

## 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.

#### 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 2004-05 Key Project Accomplishments:

- Met or exceeded all financial and reporting requirements in accordance with the Bond Indenture.
- 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%. Strong operating results produced a rate coverage of 237% for the 2004 fiscal year.
- The Airport's current bond ratings of Aa3, A+ and A+ from Moody's, Standard and Poor's and Fitch respectively, are among the highest in the nation compared to airports of similar size.
- A consultant services agreement was awarded to John F. Brown to provide the necessary financial analyses required for the SAIP process. At JWA's direction, the consultant firm successfully completed the Concession Analysis and two preliminary drafts of the Financial Plan, including a cash flow projection for the proposed project and ongoing Airport operations.

**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.

**Settlement Agreement Implementation Plan** - Planning is underway for the Settlement Amendment Implementation Plan (SAIP).

#### At a Glance:

Total FY 2004-2005 Projected Expend + Encumb:	31,296,662
Total Recommended FY 2005-2006	48,676,308
Percent of County General Fund:	N/A
Total Employees:	0.00

### 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.

## Changes Included in the Recommended Base Budget:

The Airport has requested \$7.6 million for preliminary capital projects for the Settlement Amendment Implementation Plan.

## Proposed Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected <sup>(1)</sup> At 6/30/05	Recommended	Projected Amount	Percent
Total Revenues	57,052,550	61,786,424	63,858,110	48,676,308	(15,181,802)	-23.77
Total Requirements	20,442,832	64,447,532	43,968,807	48,676,308	4,707,501	10.71
Balance	36,609,718	(2,661,108)	19,889,303	0	(19,889,303)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2004-05 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 page 667

## 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 the Bond Indenture.

## 283 - John Wayne Airport Debt Service

### Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

Operating Detail		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING REVENUE</b>					
7590	Other Charges for Services	263,876	0	10,000	10,000
<b>Total Operating Revenue</b>		263,876	0	10,000	10,000
<b>OPERATING EXPENSES</b>					
Services & Supplies					
1900	Professional and Specialized Services	299,642	635,566	114,806	114,806
<b>Total Services &amp; Supplies</b>		299,642	635,566	114,806	114,806
Fixed Assets					
4200	Buildings and Improvements	0	0	7,574,110	7,574,110
<b>Total Fixed Assets</b>		0	0	7,574,110	7,574,110
Miscellaneous					
5300	Depreciation	11,302,606	11,300,000	11,300,000	11,300,000
<b>Total Miscellaneous</b>		11,302,606	11,300,000	11,300,000	11,300,000
<b>Total Operating Expenses</b>		11,602,248	11,935,566	18,988,916	18,988,916
<b>Net Operating Income (Loss)</b>		(11,338,372)	(11,935,566)	(18,978,916)	(18,978,916)
<b>NON-OPERATING REVENUE</b>					
6610	Interest	1,690,935	2,144,345	2,288,670	2,288,670
7670	Miscellaneous Revenue	154,249	144,946	0	0
<b>Total Non-Operating Revenue</b>		1,845,184	2,289,291	2,288,670	2,288,670
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	1,550	0	0	0
3200	Bond Redemption	0	0	12,120,000	12,120,000
3300	Interest on Bonds	8,838,443	8,376,293	7,567,392	7,567,392
5400	Loss or (Gain) on Disposition of Assets	591	0	0	0
<b>Total Non-Operating Expenses</b>		8,840,584	8,376,293	19,687,392	19,687,392
<b>Net Non-Operating Income (Loss)</b>		(6,995,400)	(6,087,002)	(17,398,722)	(17,398,722)
<b>Income (Loss) Before Contributions &amp; Transfers*</b>		(18,333,772)	(18,022,568)	(36,377,638)	(36,377,638)
<b>CAPITAL ASSETS</b>					
4200	Buildings and Improvements				
	P130 SE Parking Structure	0	0	3,519,110	3,519,110
	P165 Project Controls	0	0	1,055,000	1,055,000

## Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

Operating Detail (1)	FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
	Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
P180 Rental Car Relocation	0	0	3,000,000	3,000,000
<b>Total Buildings and Improvements</b>	0	0	7,574,110	7,574,110
<b>Total Capital Assets</b>	0	0	7,574,110	7,574,110

STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED				
Income (Loss) Before Contributions & Transfers	(18,333,772)	(18,022,568)	(36,377,638)	(36,377,638)
7812 Interfund Transfers In - from Funds 2AA-299	21,315,361	22,068,426	25,407,338	25,407,338
4802 Interfund Transfers Out - to Funds 2AA- 299	0	0	(10,000,000)	(10,000,000)
Changes to Reserves - Encumbrance - (Inc)/Dec.	136,196	515,197	0	0
Changes to Reserves - Net Assets - Reserved (Inc)/Dec.	12,656,102	(21,852,184)	1,080,997	1,080,997
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.	5,877,871	1,997,024	0	0
Changes to Reserves - Net Assets - Restricted (Inc)/Dec.	12,223,933	(1,426,313)	0	0
Net Assets - Unrestricted Adjustment	2,456,667	0	0	0
<b>Increase (Decrease) in Net Assets - Unrestricted</b>	<b>36,332,357</b>	<b>(16,720,418)</b>	<b>(19,889,303)</b>	<b>(19,889,303)</b>
<b>Net Assets - Unrestricted - Beginning of Year</b>	<b>277,364</b>	<b>36,609,721</b>	<b>19,889,303</b>	<b>19,889,303</b>
<b>Net Assets - Unrestricted - End of Year</b>	<b>36,609,721</b>	<b>19,889,303</b>	<b>0</b>	<b>0</b>

\*Note - Loss Before Contributions and Transfers is overstated in the 2005-06 Proposed and Approved Budget columns due to budgeted bond redemption expenditures that will be capitalized at year-end.