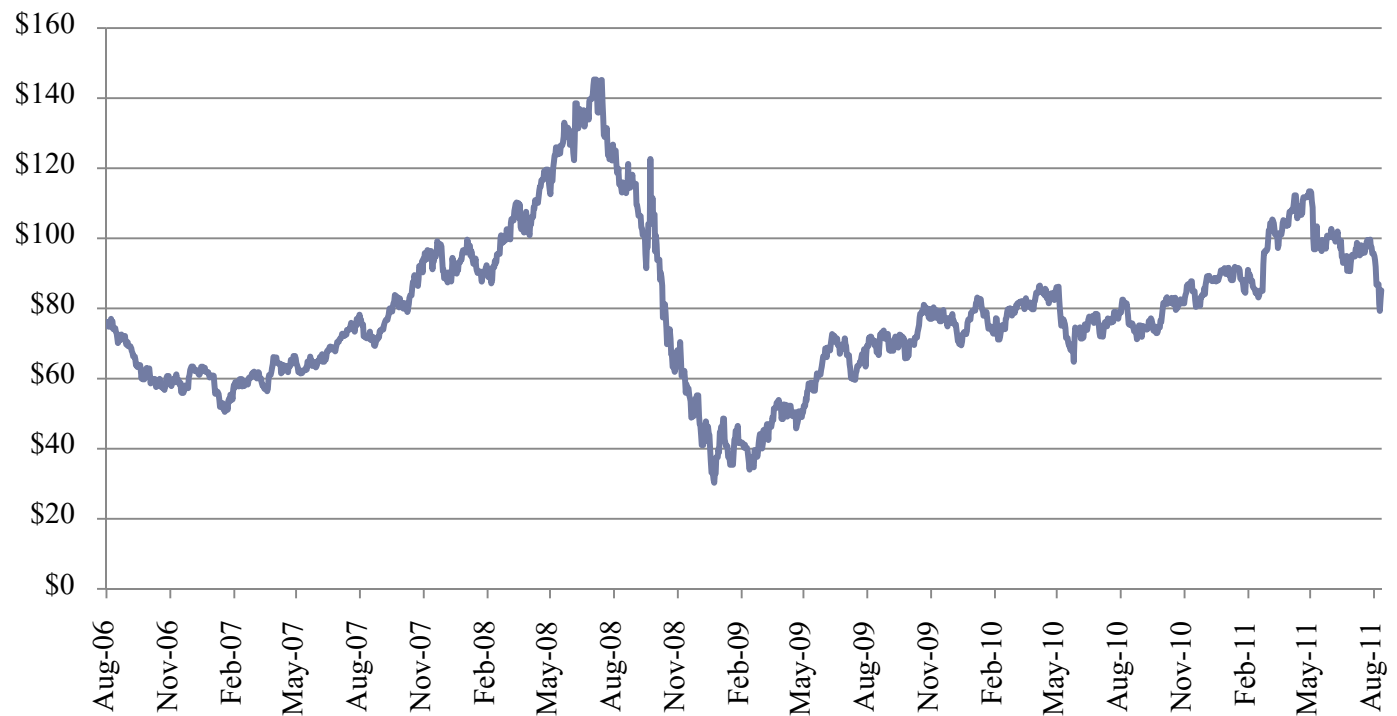
Oil Prices Fall on Economic Worries



After reaching as high as \$113/barrel (WTI) in early May 2011, oil prices have trended downward on concerns that the economy is slowing, which would depress demand for oil. Along with the equity markets, there was a broad sell off in the commodity markets on August 4, on fears of a global economic slowdown. Oil closed at \$79 per barrel on August 9, 2011, the first time under oil has closed under \$80 per barrel since the end of September 2010

Oil Price Per Barrel (WTI Spot)

August 1, 2006 – August 11, 2011



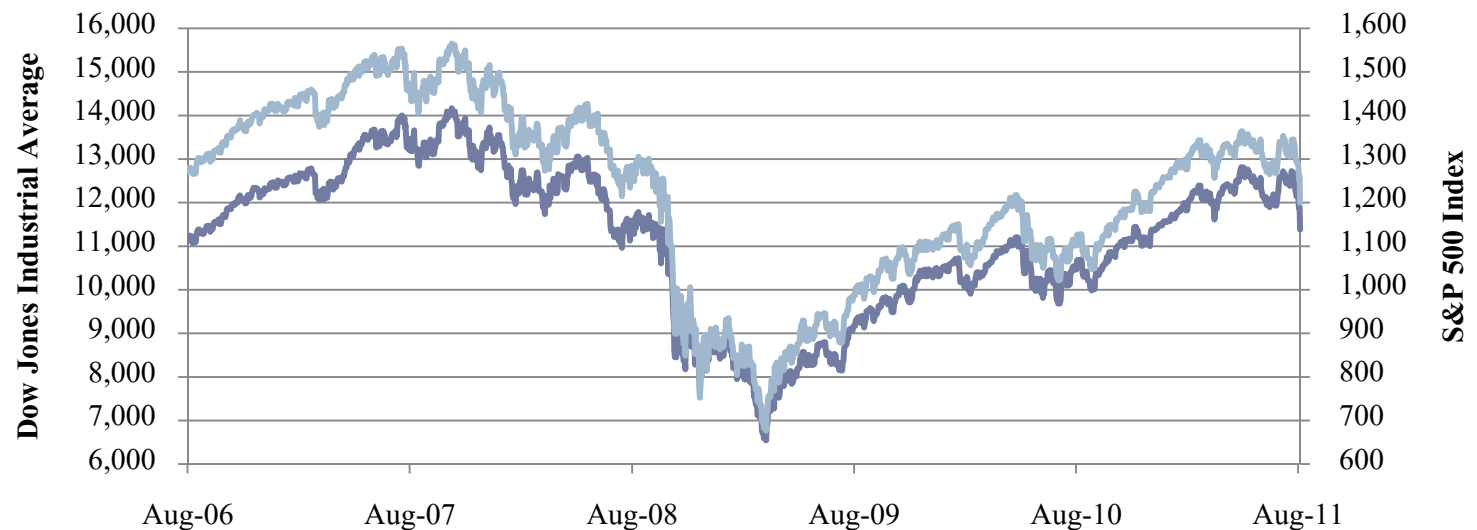


The Equity Markets Fall Sharply on Economic Woes

Since reaching their latest highs on July 7, the U.S. equity markets have trended downward on a series of weaker the economic releases along with the continuing European debt crises. On August 4, the U.S. equity experienced their worst day since the 2008 financial crises, as the major equity indices all sold off on concerns about a global economic slowdown. The S&P 500 and the DJIA were both down over 4% for the day and 10% from their July highs. The indices which had been up for most of the year are now negative year-to-day.

Dow Jones Industrial Average and S&P 500 Indices

August 1, 2006 – August 4, 2011

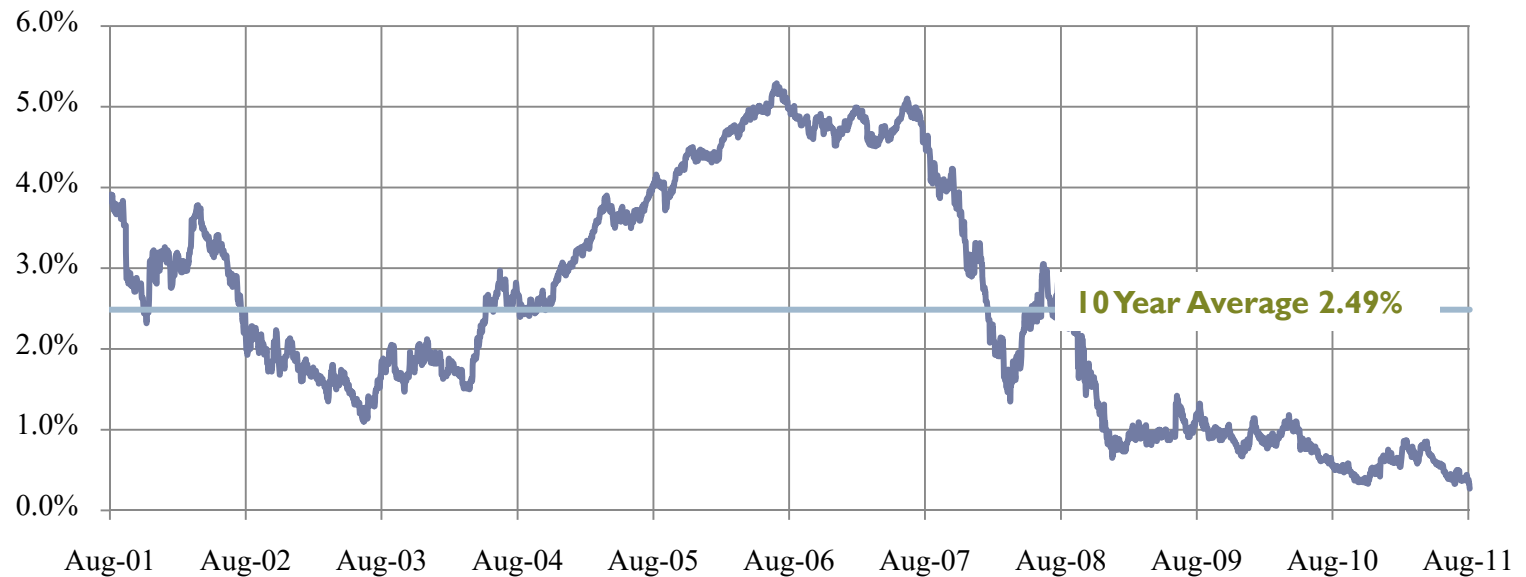




2-Year Treasury Yield Hits New All-Time Low

The 2-year U.S. Treasury yield closed at 0.18% on August 10, a new all-time low as investors reacted to global economic worries and the decision by the federal reserve to keep the federal funds rate exceptionally low at least through mid-2013. Before August, the previous low of 0.33% was reached in November 2010 and July 2011. Over the past twelve months, the yield on the 2-year Treasury has averaged less than 0.55%.

2-Year U.S. Treasury Yield
August 1, 2001 – August 11, 2011

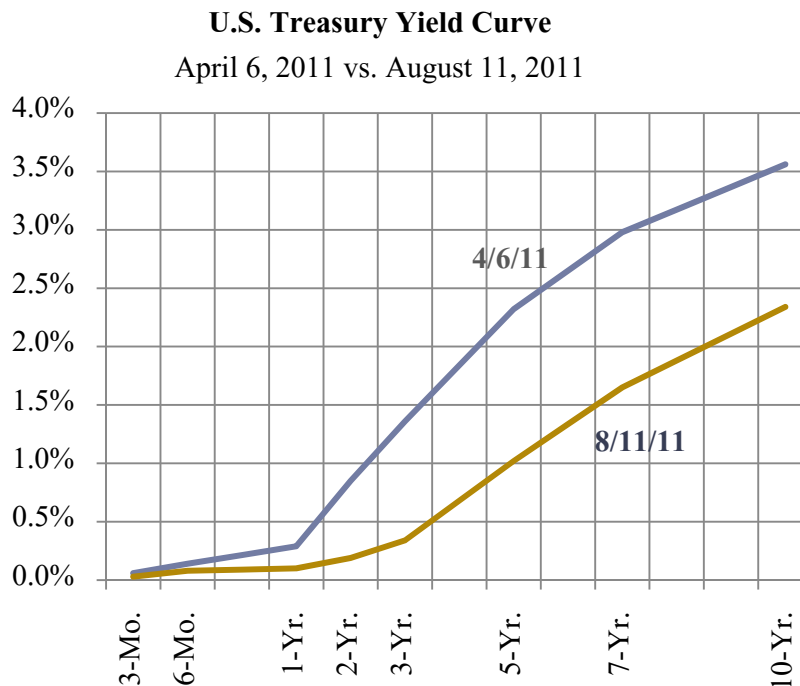




U.S. Treasury Yield Curve



U.S. Treasury yields have fallen across the yield curve on growing economic worries and a sell off in the equity and commodity markets. Since reaching its most recent high for the year on April 6, the yield on the 2-year Treasury is down 0.66% after hitting new all-time lows.



	4/6/11	8/11/11	Change
3-Mo.	0.06%	0.03%	(0.03%)
6-Mo.	0.14%	0.08%	(0.06%)
1-Yr.	0.29%	0.10%	(0.19%)
2-Yr.	0.85%	0.19%	(0.66%)
3-Yr.	1.36%	0.34%	(1.02%)
5-Yr.	2.32%	1.02%	(1.30%)
10-Yr.	3.56%	2.34%	(1.22%)



Unaudited Financial Statements

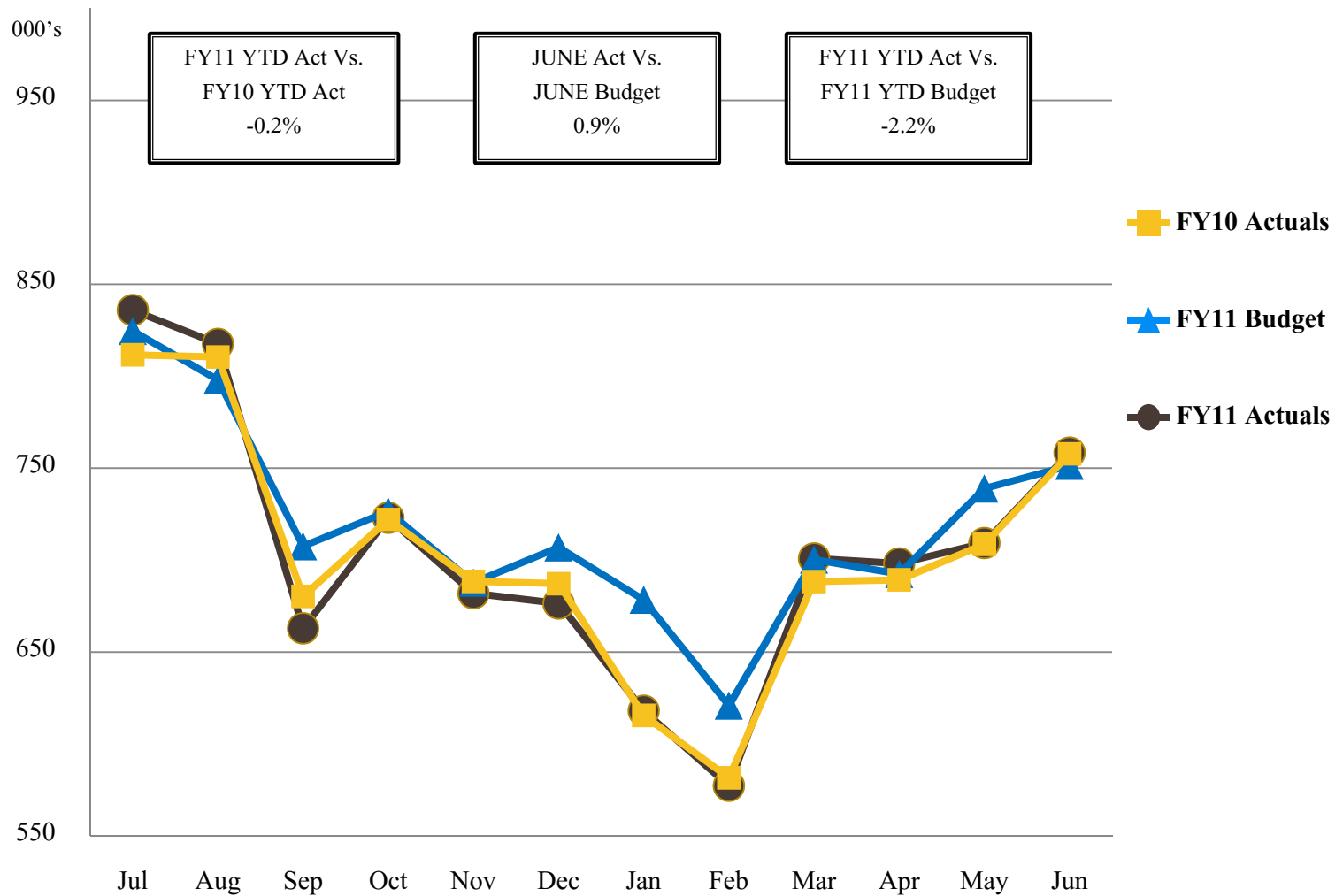
For the Year Ended

June 30, 2011



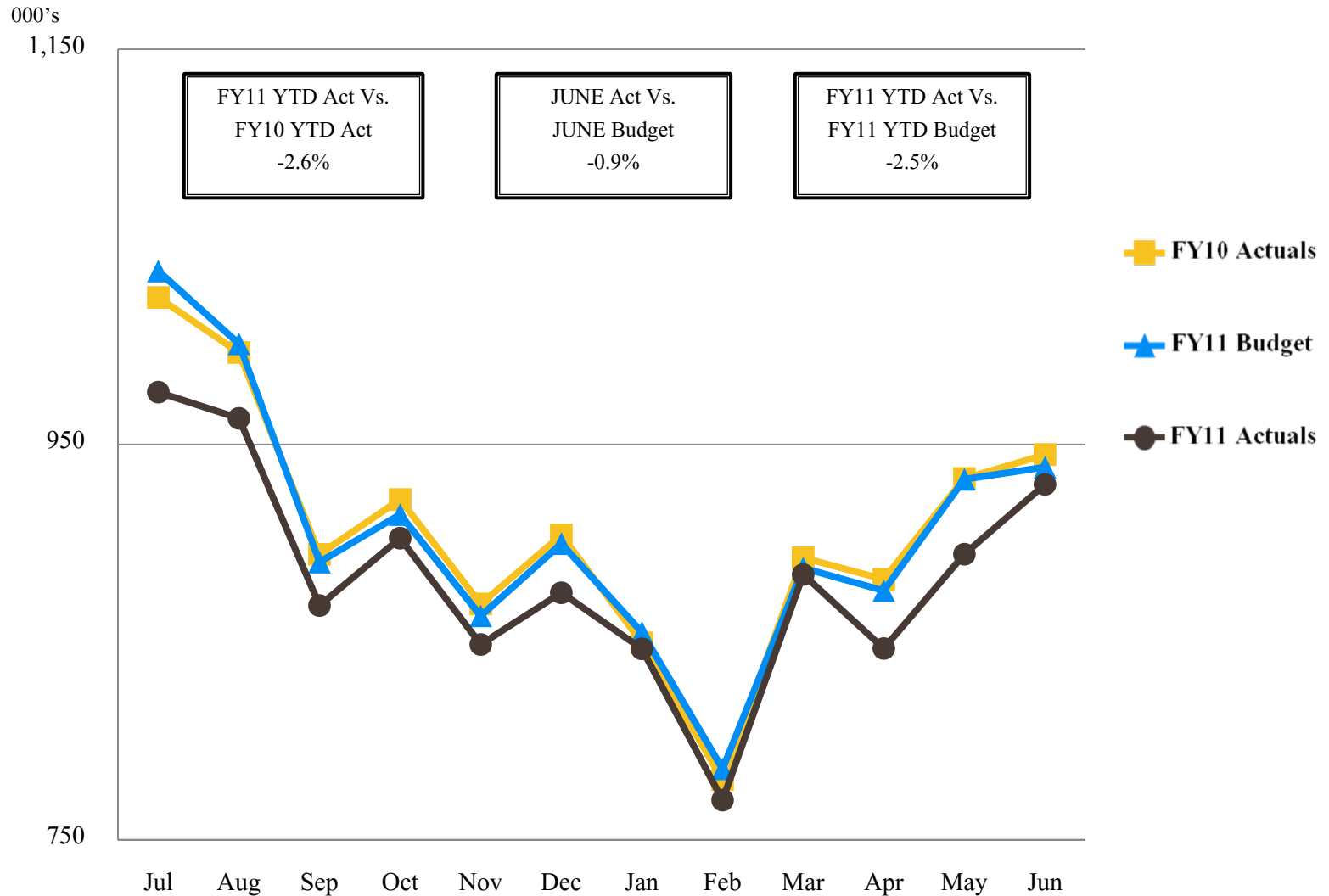


Enplanements



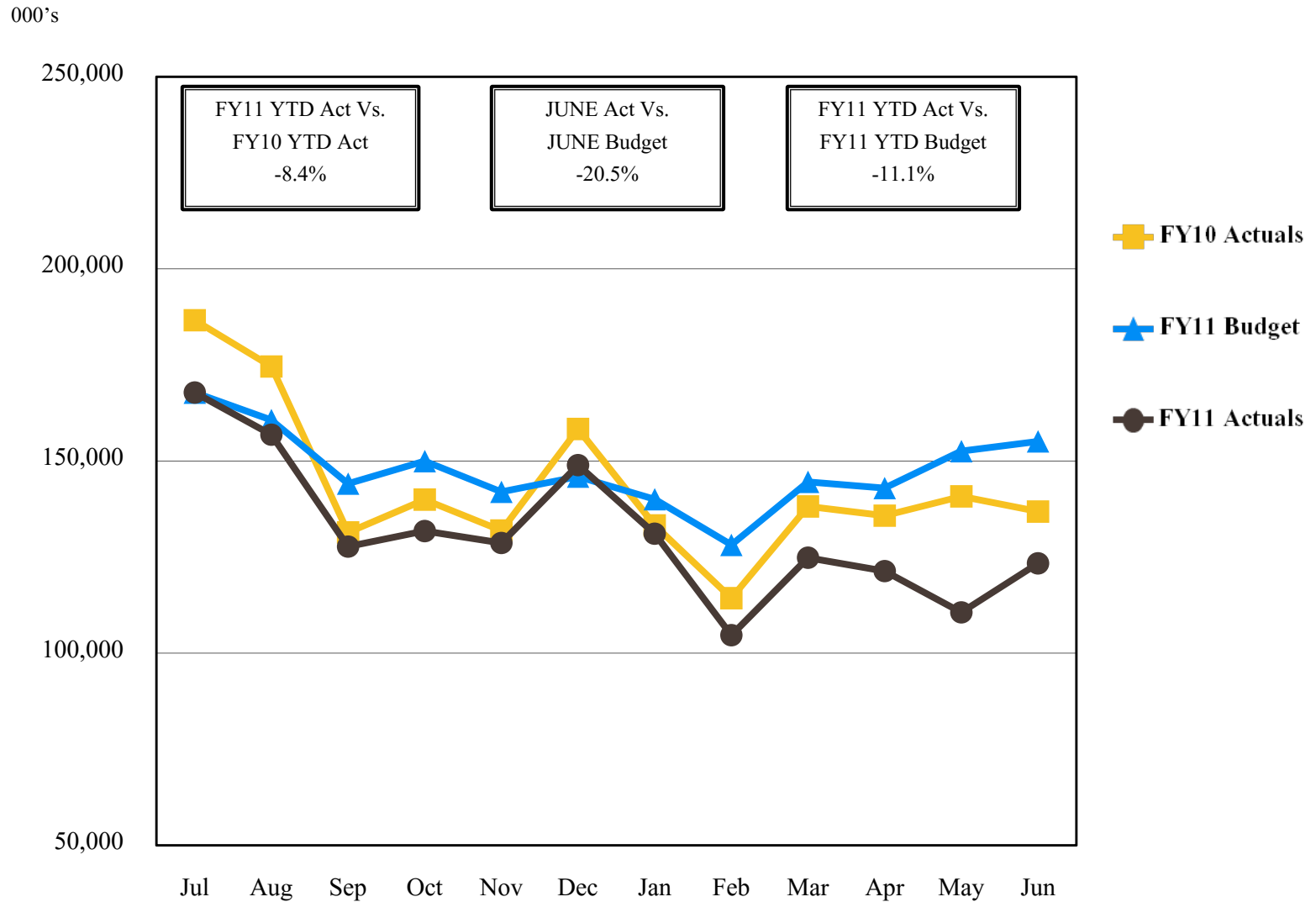


Gross Landing Weight Units (000 lbs)



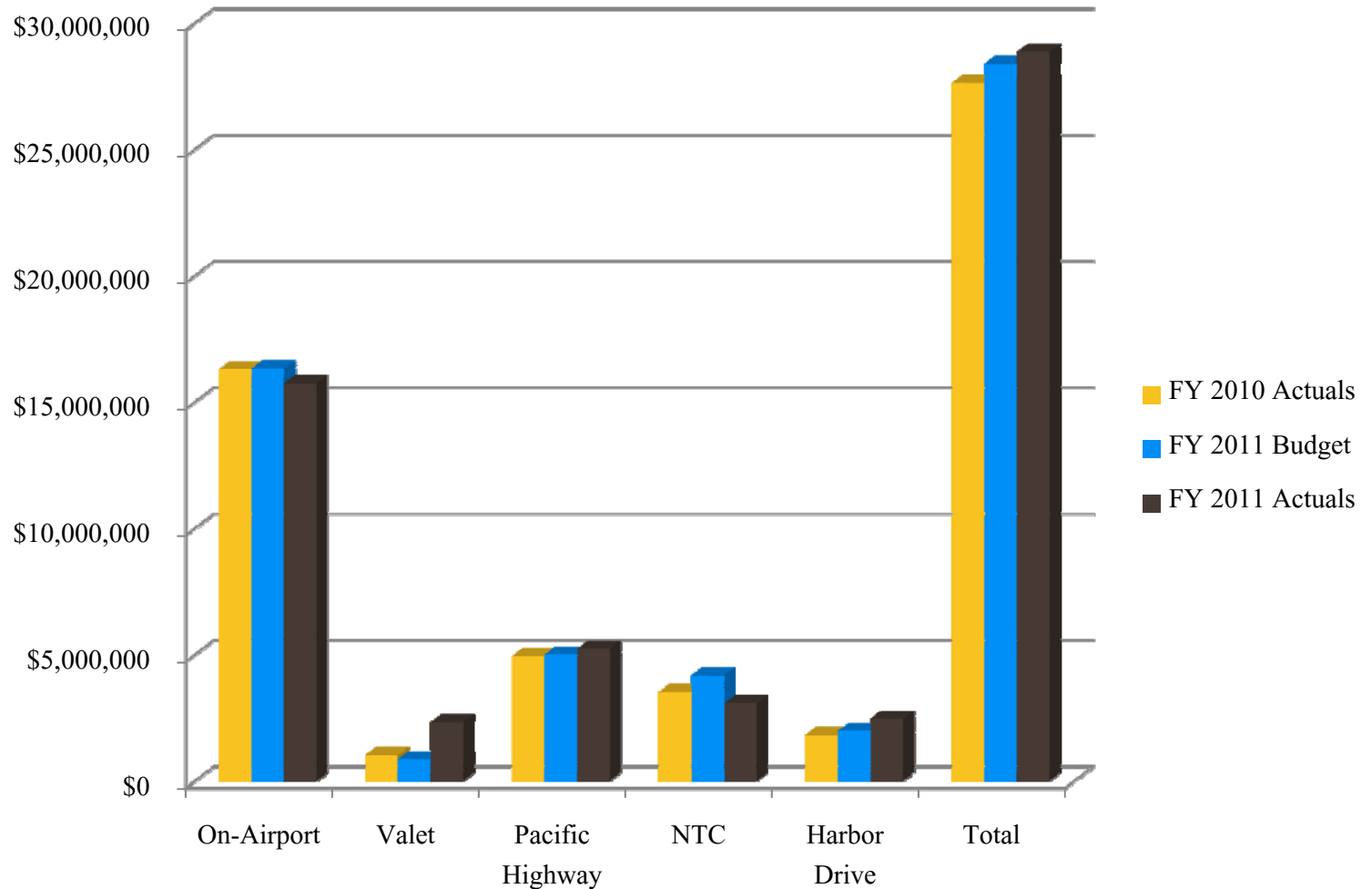


Airport Parking Transactions



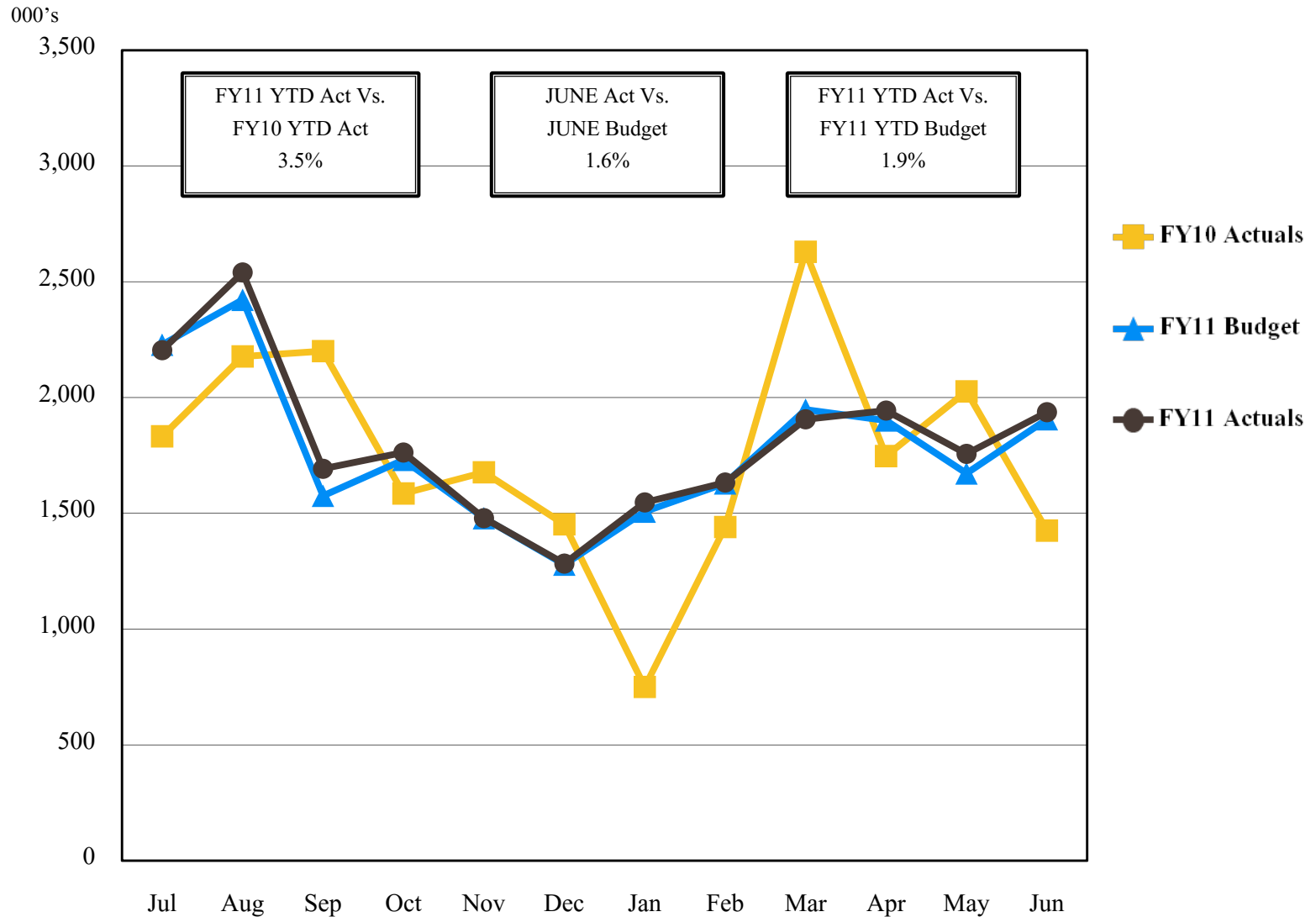


Airport Parking Transactions (To be Updated)





Car Rental License Fees



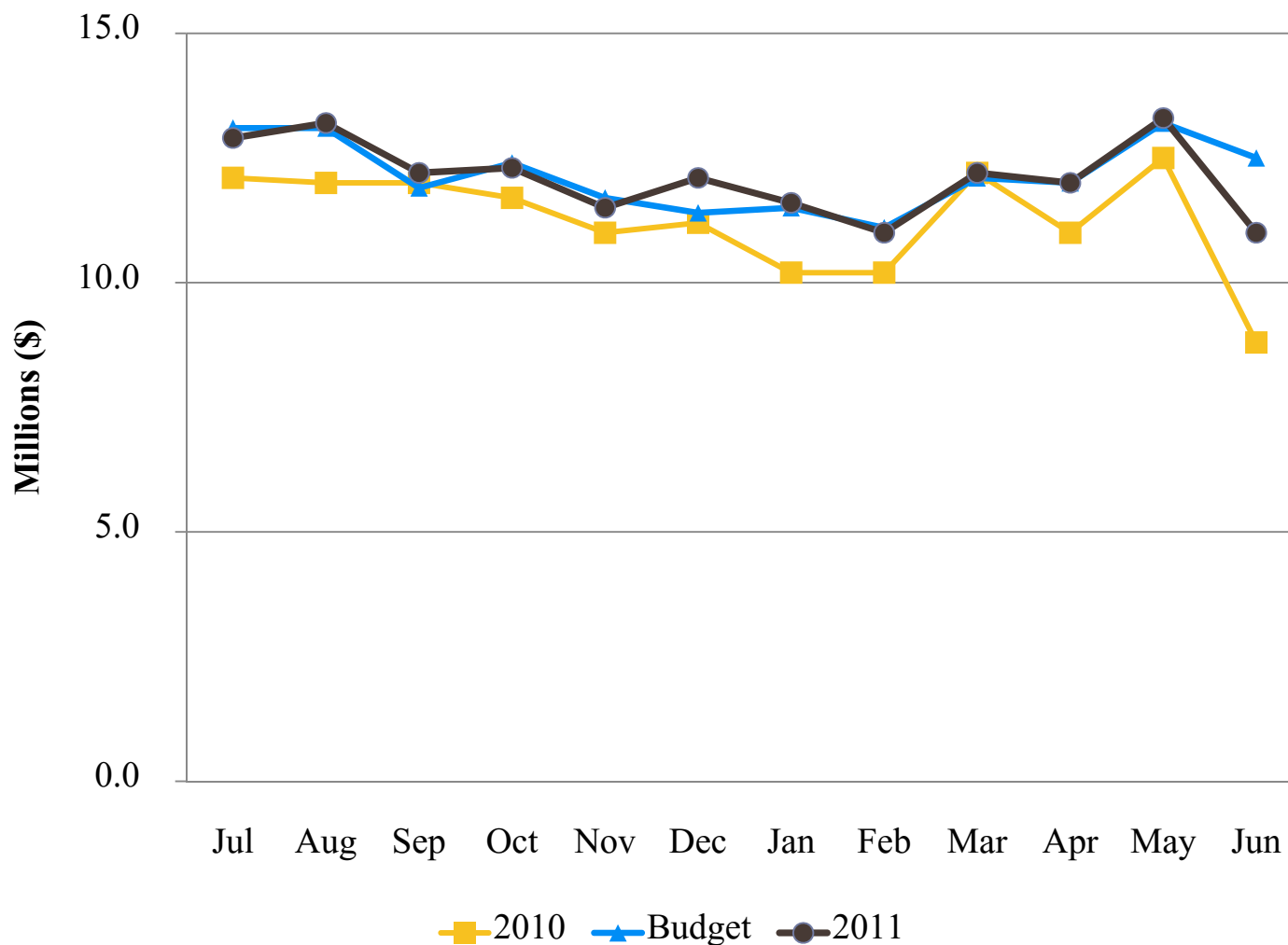
Revenues & Expenses (Unaudited)
For the Year Ended
June 30, 2011





Monthly Operating Revenue, FY 2011

(Unaudited)





Operating Revenues

for the Year Ending June 30, 2011



			Variance				
(In thousands)	Budget		Actual		Favorable (Unfavorable)	% Change	Prior Year
Aviation revenue:							
Landing fees	\$	19,030	\$	18,714	\$ (316)	(2)%	\$ 18,657
Aircraft parking fees		2,826		2,921	95	3%	3,382
Building rentals		27,787		26,736	(1,051)	(4)%	23,030
Security surcharge		14,786		14,843	57	-	11,900
Other aviation revenue		1,584		1,597	13	1%	1,584
Total aviation revenue	\$	66,013	\$	64,811	\$ (1,202)	(2)%	\$ 58,553



Operating Revenues

for the Year Ending June 30, 2011



(In thousands)	Budget	Actual	Variance	% Change	Prior Year
			Favorable (Unfavorable)		
Terminal rent non-airline	\$ 868	\$ 869	\$ 1	-	\$ 805
Concession revenue:					
Terminal concession revenue:					
Food and beverage	5,997	6,182	185	3%	6,082
Gifts and news	3,837	3,857	20	1%	3,615
Other	2,850	2,773	(77)	(3)%	2,758
Total terminal concession revenue	12,684	12,812	128	1%	12,454
Car rental and license fee revenue:					
Rental car license fees	21,279	21,686	407	2%	20,969
License fees-other	3,087	2,600	(487)	(16)%	2,826
Total rental car and license fees	24,366	24,286	(80)	-	23,795
Total concession revenue	\$ 37,050	\$ 37,098	\$ 48	-	\$ 36,250



Operating Revenues

for the Year Ending June 30, 2011

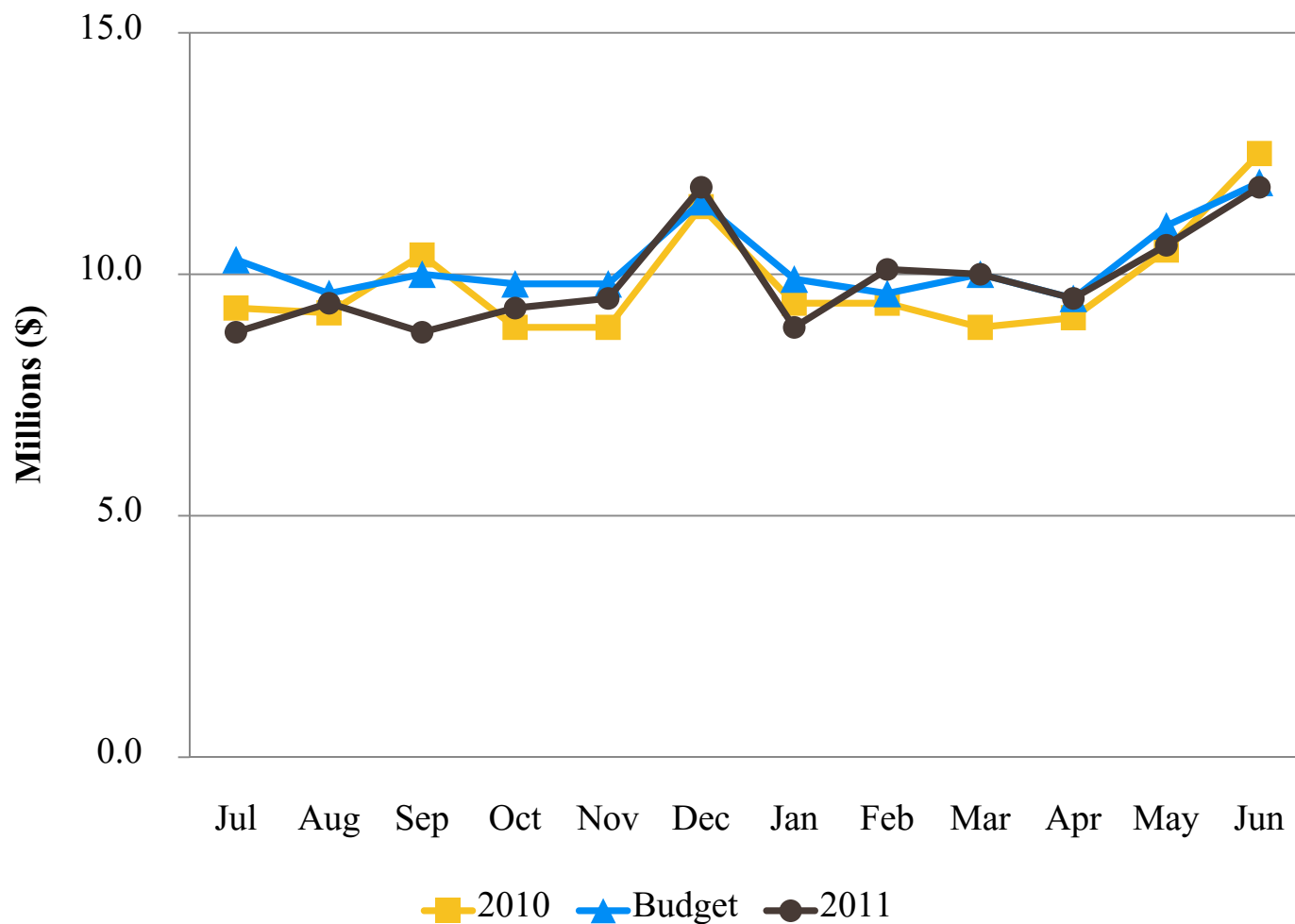


(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Parking revenue:					
On-airport parking revenue	\$ 18,575	\$ 19,194	\$ 619	3%	\$ 18,734
Off-airport parking revenue	13,706	11,715	(1,991)	(15)%	11,241
Total parking revenue	32,281	30,909	(1,372)	(4)%	29,975
Ground transportation permits and citations	622	735	113	18%	321
Ground rentals	6,226	7,741	1,515	24%	5,923
Grant reimbursements	1,101	870	(231)	(21)%	1,257
Other operating revenue	722	779	57	8%	611
Subtotal	40,952	41,034	82	-	38,087
Total operating revenues	\$ 144,883	\$ 143,812	\$ (1,071)	-	\$ 133,695



Monthly Operating Expenses, FY 2011

(Unaudited)





Operating Revenues

for the Year Ending June 30, 2011



(In thousands)	Variance				
			Favorable	%	Prior
	Budget	Actual	(Unfavorable)	Change	Year
Operating expenses:					
Salaries and benefits	\$ 38,557	\$ 38,257	\$ 300	1%	\$ 35,386
Contractual services	29,291	26,089	3,202	11%	27,999
Safety and security	20,658	21,324	(666)	(3)%	20,131
Space rental	10,905	10,906	(1)	-	10,906
Utilities	7,048	6,414	634	9%	6,871
Maintenance	7,939	8,139	(200)	(3)%	9,231
Equipment and systems	530	561	(32)	(6)%	891
Materials and supplies	381	314	67	18%	413
Insurance	1,223	1,063	160	13%	1,166
Employee development and support	1,341	1,015	326	24%	990
Business development	2,202	2,245	(43)	(2)%	2,033
Equipment rental and repairs	1,574	1,308	266	17%	1,271
Total operating expenses	\$ 121,649	\$ 117,636	\$ 4,013	3%	\$ 117,288



Financial Summary

for the Year Ending June 30, 2011

(In thousands)	Budget	Actual	Variance	% Change	Prior Year
			Favorable (Unfavorable)		
Total operating revenues	\$ 144,883	\$ 143,812	\$ (1,071)	-	\$ 133,695
Total operating expenses	121,649	117,636	4,014	3%	117,288
Income from operations	23,234	26,176	2,942	13%	16,407
Depreciation	50,549	49,989	560	1%	42,351
Operating income (loss)	\$ (27,315)	\$ (23,813)	\$ 3,502	13%	\$ (25,944)



Nonoperating Revenues & Expenses

for the Year Ending June 30, 2011 (Unaudited)

(In thousands)	Budget	Actual	Variance Favorable (Unfavorable)	% Change	Prior Year
Nonoperating revenues (expenses):					
Passenger facility charges	\$ 33,733	\$ 33,896	\$ 164	-	\$ 34,049
Customer facility charges (ConRAC Facility)	10,550	10,986	436	4%	10,783
Quieter Home Program	(3,869)	(3,386)	483	12%	(1,873)
Interest income	5,983	6,070	87	1%	6,667
BAB interest rebate	3,691	3,691	-	-	-
Interest expense	(13,383)	(7,296)	6,087	45%	(2,684)
Bond amortization cost	(145)	470	615	423%	(74)
Other nonoperating revenue (expenses)	(40)	(93)	(53)	133%	(1,004)
Nonoperating revenue, net	36,519	44,338	7,819	21%	45,864
Income before grant contributions	9,204	20,525	11,321	123%	19,920
Capital grant contributions	43,318	26,414	(16,904)	(39)%	27,350
Net income	\$ 52,522	\$ 46,939	\$ (5,583)	(11)%	\$ 47,270



Balance Sheets (Unaudited)

ASSETS

(In thousands)

June

Current assets:

Cash and investments

Tenant lease receivable, net of allowance

of 2011: \$14,918 and 2010: \$59,341

Grants receivable

Notes receivable-current portion

Prepaid expenses and other current assets

Total current assets

Cash designated for capital projects and other

	June	
	2011	2010
Cash and investments	\$ 89,588	\$ 105,046
Tenant lease receivable, net of allowance of 2011: \$14,918 and 2010: \$59,341	5,151	6,134
Grants receivable	4,043	3,866
Notes receivable-current portion	1,697	1,613
Prepaid expenses and other current assets	5,274	7,411
Total current assets	105,752	124,070
Cash designated for capital projects and other	\$ 8,149	\$ 20,896



Balance Sheets (Unaudited)

ASSETS

(In thousands)

June

Restricted assets:

Cash and investments:

Bonds reserve

\$	45,098	\$	45,708
----	--------	----	--------

Passenger facility charges and interest unapplied

54,758	57,894
--------	--------

Customer facility charges and interest applied*

21,012	10,841
--------	--------

Commercial paper reserve

37	64
----	----

SBD bond guarantee

4,000	4,000
-------	-------

Bond proceeds held by trustee

396,903	9,623
---------	-------

Commercial paper interest held by trustee

13	13
----	----

Passenger facility charges receivable

5,019	5,015
-------	-------

Customer facility charges receivable*

1,029	1,236
-------	-------

OCIP insurance reserve

6,239	6,400
-------	-------

Total restricted assets

\$	534,109	\$	140,794
----	---------	----	---------

*ConRAC Facility



Balance Sheets (Unaudited)



ASSETS

(In thousands)

June

Noncurrent assets:

Capital assets:

Land and land improvements
Runways, roads and parking lots
Buildings and structures
Machinery and equipment
Vehicles
Office furniture and equipment
Works of art
Construction-in-progress

Total capital assets

Less: accumulated depreciation

Total capital assets, net

	2011	2010
\$	24,480	\$ 23,454
	273,449	227,870
	464,477	461,051
	10,327	9,997
	5,342	5,239
	30,577	29,976
	2,427	2,257
	322,516	183,013
	1,133,595	942,857
	(507,948)	(459,140)
\$	625,647	\$ 483,717



Balance Sheets (Unaudited)

ASSETS

(In thousands)

June

Other assets:

Notes receivable - long-term portion

Investments - long-term portion

Deferred costs - bonds (net)

Net pension asset

Security Deposits

Total other assets

Total noncurrent assets

TOTAL ASSETS

	June	
	2011	2010
Notes receivable - long-term portion	\$ 42,914	\$ 44,610
Investments - long-term portion	16,827	951
Deferred costs - bonds (net)	5,033	788
Net pension asset	7,761	8,317
Security Deposits	225	-
Total other assets	72,760	54,666
Total noncurrent assets	698,407	538,383
TOTAL ASSETS	\$ 1,346,416	\$ 824,143



Balance Sheets (Unaudited)

LIABILITIES & NET ASSETS

(In thousands)

June

	2011	2010
Current liabilities:		
Accounts payable and accrued liabilities	\$ 56,972	\$ 50,357
Deposits and other current liabilities	2,601	1,395
Total current liabilities	59,573	51,752
Current liabilities - payable from restricted assets:		
Current portion of long-term debt	4,760	3,105
Accrued interest on bonds and commercial paper	16,992	1,178
Total liabilities payable from restricted assets	\$ 21,752	\$ 4,283



Balance Sheets (Unaudited)

LIABILITIES & NET ASSETS

(In thousands)

June

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

	June	
	2011	2010
Commercial paper notes payable	\$ 20,729	\$ 164,430
Deferred rent liability	137	674
Other long-term liabilities	1,564	1,372
Long-term debt - bonds net of amortized premium	635,269	41,179
Total long-term liabilities	657,700	207,655
Total liabilities	\$ 739,025	\$ 263,690



Balance Sheets (Unaudited)

LIABILITIES & NET ASSETS

(In thousands)

June

2011

2010

Authority net assets:

Invested in capital assets, net of related debt

\$ 357,120 \$ 275,557

Other restricted

145,866 141,267

Unrestricted:

Designated

15,909 33,213

Undesignated

88,496 110,416

Total net assets

607,391 560,453

TOTAL LIABILITIES AND NET ASSETS

\$ 1,346,416 \$ 824,143



Questions

