283 - JOHN WAYNE AIRPORT DEBT SERVICE

Operational Summary

Description:

This fund provides appropriations for debt service and related trustee activity associated with Airport Revenue Bonds, Series 1997 and 2003. The bonds were issued to refinance debt associated with the construction of the JWA Master Plan, including the Thomas F. Riley Terminal, which opened to the traveling public in September 1990. Funding was subsequently added for all facets of the Santa Ana Heights Acoustical Insulation Program.

At a Glance:

Total FY 2003-2004 Projected Expend + Encumb:	31,955,307
Total Recommended FY 2004-2005 Budget:	57,562,304
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Continue to comply with debt defeasance requirements in accordance with the Bond Indenture.
- Maintain Moody's Aa3 rating, Standard and Poor's A+ rating and Fitch's A+ rating on JWA revenue bonds.

FY 2003-2004 Key Project Accomplishments:

- Met or exceeded all financial and reporting requirements in accordance with the Bond Indenture.
- The Airport successfully reduced its debt burden through the sale of $48,680,000 in Series 2003 Revenue Refunding Bonds. Proceeds from the bonds, which sold at a premium of $4,205,712, together with approximately $10.2 million in Airport reserves, were used to refund the $65,250,000 principal amount outstanding on the Airport's Series 1993 Bonds on July 1, 2003. This transaction resulted in a $16.6 million reduction in the Airport's outstanding bond debt and provided for debt service savings of approximately $1.5 million per year through 2018.
- To enhance interest earnings, the Airport executed debt service Investment Agreements for the Series 2003 Reserve fund and Principal and Interest accounts achieving guaranteed annual interest rates of 4.47% and 4.27% respectively through the first call date of July 1, 2013.
- Under its bond indenture, the Airport has an obligation to ensure repayment of its bonds and maintain a net revenue rate covenant of at least 125%. In 2003, JWA paid approximately $20 million to bondholders, continuing to consistently meet the annual debt service requirement. Strong operating results produced rate coverage of 197% for the 2003 fiscal year.
- The Airport's current bond ratings of Aa3, A+ and A+ from Moody's, Standard & Poor's and Fitch respectively, are among the highest in the nation compared to airports of similar size.
- The Santa Ana Heights Acoustical Insulation Program administered by John Wayne Airport completed acoustical improvements to the final phase of eligible residential units within the community of Santa Ana Heights. This milestone culminates an Orange County program that accomplished acoustical insulation to reduce outside noise intrusion within 416 residential units.

JWA DEBT SERVICE - Provides appropriations to account for all debt service and related trustee activity as required under the JWA Bond Indenture.

SA HEIGHTS ACOUSTICAL PROGRAM - Provides appropriations to account for all aspects of the Santa Ana Heights Acoustical Insulation Program.

Budget Summary

Plan for Support of the County's Strategic Priorities:

As an enterprise fund, John Wayne Airport is self-supporting through revenues it generates and receives no money from the County General Fund. Net revenues from JWA operations are utilized to provide for repayment of Airport Revenue Bonds.

Proposed Budget and History:

Sources and Uses	FY 2002-2003 Actual	FY 2003-2004 Budget As of 3/31/04	FY 2003-2004 Projected(1) At 6/30/04	FY 2004-2005 Recommended	Change from FY 2003-2004 Projected Amount	Change from FY 2003-2004 Projected Percent
Total Revenues	101,132,757	54,360,051	53,355,958	57,562,304	4,206,346	7.88
Total Requirements	100,855,392	48,838,686	32,272,379	57,562,304	25,289,925	78.36
Balance	277,364	5,521,365	21,083,580	0	(21,083,580)	-100.00

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2003-2004 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: John Wayne Airport Debt Service in the Appendix on page 598.

Highlights of Key Trends:

- Since the issuance of the 1987 Airport Revenue Bonds, JWA has consistently exceeded the 125 percent debt service covenant imposed by Bond Indenture.

283 - JOHN WAYNE AIRPORT DEBT SERVICE

Operation of Enterprise Fund 283
Operational Statement for the Fiscal Year 2004 - 2005

	Operating Detail (1)	2002-2003 Actual (2)	2003-2004 Estimate (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
Operating Revenue					
7590	Other Charges For Services	768,654	728,446	50,000	50,000
	Total Operating Revenue	768,654	728,446	50,000	50,000
Operating Expenses					
1402	Minor Alterations And Improvements	943	0	0	0
1800	Office Expense	381	0	0	0
1900	Professional And Specialized Services	743,281	1,062,545	151,100	151,100
2000	Publications And Legal Notices	3,395	0	0	0
5300	Depreciation	11,302,601	11,300,000	11,300,000	11,300,000
	Total Operating Expenses	12,050,602	12,362,545	11,451,100	11,451,100
	Total Operating Income (Loss)	(11,281,948)	(11,634,099)	(11,401,100)	(11,401,100)
Non-Operating Revenue					
6610	Interest	1,740,659	1,661,846	1,723,765	1,723,765
7670	Miscellaneous Revenue	123,782	154,249	0	0
	Total Non-Operating Revenue	1,864,441	1,816,095	1,723,765	1,723,765
	Expense				
1912	Investment Administrative Fees	1,649	0	0	0
3200	Bond Redemption	2,456,667	0	11,500,000	11,500,000
3300	Interest On Bonds	10,172,362	9,129,834	8,217,935	8,217,935
	Total Non-Operating Expenses	12,630,678	9,129,834	19,717,935	19,717,935
	Net Non-Operating Income (Loss)	(10,766,237)	(7,313,739)	(17,994,170)	(17,994,170)
	Income (Loss) Before Contributions & Transfers *	(22,048,185)	(18,947,838)	(29,395,270)	(29,395,270)
Statement Of Changes In Net Assets - Unrestricted					
Income (Loss) Before Contributions & Transfers		(22,048,185)	(18,947,838)	(29,395,270)	(29,395,270)
7812	Intrafund Transfers In - From Funds 2AA-299	20,432,278	21,315,361	23,402,938	23,402,938
4802	Intrafund Transfers Out - To Funds 2AA-299	0	0	(10,000,000)	(10,000,000)
	Changes To Reserves - Encumbrance - (Inc.)/Dec.	(263,782)	317,072	0	0
	Changes To Reserves - Net Assets - Reserved (Inc.)/ Dec.	(22,290,518)	12,656,102	(16,393,269)	(16,393,269)
	Changes To Reserves - Net Assets, Invested In Capital Assets, Net Of Related Debt - (Inc.)/Dec.	(13,921,941)	3,308,812	1,234,795	1,234,795
	Changes To Reserves - Net Assets - Restricted (Inc.)/Dec.	(39,961,654)	12,223,933	0	0

Operation of Enterprise Fund 283
Operational Statement for the Fiscal Year 2004 - 2005 (Continued)

Operating Detail (1)	2002-2003 Actual (2)	2003-2004 Estimate (3)	2004 - 2005 Proposed Budget (4)	2004 - 2005 Final Budget (5)
Net Increase (Decrease) In Net Assets - Unrestricted	(78,053,802)	30,873,442	(31,150,806)	(31,150,806)
Net Assets - Unrestricted - Beginning Of Year	78,331,166	277,364	31,150,806	31,150,806
Net Assets - Unrestricted - End Of Year	277,364	31,150,806	0	0

* Note - Loss Before Contributions & Transfers Is Offset By Net Assets - Unrestricted Carried Forward From Previous Fiscal Year.