American Accounting Association
Annual Meeting
August 12, 2019

San Francisco International Airport
City & County of San Francisco
Presenter:
Wallace Tang, IAP, CPA, CGMA
Airport Controller
Business & Finance Division
Types of City Departments

- Governmental Funds: 49
- Enterprise Funds: 6
Operating Revenues of the City and County of San Francisco

Enterprise - Airport $1,100 million

Enterprise - MTA $512 million

Enterprise - Laguna Honda $195 million

Enterprise - Zuckerberg SF General $773 million

Enterprise - Port $110 million

Enterprise - PUC $1,000 million

Governmental Funds $6,400 million
Operating Expenses of the City and County of San Francisco

- Enterprise - MTA: $1,294 million
- Enterprise - PUC: $778 million
- Enterprise - Airport: $770 million
- Enterprise - Zuckerberg SF General: $962 million
- Enterprise - Laguna Honda: $324 million
- Governmental Funds: $5,849 million
- Enterprise - Port: $97 million
SFO Vision, Mission and Core Values

Vision
Reaching for #1

Mission
We provide an exceptional airport in service to our communities

Core Values
Safety & Security, Teamwork, Care, and Excellence
SFO Capital Projects
The CIP consists of a total of 66 project categories totaling $7.6 billion, of which $4.0 billion has been financed to date.
### Boarding Area B Phase I
- Project Cost: $2.4 billion (total Terminal 1 Program)
- First 9 gates of new Boarding Area B opening **July 2019**
- Nine concessions opening
- Enables teardown of Interim Boarding Area, creating a path for the opening of the next 9 gates

### Grand Hyatt at SFO
- Project Cost: $240 million
- % Complete: 85%
- Opening **September 2019**
- 351-room hotel
- New AirTrain station provides direct access to terminals

### Terminal 2 Office Tower
- Project Cost: $93 million
- % Complete: 74%
- Scheduled completion **Fall 2019**
- Café, office space, and observation deck
- New airline lounge space

**Commission continues to make significant progress on the Capital Program – Phase I**
SFO
Financial Position
San Francisco International Airport  
FY18 Audited Statement of Net Position (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>Percentage increase (decrease)</th>
<th>Percentage increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$1,200,163</td>
<td>$878,864</td>
<td>$749,948</td>
<td>36.6 %</td>
<td>17.2 %</td>
</tr>
<tr>
<td>Noncurrent Assets</td>
<td>$6,390,550</td>
<td>$5,008,939</td>
<td>$4,686,606</td>
<td>27.6</td>
<td>6.9</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$7,590,713</td>
<td>$5,887,803</td>
<td>$5,436,554</td>
<td>28.9</td>
<td>8.3</td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>$209,571</td>
<td>$277,402</td>
<td>$195,696</td>
<td>(24.5)</td>
<td>41.8</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$7,745,281</td>
<td>$6,099,634</td>
<td>$5,417,023</td>
<td>27.0</td>
<td>12.6</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
<td>$22,624</td>
<td>$15,402</td>
<td>$48,154</td>
<td>46.9</td>
<td>(68.0)</td>
</tr>
<tr>
<td>Net Position</td>
<td>$32,379</td>
<td>$50,169</td>
<td>$167,073</td>
<td>(35.5)%</td>
<td>(70.0)%</td>
</tr>
</tbody>
</table>
San Francisco International Airport
FY18 Audited Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017</th>
<th>FY 2016</th>
<th>FY 2018 percentage increase (decrease)</th>
<th>FY 2017 percentage increase (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues</td>
<td>$1,063,802</td>
<td>926,800</td>
<td>866,991</td>
<td>14.8 %</td>
<td>6.9 %</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(770,186)</td>
<td>(808,860)</td>
<td>(640,473)</td>
<td>(4.8)</td>
<td>26.3</td>
</tr>
<tr>
<td>Operating income</td>
<td>293,616</td>
<td>117,940</td>
<td>226,518</td>
<td>149.0</td>
<td>(47.9)</td>
</tr>
<tr>
<td>Nonoperating expenses, net</td>
<td>(196,910)</td>
<td>(201,020)</td>
<td>(144,463)</td>
<td>(2.0)</td>
<td>39.1</td>
</tr>
<tr>
<td>Income (loss) before capital contributions and transfers</td>
<td>96,706</td>
<td>(83,080)</td>
<td>82,055</td>
<td>216.4</td>
<td>(201.2)</td>
</tr>
<tr>
<td>Capital contributions</td>
<td>15,051</td>
<td>11,212</td>
<td>10,424</td>
<td>34.2</td>
<td>7.6</td>
</tr>
<tr>
<td>Transfers to City and County of San Francisco</td>
<td>(46,549)</td>
<td>(45,036)</td>
<td>(42,542)</td>
<td>3.4</td>
<td>5.9</td>
</tr>
<tr>
<td>Changes in net position</td>
<td>65,208</td>
<td>(116,904)</td>
<td>49,937</td>
<td>155.8</td>
<td>(334.1)</td>
</tr>
<tr>
<td>Total net position – beginning of year (as previously reported)</td>
<td>50,169</td>
<td>167,073</td>
<td>117,136</td>
<td>(70.0)</td>
<td>42.6</td>
</tr>
<tr>
<td>Restatement due to adoption of GASB 75</td>
<td>(82,998)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total net position (deficit) – beginning of year (as restated)</td>
<td>(32,829)</td>
<td>167,073</td>
<td>117,136</td>
<td>(119.6)</td>
<td>42.6</td>
</tr>
<tr>
<td>Total net position at end of year</td>
<td>$32,379</td>
<td>50,169</td>
<td>167,073</td>
<td>(35.5)%</td>
<td>(70.0)%</td>
</tr>
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</table>
Financial Position Continues To be Strong

- Debt service coverage has remained stable, consistent with SFO’s residual rate-making structure.

- Debt Service Reserve Requirements are currently satisfied with cash deposits and investments.

- Net Revenues have continued to grow.
Ground Transportation

• Anyone ride Uber, Lyft……?  
• What is T. N. C.  ?  
• TNC’s impact to the world and SFO?
Ground Transportation

- Aggregate groundside transportation revenue increased from FY2013 to FY2018, growing at 4.3%.

- Revenue from TNCs has increased from $6.6 million in FY2015 to $34.5 million in FY2018.
San Francisco International Airport
GASB Implementation (2014)

• GASB No. 65 - *Items Previously Reported as Assets and Liabilities*

• GASB No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*
San Francisco International Airport
GASB Implementation (2015)

• GASB No. 68 - Accounting and Financial Reporting for Pensions
• GASB No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date
• GASB No. 69 - Government Combinations and Disposals of Government Operations
San Francisco International Airport
GASB Implementation (2016)

• GASB No. 72 - Fair Value Measurement and Application
• GASB No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
• GASB No. 79 - Certain External Investment Pools and Pool Participants
• GASB No. 82 - Pension Issues
San Francisco International Airport
GASB Implementation (2017)

• GASB No. 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68
• GASB No. 77 - Tax Abatement Disclosures
• GASB No. 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans
San Francisco International Airport  
GASB Implementation (2018)

• GASB No. 75 - Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions
• GASB No. 81 - Irrevocable Split-Interest Agreements
• GASB No. 85 - Omnibus 2017
• GASB No. 86 - Certain Debt Extinguishment Issues
GASB Implementation
Challenging Moments
Thank You
Questions?

Contact: wallace.tang@flysfo.com