SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Audit Committee and Special Board Meeting

Monday, November 18, 2024
10:00 AM

San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law. ***Please note that agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in the Office of the Authority Clerk, and are available for public inspection.

***NOTE:** This Committee Meeting is also noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. This Committee meeting is also noticed as a Special Meeting of the Board to comply with the Brown Act, since sometimes more than a quorum of the Board may be in attendance.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK**. PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS *(PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA***.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Committee Members: Huerta, Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Vaus, Wong Nickerson

NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is called by the Committee.

NEW BUSINESS:

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the September 9, 2024, regular meeting.

2. **EXTERNAL AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024: A) AUDITED FINANCIAL STATEMENTS, B) SINGLE AUDIT REPORTS, C) PASSENGER FACILITY CHARGES COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) LETTER TO THE BOARD:**
RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***
Presented by: Elizabeth Stewart, Director, Accounting; Pamela Hill, Partner, Plante Moran

3. **REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2024:**
RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.
Presented by: Elizabeth Stewart, Director, Accounting; Pamela Hill, Partner, Plante Moran

4. FISCAL YEAR 2025 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:
RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***
Presented by: Lee Parravano, Chief Auditor; Scott Thein, Senior Auditor

5. REVISION TO THE FISCAL YEAR 2025 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:
RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval. ***(Requires five (5) affirmative votes of the Audit Committee.)***
Presented by: Fred Bolger, Manager Audit Services

CLOSED SESSION:

6. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of cases: 1

REPORT ON CLOSED SESSION:

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

1) Persons wishing to address the Board, ALUC, and Committees shall submit a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is called by the Board, ALUC and Committees.
4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.
5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
   After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Board meeting, parking is available in the Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Bring your ticket to the first-floor receptionist for validation.
Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.
You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY, SEPTEMBER 9, 2024
BOARD ROOM

CALL TO ORDER: Chair Newsom called the Audit Committee Meeting to order at 10:01 a.m., on Monday, September 9, 2024, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Perez led the Pledge of Allegiance.

ROLL CALL:

Present:	Committee Members:	Huerta, Montgomery Steppe, Newsom (Chair), Perez, Sanchez
	Board Members:	Cabrera (Chair)
Absent:	Committee Members:	Vaus, Wong Nickerson
Also Present:	Scott Brickner, Vice President/Treasurer/CFO; Amy Gonzalez, General Counsel; Shawna Morales, Assistant Authority Clerk II; Patricia Willis, Assistant Authority Clerk I	

NON-AGENDA PUBLIC COMMENT: None.

NEW BUSINESS:

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the May 6, 2024, regular meeting.

ACTION: Moved by Board Member Perez and seconded by Board Member Sanchez to approve staff's recommendation. Motion carried unanimously noting Board Member Vaus and Committee Member Wong Nickerson as ABSENT.

2. FISCAL YEAR 2024 ANNUAL REPORT FROM THE AUDIT COMMITTEE:

Chair Newsom provided an overview of the Fiscal Year 2024 Annual Report from the Audit Committee.

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance.

ACTION: Moved by Board Member Montgomery Steppe and seconded by Board Member Sanchez to approve staff's recommendation. Motion carried unanimously noting Board Member Vaus and Committee Member Wong Nickerson as ABSENT.

3. GLOBAL INTERNAL AUDIT STANDARDS UPDATE

Lee Parravano, Chief Auditor, provided a presentation on Global Internal Audit Standards Update that included Background; International Professional Practices Framework; Global Internal Audit Standards; Major Changes; Domain III – Governing which included, Principle 6 – Authorized by Audit Committee/Board, Principle 7 – Positioned Independently and Principle 8 – Overseen by the Audit Committee/Board; and Future Changes.

Committee member Huerta inquired if the current practices for appointing the Chief Auditor would meet the new threshold of these new guidelines or if they need to be tightened. Lee Parravano, the Chief Auditor, will review this with Monty Bell, the Director of Human Resources.

RECOMMENDATION: Informational item only.

4. **FISCAL YEAR 2024 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
Fred Bolger, Manager of Audit Services, and Marnie Dale, Auditor, provided a presentation on the Fiscal Year 2024 Annual Report from the Office of the Chief Auditor, which included Fiscal Year 2024 Performance Measures; General Audit Activities, which included Recommendations Follow-Up, Fraud, Waste, Abuse and Ethics, Quality Assurance and Improvement Program (QAIP), and Audit Spotlight: Fox Rent-A-Car.

Board member Montgomery Steppe inquired about who is responsible for the overcollection of CFCs from customers with Fox Rent-A-Car. Fred Bolger, Manager of Audit Services, responded that the Authority does not take custody of those funds; a recommendation will be given to Fox to return the funds to the customer, and it would be reviewed in the next audit.

RECOMMENDATION: Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance. (Requires five (5) affirmative votes of the Audit Committee.)

ACTION: Moved by Board Member Sanchez and seconded by Board Member Montgomery Steppe to approve staff's recommendation. Motion carried unanimously noting Board Member Vaus and Committee Member Wong Nickerson as ABSENT.

5. **ANNUAL REVIEW OF THE CHARTER OF THE AUDIT COMMITTEE:**
Lee Parravano, Chief Auditor, provided a presentation on the Annual Review of the Charter of the Audit Committee that included, Annual Review Required and Changes Needed for Process Updates.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed revision to the Charter and forward it to the Board with a recommendation for approval.

ACTION: Moved by Board Member Perez and seconded by Board Member Sanchez to approve staff's recommendation. Motion carried unanimously noting Board Member Vaus and Committee Member Wong Nickerson as ABSENT.

6. **ANNUAL REVIEW OF THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**
Lee Parravano, Chief Auditor, provided a presentation on the Annual Review of the Charter for the Office of the Chief Auditor that included, Annual Review Required; Purpose Statement; Mandate; and Other Essential Conditions.

RECOMMENDATION: Staff recommends that the Audit Committee accept the proposed revision to the Charter and forward it to the Board with a recommendation for approval.

ACTION: Moved by Board Member Sanchez and seconded by Board Member Perez to approve staff's recommendation. Motion carried unanimously noting Board Member Vaus and Committee Member Wong Nickerson as ABSENT.

7. REVISION TO THE FISCAL YEAR 2025 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

Fred Bolger, Manager Audit Services, provided a presentation on the Revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor, which included Reasons for Revision.

RECOMMENDATION: Staff recommends that the Audit Committee accept the revised audit plan and forward it to the Board with a recommendation for approval. (Requires five (5) affirmative votes of the Audit Committee.)

ACTION: Moved by Board Member Montgomery Steppe and seconded by Board Member Sanchez to approve staff's recommendation. Motion carried unanimously noting Board Member Vaus and Committee Member Wong Nickerson as ABSENT

COMMITTEE MEMBER COMMENTS:

CLOSED SESSION: The Committee recessed into Closed Session at 10:41 a.m. to discuss item 8.

8. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of cases: 1

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 11:11 a.m. There was no reportable action.

ADJOURNMENT: The meeting adjourned at 11:11 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 18th DAY OF NOVEMBER 2024.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

PATRICIA WILLIS
ASSISTANT AUTHORITY CLERK I

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 2

AUDIT COMMITTEE

Meeting Date: November 18, 2024

Subject:

External Auditors Reports for the Fiscal Year Ended June 30, 2024: A) Audited Financial Statements, B) Single Audit Reports, C) Passenger Facility Charges Compliance Report, D) Customer Facility Charge Compliance Report, and E) Letter to the Board

Recommendation:

Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Background/Justification:

Government auditing standards and generally accepted auditing standards require that, annually, an independent external auditor perform an audit of the San Diego County Regional Airport Authority (Authority) financial statements.

As per Section 170018 (f) (5) of the *Public Utilities Code*, the Audit Committee is responsible for overseeing the Authority's annual audit by the external auditor and for any internal audits performed.

The Charter of the Audit Committee directs the Audit Committee to review the Annual Comprehensive Financial Report (ACFR) and other external annual reports and forward them to the San Diego County Regional Airport Authority Board for approval. The Charter of the Audit Committee encompasses the compliance and regulatory oversight responsibilities of the Audit Committee regarding the engagement of the Authority's external auditor and the disclosure of financial matters.

On April 4, 2024, the Board adopted Resolution No. 2024-0025, approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC, as the Authority's external auditor for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

On November 18, 2024, the Authority's external auditor, Plante & Moran, PLLC, will present the fiscal year ended June 30, 2024, audited financial statements and reports (Attachments A through E) to the Audit Committee for their review and acceptance.

Fiscal Impact:

Adequate funding for the audit conducted by Plante & Moran, PLLC, is included in the adopted Fiscal Year 2024 and Fiscal Year 2025 Operating Expense Budgets within the Accounting Department, Auditing Services line item.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

Focus Areas

☒ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Elizabeth Stewart
Director, Accounting

Attachment A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED
JUNE 30, 2024, AND 2023

San Diego County Regional Airport Authority Financial Statements For the Fiscal Years Ended June 30, 2024, and 2023

Table of contents

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Independent Auditor's Report

To the Board of Directors
San Diego County Regional Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego County Regional Airport Authority as of June 30, 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The financial statements of San Diego County Regional Airport Authority as of and for the year ended June 30, 2023 were audited by other auditors, who expressed an unmodified opinion on November 2, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
San Diego County Regional Airport Authority

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of San Diego County Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego County Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 31, 2024

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2024, and 2023

INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority.

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

SAN DIEGO INTERNATIONAL AIRPORT

History of Ownership

The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission). The Commission was established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional decision-making process should address the future development of airport facilities in San Diego County. In October 2001, the enabling legislation, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

Legislative Background

AB 93 was signed into California State law in October 2001. The AB 93 Act established the Airport Authority on January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego. Subsequent legislative changes to AB 93 were introduced and passed in California Senate Bill 1896 (Act). The amendment addresses several points pertaining to the transfer of aviation employees, date of transfer, property leases, property acquisition and purchase of services from the District.

On January 1, 2008, Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was enacted into law expanding the responsibilities of the Airport Authority. The Airport Authority is vested with five principal responsibilities:

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;
4. Serving as the region's Airport Land Use Commission; and
5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

In August 2013, Assembly Bill 1058 was signed into law. This bill made minor clarifying and technical changes to the Airport Authority Act.

AIRPORT ACTIVITIES HIGHLIGHTS (2022-2024)

In fiscal year 2024, the Airport Authority continued to show robust growth, as most major activities performed at or above 2019 pre-pandemic levels.

The changes in the SDIA's major activities for the three years are as follows:

	FY 2024	FY 2023	FY 2022
Enplaned passengers	**12,467,114**	11,867,569	9,953,162
% change from prior year	**5.1%**	19.2%	104.8%
Total passengers	**24,585,827**	23,560,297	19,830,645
% change from prior year	**4.4%**	18.8%	104.4%
Aircraft operations	**223,254**	219,952	190,491
% change from prior year	**1.5%**	15.5%	46.5%
Freight and mail (in tons)	**116,861**	138,648	151,160
% change from prior year	**-15.7%**	-8.3%	-0.1%
Landed weight (in millions pounds)	**14,401**	13,869	11,764
% change from prior year	**3.8%**	17.9%	51.2%

Enplaned passenger traffic continued to improve from the impact of the pandemic, with an increase of 5.1 percent over fiscal year 2023. Changes in total passengers, aircraft operations and landed weight closely mirrored the improvement in enplanements. Whereas freight and mail continued a declining trend due to decreasing demand.

FINANCIAL HIGHLIGHTS

Statement of Revenues, Expenses and Changes in Net Position

The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year. Net position saw a substantial increase of 25.9% in fiscal year 2024, following a robust 13.0% rise in fiscal year 2023, driven by the ongoing recovery in air travel.

The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2024	FY 2023	FY 2022
Operating revenues	**$ 399,889**	$ 360,762	$ 315,640
Operating expenses	**(314,462)**	(305,926)	(291,213)
Nonoperating revenues (expenses), net	**54,265**	11,987	(12,874)
Capital contributions and grants	**128,361**	52,287	12,958
Increase in net position	**268,052**	119,111	24,511
Net position, beginning of year	**1,033,179**	914,068	889,557
Net position, end of year	**$ 1,301,232**	$ 1,033,179	$ 914,068

Operating Revenues (in thousands)

	FY 2024	FY 2023	From 2023 to 2024 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	**$ 53,873**	$ 44,741	$ 9,131	20.4%
Aircraft parking fees	**13,612**	11,189	2,423	21.7%
Building rentals	**145,169**	129,744	15,426	11.9%
Other aviation revenue	**8,566**	7,123	1,443	20.3%
Total airline revenue	**221,220**	192,797	28,423	14.7%
Concession revenue	**79,546**	75,559	3,988	5.3%
Parking and ground transportation revenue	**72,484**	65,415	7,069	10.8%
Ground rentals	**23,416**	23,257	158	0.7%
Other operating revenue	**3,223**	3,735	(512)	(13.7%)
Total operating revenue	**$ 399,889**	$ 360,762	$ 39,126	10.8%

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 44,741	$ 35,354	$ 9,387	26.6%
Aircraft parking fees	11,189	8,856	2,333	26.3%
Building rentals	129,744	97,047	32,697	33.7%
Other aviation revenue	7,123	6,518	605	9.3%
Total airline revenue	192,797	147,775	45,022	30.5%
Concession revenue	75,559	88,138	(12,579)	(14.3%)
Parking and ground transportation revenue	65,415	57,076	8,339	14.6%
Ground rentals	23,257	19,651	3,606	18.3%
Other operating revenue	3,735	2,999	736	24.5%
Total operating revenue	$ 360,762	$ 315,640	$ 45,122	14.3%

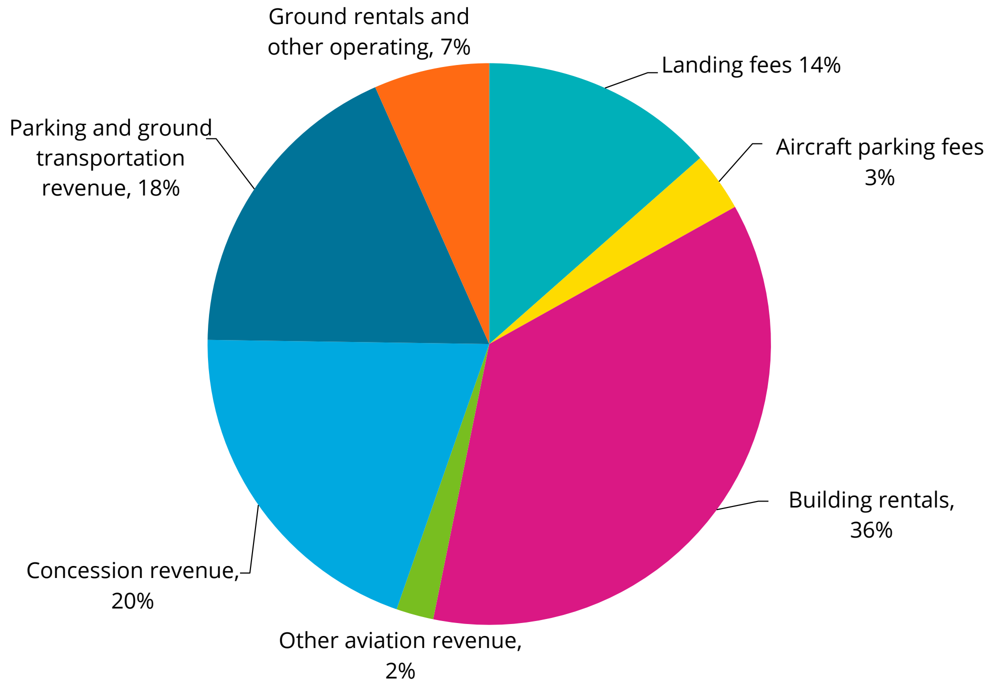
Fiscal Year 2024 compared to 2023: Total airline revenues increased $28.4 million, or 14.7 percent, predominantly due to the reduction of $20.7 million of pandemic era Federal Relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue (terminal and rental car) increased $4.0 million or 5.3 percent due to increased concessions and car rental sales due to the increase in passengers and an increase in sales per enplaned passenger, combined with a positive change in the timing of the recognition of lease revenue per GASB 87. Parking and ground transportation increased $7.1 million or 10.8 percent due to the higher enplanements and increases in rates.

Fiscal Year 2023 compared to 2022: Total airline revenues increased $45.0 million, or 30.5 percent, due to a planned major maintenance fund increase per the airline operating lease agreement, combined with increased cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers.

Concession revenue (terminal and rental car) decreased by $12.6 million, or 14.3 percent, due to the timing of the recognition of lease revenue per GASB 87. The decrease is partially offset by increased concessions and car rental sales due to the increase in passengers. Parking and ground transportation revenue increased $8.3

million, or 14.6 percent, due to the increased enplanements. Ground rentals increased $3.6 million, or 18.3 percent, due to the higher consumer price index rent increase and additions to the fuel lease from the hydrant fueling project.

Operating Revenues by Type



Operating Expenses (in thousands)

	FY 2024	FY 2023	From 2023 to 2024 Increase (Decrease)	From 2023 to 2024 % Change
Salaries and benefits	**$ 57,444**	$ 51,231	$ 6,213	12.1%
Contractual services	**52,445**	45,581	6,864	15.1%
Safety and security	**36,778**	33,043	3,735	11.3%
Space rental	**467**	313	153	48.8%
Utilities	**19,518**	17,567	1,951	11.1%
Maintenance	**14,125**	16,417	(2,292)	(14.0%)
Equipment and systems	**544**	922	(378)	(41.0%)
Materials and supplies	**650**	661	(11)	(1.6%)
Insurance	**2,314**	1,997	317	15.9%
Employee development and support	**731**	681	50	7.3%
Business development	**2,280**	1,916	364	19.0%
Equipment rentals and repairs	**4,992**	4,010	982	24.5%
Total operating expenses before depreciation and amortization	**192,288**	174,339	17,949	10.3%
Depreciation and amortization	**122,175**	131,586	(9,412)	(7.2%)
Total operating expense	**$ 314,462**	$ 305,926	$ 8,537	2.8%

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	From 2022 to 2023 % Change
Salaries and benefits	$ 51,231	$ 46,373	$ 4,858	10.5%
Contractual services	45,581	34,491	11,090	32.2%
Safety and security	33,043	34,191	(1,148)	(3.4%)
Space rental	313	839	(526)	(62.7%)
Utilities	17,567	14,193	3,374	23.8%
Maintenance	16,417	10,747	5,670	52.8%
Equipment and systems	922	340	582	171.2%
Materials and supplies	661	496	164	33.1%
Insurance	1,997	1,741	256	14.7%
Employee development and support	681	537	144	26.8%
Business development	1,916	1,781	135	7.6%
Equipment rentals and repairs	4,010	3,472	539	15.5%
Total operating expenses before depreciation and amortization	174,339	149,201	25,138	16.8%
Depreciation and amortization	131,586	142,012	(10,425)	(7.3%)
Total operating expense	$ 305,926	$ 291,213	$ 14,713	5.1%

Fiscal Year 2024 compared to 2023: Total fiscal year 2024 operating expenses increased by $8.5 million or 2.8 percent.

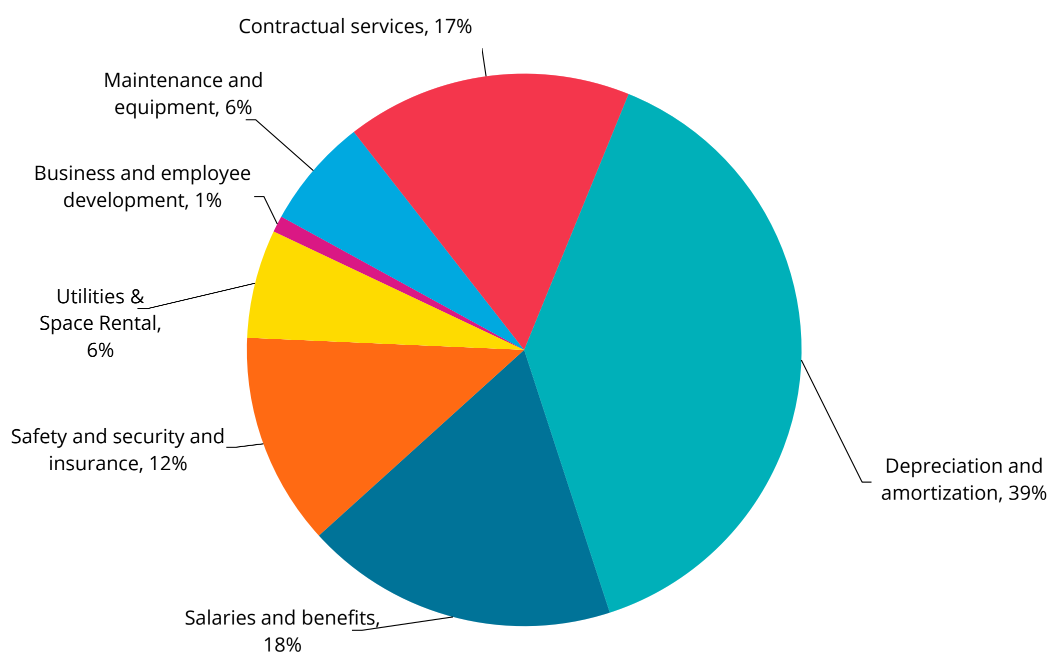
Salaries and benefits increased by $6.2 million or 12.1 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by $6.9 million or 15.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Safety and security increased by $3.7 million or 11.3 percent due to increases in law enforcement, Aircraft Rescue and Fire Fighting (ARFF), emergency medical services and security inspection/guard services. Utilities increased by $2.0 million or 11.1 percent due to increased water and electric usage and rates.

Partially offsetting the increase in operating expenses described above, maintenance expenses decreased by $2.3 million or 14.0 percent primarily due to completion of major annual maintenance projects in FY23. Depreciation and amortization decreased by $9.4 million or 7.2 percent as many assets became fully depreciated in the prior and current years.

Fiscal Year 2023 compared to 2022: Total fiscal year 2023 operating expenses increased by $14.7 million or 5.1 percent. Salaries and benefits increased by $4.9 million or 10.5 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by $11.1 million or 32.2 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Utilities increased by $3.4 million or 23.8 percent due to increased gas and electric usage and rates. Maintenance expenses increased by $5.7 million or 52.8 percent due to an increase in annual and major maintenance.

Partially offsetting the increase in operating expenses described above, safety and security decreased by $1.1 million or 3.4 percent because of law enforcement and guard services staff vacancies. Depreciation and amortization decreased by $10.4 million or 7.3 percent due to disposal of assets, caused by the demolition of various capital assets necessary for the construction of the New Terminal 1.

Operating Expenses by Type



Nonoperating Revenues (Expenses) (in thousands)

	FY 2024	FY 2023	From 2023 to 2024 Increase (Decrease)	From 2023 to 2024 % Change
Passenger facility charges	**$ 49,200**	$ 46,755	$ 2,445	5.2%
Customer facility charges	**35,913**	34,375	1,538	4.5%
Quieter Home Program, net	**(1,845)**	(2,051)	206	10.0%
Other interest income	**10,198**	11,145	(947)	(8.5%)
Investment income (loss)	**129,223**	50,882	78,341	154.0%
Interest expense, net	**(164,933)**	(127,464)	(37,470)	(29.4%)
Other nonoperating income (expenses)	**(3,490)**	(1,654)	(1,835)	(111.0%)
Nonoperating revenues (expenses), net	**$ 54,265**	$ 11,987	$ 42,278	352.7%

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	From 2022 to 2023 % Change
Passenger facility charges	$ 46,755	$ 40,394	$ 6,361	15.7%
Customer facility charges	34,375	30,333	4,041	13.3%
Federal Relief Grants	-	78,922	(78,922)	(100.0%)
Quieter Home Program, net	(2,051)	(2,541)	490	19.3%
Other interest income	11,145	11,893	(748)	(6.3%)
Investment income (loss)	50,882	(48,884)	99,766	204.1%
Interest expense, net	(127,464)	(109,675)	(17,789)	(16.2%)
Other nonoperating income (expenses)	(1,654)	(13,316)	11,661	87.6%
Nonoperating revenues (expenses), net	$ 11,987	$ (12,874)	$ 24,861	193.1%

Passenger Facility Charges (PFCs) were established by Congress in 1990 as part of the *Aviation Safety and Capacity Expansion Act of 1990*. The Airport Authority collects a $4.50 PFC from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a $0.11 administration fee.

Customer Facility Charges (CFCs) are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies utilizing the consolidated rental car facility remit to the Airport Authority collection of the fee monthly. The current CFC fee is $9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is $3.41 per day, up to five days for rental car transactions.

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP) which awards grants for certain eligible Airport Authority expenditures. The $1.8 million of expenses represents the authority's cost, net of the grant funds utilized in FY24. From inception through the end of fiscal year 2024, the Airport Authority has spent $302.9 million and received reimbursement for $247.8 million.

Other Interest Income includes interest earned on lease receivables and notes receivable. For June 30, 2024, and 2023 other interest income was $10.2 million and $11.1 million, respectively.

Investment income (loss) is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments. For June 30, 2024, and 2023 Investment income was a gain of $129.2 million and $50.9 million, respectively.

Interest expense includes interest paid and accrued on bonds, variable debt, and leases. For June 30, 2024, and 2023 interest expense was $164.9 million and $127.5 million, respectively. The increase was due to the issuance of new bonds in October 2023.

Other nonoperating income (expense) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

Fiscal Year 2024 compared to 2023: Nonoperating revenues (net) increased by $42.3 million or 352.7 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $2.4 million or 5.2 percent, and CFCs increased by $1.5 million or 4.5 percent. Investment income increased by $78.3 million or 154.0 percent. Increased balances in bond funds due to issuance of new debt in October 2023 generated an additional $15.6 million in interest earnings while increases in yields on investments added an additional $16.7 million. Interest expense increased by $37.5 million or 29.4 percent due to the issuance of new bonds in October 2023. Unrealized gains on investments increased by $46.0 million during the fiscal year. Other nonoperating expenses increased by $1.8 million or 111.0 percent, primarily due to the loss on disposal of capital assets.

Fiscal Year 2023 compared to 2022: Nonoperating revenues (net) increased by $24.9 million or 193.1 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $6.4 million or 15.7 percent, and CFCs increased by $4.0 million or 13.3 percent. Investment income increased by $99.8 million or 204.1 percent. The increase is due to the movement of unrealized gain/loss on investments of $72.9 million as the increase in market yields moderated significantly resulting in an unrealized gain in fiscal year 2023 of $11.7 million compared to an unrealized loss of $61.3 million in fiscal year 2022. Increased interest rates and higher investment balances accounted for the $26.8 million of additional interest revenue in fiscal year 2023. Other nonoperating expenses decreased by $11.7 million or 87.6 percent, as there was no capital asset disposal loss reported this year.

Federal Grant Contributions (in thousands)

			From 2023 to 2024	
	FY 2024	FY 2023	Increase (Decrease)	% Change
Federal grants	**$ 128,361**	$ 52,287	$ 76,074	145.5%

			From 2022 to 2023	
	FY 2023	FY 2022	Increase (Decrease)	% Change
Federal grants	$ 52,287	$ 12,958	$ 39,329	303.5%

Federal Grant Contributions are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. In fiscal year 2024, federal grant contributions increased by $76.1 million, or 145.5 percent compared to fiscal year

2023, due to an increase in grant awards and substantial New Terminal 1 construction activities funded by federal grants.

Assets, Liabilities and Net Position (in thousands)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2024, 2023 and 2022, is as follows:

	FY 2024	FY 2023	FY 2022
Assets and Deferred Outflows of Resources			
Current assets	$ 690,779	$ 620,539	$ 491,098
Capital and lease assets, net	3,661,260	2,795,855	2,284,111
Noncurrent assets	2,337,189	2,140,122	2,719,699
Total assets	6,689,229	5,556,516	5,494,907
Deferred outflows of resources	21,788	18,040	22,390
Total assets & deferred outflows of resources	6,711,017	5,574,556	5,517,297
Liabilities and Deferred Inflows of Resources			
Current liabilities	313,079	280,701	250,171
Long-term liabilities	4,733,096	3,871,111	3,947,346
Total liabilities	5,046,175	4,151,812	4,197,517
Deferred inflows of resources	363,611	389,565	405,712
Total liabilities & deferred inflows of resources	5,409,785	4,541,377	4,603,229
Net Position			
Net investment in capital assets	473,181	320,779	410,960
Restricted	266,992	228,233	172,638
Unrestricted	561,058	484,167	330,470
Total net position	$ 1,301,232	$ 1,033,179	$ 914,068

As of June 30, 2024, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,301.2 million. This reflects a $268.0 million or 25.9 percent increase in net position from June 30, 2023. The Airport Authority uses capital and lease assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital and lease assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net position of $561.1 million as of June 30, 2024, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2024, 2023, and 2022, management has designated unrestricted funds in the amount of $104.9 million, $16.0 million, and $16.2 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-insurance, and operating contingency.

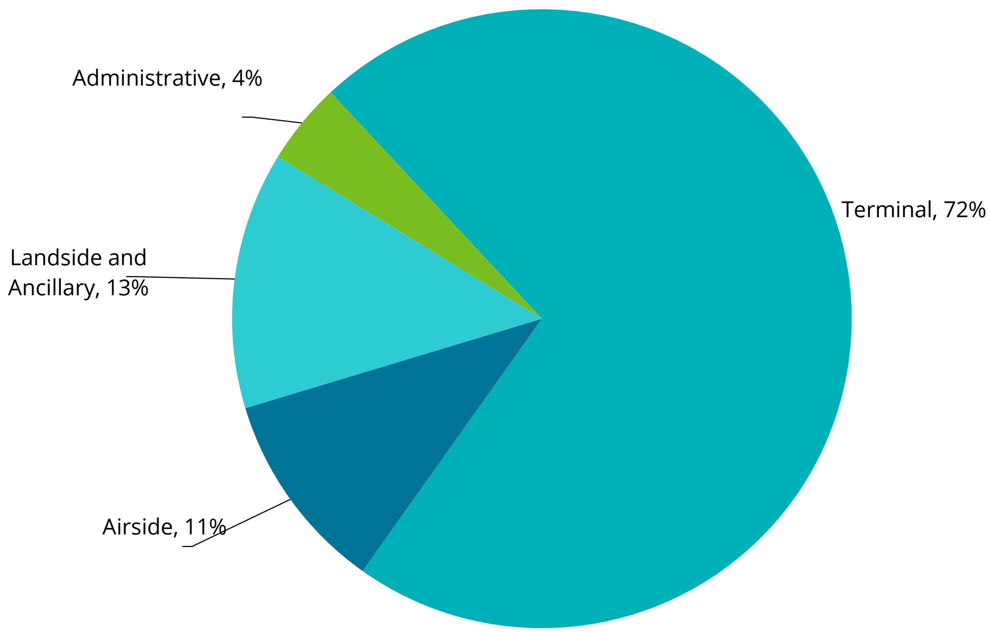
Capital Program

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security and refurbishment, environmental remediation, terminal upgrades, and landside development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation

Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit.

The current Capital Program, which includes projects through 2027, consists of $450.0 million for airside projects, $557.8 million for landside and ancillary projects, $3.1 billion for terminal projects, which includes the replacement of Terminal 1, and $184.0 million for administrative projects.

Capital Program Projects by Type



Additional information about the Airport Authority's capital and lease assets can be found in Note 5 of the financial statements.

Capital Financing and Debt Management

On February 19, 2014, the Airport Authority issued $305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $14.9 million and $15.2 million, respectively, including accrued interest of $7.4 million and $7.6 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2024, and 2023 was $269.0 million and $275.7 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport

Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the Federal Inspection Facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund and pay the cost of issuance of the subordinate Series 2017 Bonds.

The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of $48.4 million, which is being amortized over the life of the bonds.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $13.1 million and $13.3 million, respectively, including accrued interest of $6.5 million and $6.7 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2024, and 2023 was $261.0 million and $266.6 million, respectively.

On December 11, 2019, the Airport Authority issued $338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and $124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund $34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2017 Bonds.

The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of $96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $21.6 million and $21.9 million, respectively, including accrued interest of $10.8 million and $10.9 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2024, and 2023 was $448.5 million and $454.6 million, respectively.

The Airport Authority issued $241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B bonds and pay the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of $49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $9.7 million and $10.6 million, respectively, including accrued interest of $4.9 million and $5.4 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2024, and 2023 was $197.2 million and $212.5 million, respectively.

On December 8, 2021, the Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance The New Terminal 1 development at SDIA, fund a portion of the interest accruing on the Series 2021 Bonds, fund the subordinate reserve fund, pay the costs of issuance of the Series 2021 Bonds and to refund the 2013 Series A and B bonds.

The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $80.8 million and $82.0 million, respectively, including accrued interest of $40.1 million and $41.0 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2024, and 2023 was $1,875.1 million and $1,932.0 million, respectively.

On October 25, 2023, the Airport Authority issued $1,061.98 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority’s outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

Interest for the fiscal year ended June 30, 2024, amounted to $36.9 million, including accrued interest of $27 million. The principal balance on the Series 2023 Bonds as of June 30, 2024, was $1,061.98 million.

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 for the fiscal years ended June 30, 2024, and 2023 of $177.0 million and $143.0 million, respectively, was offset by bond premium amortization of $25.9 million and $26.7 million, respectively.

The Airport Authority leases properties from various third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2024, and 2023, were $228.0 million and $229.1 million, respectively.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement for a term of three years. On July 11, 2024, the Board approved an additional three year continuation of the agreement. The Airport Authority is authorized to issue up to $200.0 million in Subordinate Revolving Obligations. At the end of fiscal years 2024 and 2023, the Airport Authority had $0.0 million and $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding, respectively. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of “Subordinate Net Revenues.” Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority’s Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Additional information of the Airport Authority’s long-term debt can be found in Note 6 to the financial statements.

The SDIA PFC program was established in 1994, and currently authorizes the imposition of a $4.50 fee on enplaning passengers. There are currently four active applications which provide the Airport Authority to impose and use PFC revenue through May 1, 2040.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately $54.6 million in grant awards for the federal fiscal year ended September 30, 2024, as compared to $89.3 million for 2023. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.

Request for Information

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at www.san.org

Financial Statements

Statements of Net Position

June 30, 2024, and 2023

Assets and Deferred Outflows of Resources	2024	2023
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	$ 11,395,394	$ 26,108,388
Investments (Note 2)	223,398,504	306,328,513
Tenant receivables, net	22,481,275	20,872,111
Grants receivable	66,093,693	19,163,746
Lease receivables, current portion (Note 3)	12,684,623	21,579,230
Partnership lease receivables, current portion (Note 3)	3,224,507	3,281,883
Note receivable, current portion (Note 4)	5,091,865	4,926,819
Other current assets	20,976,288	17,351,605
Investments designated for specific capital projects and other commitments (Note 2)	88,297,854	163,794
Total unrestricted current assets	**453,644,002**	419,776,089
Restricted investments with trustees (Notes 2 and 6)	237,135,154	200,762,984
Total current assets	**690,779,156**	620,539,073
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted investments not with trustees (Note 2)	262,690,274	202,552,633
Restricted investments with trustees (Note 2)	1,545,446,754	1,335,189,801
Passenger facility charges receivable (Note 1)	7,555,400	7,035,361
Customer facility charges receivable (Note 1)	3,602,772	3,169,514
Total restricted assets	**1,819,295,200**	1,547,947,309
Other noncurrent assets:		
Investments, noncurrent (Note 2)	87,179,043	184,760,091
Lease receivables, long-term portion (Note 3)	133,775,926	146,460,548
Partnership lease receivables, long-term portion (Note 3)	124,677,025	135,261,080
Note receivable, long-term portion (Note 4)	19,359,409	24,451,275
Investments designated for specific capital projects and other commitments (Note 2)	150,962,139	98,838,891
Other noncurrent assets	1,940,600	2,403,167
Total other noncurrent assets	**517,894,142**	592,175,051
Capital and lease assets (Note 5):		
Land, land improvements and nondepreciable assets/leases	182,113,981	182,279,198
Buildings and structures	1,946,874,381	1,884,157,140
Lease assets	240,922,204	238,768,276
Machinery and equipment	145,684,582	139,202,241
Runways, roads and parking lots	623,926,792	630,577,748
Construction in progress	1,978,692,850	1,145,357,693
Total capital and lease assets	5,118,214,790	4,220,342,295
Less accumulated depreciation and amortization	(1,456,954,783)	(1,424,487,252)
Capital and lease assets, net	3,661,260,007	2,795,855,043
Total noncurrent assets	**5,998,449,349**	4,935,977,403
Total assets	**6,689,228,505**	5,556,516,476
Deferred outflows of resources:		
Pensions (Note 7 and 8)	15,675,611	12,162,436
OPEB (Note 11)	6,112,831	5,877,459
Total deferred outflows of resources	**21,788,442**	18,039,895
Total assets and deferred outflows of resources	**6,711,016,947**	5,574,556,372

See Notes to Financial Statements. (Continued)

Statements of Net Position

June 30, 2024, and 2023 (continued)

Liabilities, Deferred Inflows of Resources and Net Position	2024	2023
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	**11,855,823**	3,699,871
Accrued liabilities	**40,269,823**	51,830,325
Compensated absences, current portion (Note 6)	**3,979,522**	3,750,891
Other current liabilities	**15,771,809**	16,591,374
Lease and subscription liabilities, current portion (Note 6)	**3,641,649**	3,677,515
Long-term debt, current portion (Note 6)	**424,940**	387,928
Total payable from unrestricted assets	**75,943,566**	79,937,904
Payable from restricted assets:		
Accounts payable	**6,543,110**	9,179,789
Accrued liabilities	**83,970,013**	69,749,979
Long-term debt, current portion (Note 6)	**49,775,000**	50,055,000
Accrued interest on variable rate debt and bonds (Note 6)	**96,847,031**	71,778,216
Total payable from restricted assets	**237,135,154**	200,762,984
Total current liabilities	**313,078,720**	280,700,888
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	**1,294,194**	1,343,480
Other noncurrent liabilities	**1,529,455**	647,536
Lease and subscription liabilities, long-term portion (Note 6)	**224,363,516**	225,503,027
Long-term debt, net of current portion (Note 6)	**4,494,329,905**	3,635,975,207
Net pension liability (Note 7 and 8)	**11,205,430**	7,197,809
Net OPEB liability (Note 11)	**373,345**	444,406
Total long-term liabilities	**4,733,095,845**	3,871,111,466
Total liabilities	**5,046,174,565**	4,151,812,354
Deferred inflows of resources		
Pensions (Note 7 and 8)	**2,579,580**	4,749,968
OPEB (Note 11)	**2,252,387**	1,653,747
Gain on refunding	**17,621,969**	9,440,839
Leases (Note 3)	**130,610,304**	147,922,470
Partnership leases (Note 3)	**210,546,494**	225,797,623
Total deferred inflows of resources	**363,610,733**	389,564,647
Total liabilities and deferred inflows of resources	**5,409,785,298**	4,541,377,001
Net Position		
Net investment in capital assets	**473,181,264**	320,779,139
Restricted:		
Debt Service	**46,534,895**	67,075,020
Construction	**195,355,745**	141,003,071
Operation and maintenance expenses	**22,879,023**	17,932,678
Small business bond guarantee	**2,222,300**	2,222,300
Total restricted net position	**266,991,964**	228,233,070
Unrestricted net position	**561,058,421**	484,167,162
Total net position	**$ 1,301,231,649**	$ 1,033,179,370

See Notes to Financial Statements.

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2024, and 2023

	2024	2023
Operating revenues:		
Airline revenue:		
Landing fees	**$ 53,872,890**	$ 44,741,469
Aircraft parking fees	**13,612,115**	11,188,756
Building rentals	**145,169,422**	129,743,693
Other aviation revenue	**8,565,776**	7,123,044
Concession revenue	**79,546,483**	75,558,792
Parking and ground transportation revenue	**72,483,690**	65,414,598
Ground and non-airline terminal rentals	**23,415,604**	23,257,118
Other operating revenue	**3,222,526**	3,734,823
Total operating revenues	**399,888,507**	360,762,294
Operating expenses before depreciation and amortization:		
Salaries and benefits (Notes 6, 7, 8 and 9)	**57,443,969**	51,230,961
Contractual services (Note 13)	**52,444,843**	45,580,643
Safety and security	**36,777,849**	33,042,629
Space rental	**466,604**	313,483
Utilities	**19,518,127**	17,567,259
Maintenance	**14,125,325**	16,417,015
Equipment and systems	**544,183**	921,761
Materials and supplies	**649,954**	660,733
Insurance	**2,313,614**	1,996,788
Employee development and support	**731,129**	681,446
Business development	**2,279,873**	1,916,108
Equipment rentals and repairs	**4,992,262**	4,010,388
Total operating expenses before depreciation and amortization	**192,287,734**	174,339,213
Income from operations before depreciation and amortization	**207,600,774**	186,423,081
Depreciation and amortization expense	**122,174,556**	131,586,318
Operating income	**$ 85,426,218**	$ 54,836,763

See Notes to Financial Statements.

(Continued)

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2024, and 2023 (continued)

	2024	2023
Nonoperating revenues (expenses):		
Passenger facility charges	**$ 49,199,510**	$ 46,754,727
Customer facility charges	**35,912,592**	34,374,844
Quieter Home Program grant revenue (Note 1)	**19,519,516**	19,023,947
Quieter Home Program expenses (Note 1)	**(21,364,762)**	(21,075,144)
Other Interest Income	**10,198,358**	11,145,007
Investment income (loss)	**129,222,692**	50,881,687
Interest expense (Note 6)	**(164,933,379)**	(127,463,755)
Other revenues (expenses), net	**(3,489,563)**	(1,654,133)
Nonoperating revenues (expenses), net	**54,264,964**	11,987,180
Income before capital contributions	**139,691,182**	66,823,943
Capital contributions (Note 1)	**128,361,097**	52,287,087
Change in net position	**268,052,278**	119,111,030
Net position, beginning of year, as restated	**1,033,179,370**	914,068,340
Net position, end of year	**$ 1,301,231,649**	$ 1,033,179,370

See Notes to Financial Statements.

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024, and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from customers	**$ 393,894,618**	$ 362,504,812
Payments to suppliers	**(141,632,160)**	(131,131,930)
Payments to employees	**(60,061,473)**	(54,368,079)
Other receipts (payments)	**3,681,991**	5,334,097
Net cash provided by operating activities	**195,882,976**	182,338,900
Cash Flows From Noncapital Financing Activities		
Other nonoperating receipts (payments)	**1,322,229**	(1,410,930)
Settlement receipts (payments)	**266,041**	(243,203)
Quieter Home Program grant receipts	**18,552,759**	20,850,254
Quieter Home Program payments	**(21,364,762)**	(21,075,144)
Net cash used in noncapital financing activities	**(1,223,733)**	(1,879,024)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	**(980,192,079)**	(597,490,633)
Other interest income	**10,198,358**	11,145,007
Federal grants received (excluding Quieter Home Program)	**82,397,907**	56,758,390
Proceeds from passenger facility charges	**48,679,470**	43,904,820
Proceeds from customer facility charges	**35,479,334**	34,090,188
Payment of principal on bonds and commercial paper	**(50,055,000)**	(40,360,000)
Proceeds from issuance of Series 2023 Bonds	**934,421,739**	-
Payment on note payable	**(387,927)**	(354,139)
Interest and debt fees paid	**(157,550,535)**	(160,704,536)
Net cash used in capital and related financing activities	**(77,008,734)**	(653,010,901)
Cash Flows From Investing Activities		
Sales and maturities of investments	**3,225,914,153**	1,766,632,823
Purchases of investments	**(3,434,769,079)**	(1,322,506,966)
Interest received on investments and note receivable	**71,564,604**	39,205,993
Principal payments received on notes receivable	**4,926,819**	4,766,887
Net cash provided by (used in) investing activities	**(132,363,503)**	488,098,736
Net decrease in cash and cash equivalents	**(14,712,994)**	15,547,711
Cash and cash equivalents, beginning of year	**26,108,388**	10,560,677
Cash and cash equivalents, end of year	**$ 11,395,394**	$ 26,108,388

See Notes to Financial Statements. (Continued)

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2024, and 2023 (continued)

	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	**$ 85,426,218**	$ 54,836,763
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	**122,174,556**	131,586,318
Change in pensions/OPEB liability/asset	**3,936,560**	18,621,297
Change in deferred outflows related to pensions/OPEB	**(3,748,547)**	4,350,147
Change in deferred inflows related to pensions/OPEB	**(1,571,748)**	(25,755,740)
Change in deferred inflows related to leases	**(17,312,167)**	(20,141,904)
Change in deferred inflows related to partnership leases	**(15,251,130)**	6,116,521
Changes in assets and liabilities:		
Receivables, net	**(1,609,164)**	1,912,709
Other assets	**(3,162,116)**	(5,463,173)
Accounts payable	**8,155,952**	(3,626,258)
Accrued liabilities	**(11,560,502)**	5,858,235
Compensated absences	**179,344**	40,293
Lease receivables	**32,220,662**	15,500,666
Other liabilities	**(1,994,941)**	(1,496,975)
Net cash provided by operating activities	**$ 195,882,976**	$ 182,338,900
Noncash investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	**$ 90,513,123**	$ 78,929,768
Capital assets (and related deferred inflow) contributed by operator	**-**	24,136,838
Unrealized gain (loss) on investments	**57,658,088**	11,675,694
Noncash Investing activites related to Series 2023 Bond Issuance		
Series 2023 principal additions	**(136,399,915)**	-
Series 2023A bond discount recorded	**9,890,516**	-
Series 2023B bond premium recorded	**(2,867,254)**	-
Refunding of Series 2021C bond principal	**40,435,000**	-
Deferred refunding gain on Series 2021C bond principal	**8,841,654**	-
Refunding of revolving letter of credit	**80,100,000**	-

See Notes to Financial Statements.

Notes to Financial Statements

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity: The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the *San Diego County Regional Airport Authority Act* (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of January 1, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10 (SB 10), the *San Diego County Regional Airport Authority Reform Act*, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

Measurement focus and basis of accounting: The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

Use of estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

Investments: Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

Tenant receivables: Tenant receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

Federal grants: Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Airport Improvement Program (AIP) Grants are authorized and disbursed by the FAA under the *Airway Improvement Act of 1982*, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. As of June 30, 2024, and 2023, the Airport Authority recovered $128.4 million and $52.3 million, respectively, for approved capital projects; and $19.5 million and $19.0 million, respectively, for the Quieter Home Program.

Passenger facility charges (PFC): The PFC program is authorized by the *Aviation Safety and Capacity Expansion Act of 1990* (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2024, and 2023, accrued PFC receivables totaled $7.6 million and $7.0 million respectively, and there were $158.4 million and $105.6 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2024, and 2023, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from $3.00 to $4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use $1.2 billion in PFC revenue through April 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through April 2040. In accordance with the Aviation Investment

Reform Act (AIR-21), airports imposing a $4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 75 percent.

Customer facility charges (CFC): The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a $10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is $9.00 per day for a maximum of five days. As of June 30, 2024, and 2023, accrued CFC receivables totaled $3.6 million and $3.2 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2024, and 2023, were $25.8 million, and $25.1 million, respectively.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB– These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Leases and Partnership Leases – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease.

Capital, lease, and subscription assets: Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs associated with the construction of capital assets. Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater.

Lease and subscription based technology assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease or subscription liability, 2) lease or subscription payments made at or before the commencement of the term, less any incentives received from the vendor at or before the commencement of the term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Lease and subscription assets are amortized on a straight-line basis over the shorter of the term or useful life of the underlying asset.

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Land improvements	30-40
Runways, roadways and parking lots	
Lighting, security and minor improvements	3-10
Airfield and parking lots and improvements	12-25
Drainage systems, gas lines, pedestrian bridges	30
Roadways, bridges and infrastructure	40-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades and remodels	3-10
Baggage handling systems, HVAC, structural improvements, fuel and storage facility	12-20
Buildings and smart curb improvements	25-50
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	3-10
Communication and electronic systems	3-20
Works of art	15-30

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. The Airport Authority no longer capitalizes interest due to the adoption of GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* that eliminated the requirement to capitalize interest.

Capital asset impairment: The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

Retentions payable: The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

Compensated absences: All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Bond discounts, premiums, and issuance costs: Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

Airport Authority net position: Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position as of June 30, 2024, and 2023 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2024	2023
Operating contingency	**$ 2,000,000**	$ 2,000,000
Insurance contingency	**14,559,942**	13,839,942
Capital projects and other commitments	**88,297,854**	163,794
Total designated net position	**$ 104,857,796**	$ 16,003,736

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

Revenue and expense recognition: Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

Concentrations: A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

The five largest airlines in terms of enplaned passengers are as follows:

	2024	2023
Southwest Airlines	**32.8%**	35.3%
Alaska Airlines	**16.2%**	16.4%
United Airlines	**13.0%**	12.3%
Delta Airlines	**12.8%**	12.2%
American Airlines	**11.8%**	10.8%

Defined Benefit Pension Plan: The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through SDCERS. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Plan: The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting pronouncements adopted: The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2024:

- GASB Statement No. 99, *Omnibus 2022*, effective for the Airport Authority's year ending June 30, 2024.
- GASB Statement No. 100, *Accounting Changes and Error Corrections,* effective for the Airport Authority's year ending June 30, 2024.

Accounting pronouncements issued but not yet adopted: GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 101, *Compensated Absences*, effective for the Airport Authority's year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures*, effective for the Airport Authority's year ending June 30, 2025.

- GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the Airport Authority's year ending June 30, 2026.

Reclassifications: Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassifications had no effect on the changes in net position.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Summary of Cash, Cash Equivalents, and Investments: Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30:

	2024	2023
Unrestricted and Undesignated:		
Cash and cash equivalents	**$ 11,395,394**	$ 26,108,388
Current investments	**223,398,504**	306,328,513
Noncurrent investments	**87,179,043**	184,760,091
Total unrestricted and undesignated	**321,972,941**	517,196,992
Designated for specific capital projects and other commitments:		
Current investments	**88,297,854**	163,794
Noncurrent investments	**150,962,139**	98,838,891
Total designated	**239,259,992**	99,002,685
Restricted:		
Current investments, with trustees	**237,135,154**	200,762,984
Noncurrent investments, not with trustees	**262,690,274**	202,552,633
Noncurrent investments, with trustees	**1,545,446,754**	1,335,189,801
Total restricted investments	**2,045,272,182**	1,738,505,419
Total cash, cash equivalents and investments	**$ 2,606,505,115**	$ 2,354,705,095

The components of restricted cash, cash equivalents and investments at June 30, are summarized below:

	2024	2023
Restricted investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	**$ 47,991,378**	$ 46,342,596
Operation and maintenance subaccount	**22,879,023**	17,932,678
Renewal and replacement account	**5,400,000**	5,400,000
Total bonds reserves	**76,270,401**	69,675,274
Passenger facility charges unapplied	**158,418,961**	105,594,340
Customer facility charges unapplied	**25,778,612**	25,203,857
Small business development bond guarantee	**2,222,300**	2,222,300
2013 Series debt service account	**171**	167
2013 Series debt service reserve fund	**26**	63
2014 Renew and Replace	**16,653,598**	14,281,747
2014 Rolling coverage fund	**7,565,169**	7,312,430
2014 Series debt service account	**14,622,861**	14,280,456
2014 Series debt service reserve fund	**23,184,057**	22,286,987
2017 Series debt service account	**12,684,639**	12,458,985
2017 Series debt service reserve fund	**15,350,424**	14,937,220
2019 Series CAP Interest Fund	**57**	(48,285)
2019 Series Construction Fund	**17,164,583**	24,931,842
2019 Series Debt Services Account	**17,612,795**	17,330,104
2019 Series Debt Services Reserve Fund	**30,578,906**	29,650,952
2020 Series Debt Services Account	**21,421,030**	20,904,314
2020 Series Debt Services Reserve Fund	**31,916,591**	30,538,478
2021 Series CAP Interest Fund	**103,154,587**	167,474,239
2021 Series Construction Fund	**370,387,083**	1,025,900,425
2021 Series Debt Services Reserve Fund	**112,347,764**	110,509,757
2021 Series Revolving Construction Fund	**0**	1,017,524
2021 Series Debt Services Account	**20,655,558**	22,042,241
2023 Series CAP Interest Fund	**81,799,209**	-
2023 Series Construction Fund	**808,385,736**	-
2023 Series Cost of Issuance	**71,481**	-
2023 Series Debt Services Reserve Fund	**74,032,088**	-
2023 Series Debt Services Account	**2,993,492**	-
Total restricted investments	**$ 2,045,272,182**	$ 1,738,505,419

Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy: The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Non-U.S. Securities	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$75 million
San Diego County Investment Pool	N/A	N/A	None	$75 million
Local Government Investment Pool	N/A	N/A	None	$75 million
U.S. State and California agency	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None
Asset-Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Pass-through Securities	5 years	AA	10 Percent	5 percent
Collaterallized Mortgage Obligation	5 years	AA	10 Percent	5 percent

* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

Investments in state and county investment pools: The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), the Investment Trust of California (CalTRUST), and the San Diego County Investment Pool (SDCIP). The Airport Authority's investments in these pools are reported in the accompanying financial statements at fair value based on the Airport Authority's pro rata share of the net asset value (in accordance with GASB Statement No. 72) provided by the respective pools for the entire pool portfolio (in relation to the net asset value of that portfolio). The balance available for withdrawal is based on the accounting records maintained by each pool. None of these funds are subject to significant withdrawal restrictions, limitations on redemptions, there are no redemption notice periods, nor are there any unfunded commitments.

Investments authorized by debt agreements: Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

Investments in money market mutual funds: The Authority invests in various money market mutual funds. The money market mutual funds are valued at amortized cost. There are no limitations or restrictions on withdrawals for these funds.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	None	None
Negotiable certificates of deposit	None	AAA/Aaa	None	None
Long term and Medium-term notes	None	ratings	None	None
Money market mutual funds	None	ratings	None	None
Municipal bonds	None	ratings	None	None
Repurchase agreements	None	BBB*	None	None
Investment agreements	None	N/A	None	None
Local Agency Investment Fund	None	N/A	None	None
San Diego County Investment Pool	None	N/A	None	None
Deposit accounts	None	N/A	None	None

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

Investments held by Trustee: The Airport Authority has monies held by trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

Disclosures related to interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

Custodial credit risk (deposits): Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first $250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

Custodial credit risk (investments): Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

Disclosures related to credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

San Diego County Regional Airport Authority

The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30 are presented in the following tables:

	2024				
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 311,471,011	$ 63,462,205	$ 97,054,062	$ 150,954,744	AAA
U.S. Agency securities	209,476,365	69,574,423	23,747,826	116,154,116	AAA
Non-U.S. Securities	19,480,989	5,438,488	-	14,042,501	AAA
Medium-term notes	16,740,227	6,880,166	4,876,023	4,984,038	AAA
Medium-term notes	14,909,481	-	1,987,371	12,922,110	AA
Medium-term notes	25,295,528	11,688,296	6,687,262	6,919,971	AA-
Medium-term notes	39,977,746	9,342,545	10,414,148	20,221,053	A+
Medium-term notes	15,597,331	13,732,011	-	1,865,320	A
Negotiable Certificates of deposit	2,223,000	2,223,000	-	-	Not rated
Money market mutual funds	515,656,295	515,656,295	-	-	AAA
Local Agency Investment Fund	69,182,101	69,182,101	-	-	Not rated
San Diego County Investment Pool	165,233,413	165,233,413	-	-	AAA
San Diego County Inv. Pool-Treasury	1,147,318,734	1,147,318,734	-	-	AAA
CalTrust Fund	43,283,361	43,283,361	-	-	AA
Total investments subject to credit and interest rate risk:	2,595,845,583	2,123,015,039	144,766,692	328,063,852	
Total Investments	$ 2,595,845,583				

	2023				
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 305,723,741	$ 39,870,579	$ 61,119,416	$ 204,733,746	AA+
U.S. Agency securities	154,823,563	56,917,351	67,553,552	30,352,660	AA+
U.S. Agency securities	15,421,257	11,719,819	-	3,701,438	A-1+
U.S. Agency securities	7,293,225	-	2,358,375	4,934,850	Not rated
Non-U.S. Securities	9,902,300	-	9,902,300	-	AAA
Non-U.S. Securities	10,310,335	-	10,310,335	-	A
Medium-term notes	4,812,950	-	-	4,812,950	AAA
Medium-term notes	4,897,650	4,897,650	-	-	AA+
Medium-term notes	19,603,915	9,872,900	-	9,731,015	AA
Medium-term notes	6,968,290	6,968,290	-	-	AA-
Medium-term notes	29,170,415	11,405,815	12,018,100	5,746,500	A+
Medium-term notes	47,398,205	20,054,835	11,425,350	15,918,020	A
Medium-term notes	6,585,190	4,793,650	-	1,791,540	A-
Municipal Bonds	2,458,450	-	-	2,458,450	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	303,965,395	303,965,395	-	-	AAA
Local Agency Investment Fund	302,888,305	302,888,305	-	-	Not rated
San Diego County Investment Pool	285,514,584	285,514,584	-	-	AAA
San Diego County Inv. Pool-Treasury	767,276,409	767,276,409	-	-	AAA
CalTrust Fund	16,835,121	16,835,121	-	-	AA
CalTrust Fund	16,220,619	16,220,619	-	-	A+
Total investments subject to credit and interest rate risk:	2,320,292,218	1,861,423,622	174,687,428	284,181,168	
Total Investments	$ 2,320,292,218				

Concentration of credit risk: The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2024, and 2023.

Foreign currency risk: The Airport Authority's investment policy does not allow investments in foreign securities.

Fair Value of Assets: The Airport Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are observable other inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	$ 311,471,011	$ -	$ 311,471,011	$ -
U.S. Agency securities	209,476,365	-	209,476,365	-
Non-U.S. Securities	19,480,989	-	19,480,989	-
Negotiable certificates of deposit	2,223,000	-	2,223,000	-
Medium-term notes	112,520,313	-	112,520,313	-
Total investments by fair value level	655,171,678	$ -	$ 655,171,678	$ -
Investments measured at amortized cost				
Money market mutual funds	515,656,295			
Investments measured at net asset value				
CalTrust Fund	43,283,361			
Local Agency Investment Fund	69,182,101			
San Diego County Investment Pool	165,233,413			
San Diego County Inv. Pool-Treasury	1,147,318,734			
Total investments	$ 2,595,845,583			

June 30, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	$ 305,723,741	$ 300,833,941	$ 4,889,800	$ -
U.S. agency securities	177,538,044	94,277,252	83,260,793	-
Non-U.S. Securities	20,212,635	4,934,250	15,278,385	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	2,458,450	-	2,458,450	-
Medium-term notes	119,436,615	67,113,975	52,322,640	-
Total investments by fair value level	627,591,785	$ 467,159,417	$ 160,432,368	$ -
Investments measured at amortized cost				
Money market mutual funds	303,965,395			
Investments measured at net asset value				
CalTrust Fund	33,055,740			
Local Agency Investment Fund	302,888,305			
San Diego County Investment Pool	285,514,584			
San Diego County Inv. Pool-Treasury	767,276,409			
Total investments	$ 2,320,292,218			

NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS

Lease Receivable

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2024 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2024, there are 62 terminal food services and retail concession locations open.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to land rent, the rental car operators will also pay facility rent.

Various other leasing arrangements are in place for Airport Authority owned buildings, ground, and support spaces. Payments for these leases are generally based on total square footage being leased and an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The Airport Authority reports lease receivables with a carrying amount of $146.5 million and $168.0 million as of June 30, 2024, and 2023, respectively, and a deferred inflow of resources in the amount of $130.6 million and $147.9 million as of June 30, 2024, and 2023, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years present value of payments ended June 30, 2024, and 2023, was $22.3 million and $25.8 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of $9.2 million and $13.4 million, for the years ended June 30, 2024, and 2023, respectively, for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2024:

Years Ending June 30,	Principal	Interest	Total
2025	$ 12,684,623	$ 4,406,985	$ 17,091,608
2026	11,804,674	4,167,455	15,972,129
2027	10,934,570	3,931,931	14,866,501
2028	8,373,048	3,747,767	12,120,815
2029	6,596,018	3,583,190	10,179,208
2030 - 2034	27,696,533	15,382,717	43,079,250
2035 - 2039	24,743,529	10,827,387	35,570,916
2040 - 2044	29,950,909	5,620,007	35,570,916
2044 - 2046	13,676,645	551,722	14,228,367
Total	$ 146,460,549	$ 52,219,161	$ 198,679,710

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Regulated Leases

The Airport Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB 87, and therefore are only subject to the disclosure requirements. The terms of the regulated leases expire 2024 through 2033.

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. Under the terms of the AOLA, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport. The AOLA also includes signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees, and charges, except for the Federal Inspection Services (FIS) fee, which all airlines pay the same rate for use of the immigration and customs facilities. Signatory carriers are required to pay a minimum amount each year ($500,000 for passenger carriers, and $250,000 for cargo carriers). The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a $350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2024, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use. As of June 30, 2023, 45 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,070 square feet of the 443,194 square feet of airline designated space was subject to exclusive use.

The Airline Support Building (ASB) is an Airport Authority facility leased by carriers to process belly cargo. A portion of the lease payments increase annually based on CPI. Substantially all buildings and improvements in these leases are for the exclusive use of the four airline tenants.

The Airport Authority recognized fixed revenue under regulated lease contracts of $10.7 million and $10.6 million for the fiscal years ended June 30, 2024, and 2023, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were $217.2 million and $182.5 million, for the years ended June 30, 2024, and 2023, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2024:

Years Ending June 30,	Total Future
2025	$ 9,106,836
2026	9,380,430
2027	9,664,364
2028	9,959,095
2029	10,265,101
2030 - 2034	6,085,214
Total	$ 54,461,040

Public-Private and Public-Public Partnerships

The Airport Authority has entered into various noncancelable, public-private partnership (PPP) arrangements that meet the definition of a service concession arrangement in which the operators will operate and maintain the Airport Authority's assets for terms of which expire 2049 through 2050. At the end of the arrangements, operations will be transferred to the Airport Authority. The measurement of the related partnership lease receivable is based on the present value of future payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator. Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure PPP receivables.

Signature Flight Support is the exclusive lessee of the Fixed Base Operator (FBO) leasehold at SDIA, with their lease expiring April 30, 2049. Ground rent at the FBO increases annually based on the Consumer Price Index (CPI) but cannot drop below the base rent escalation. Substantially all buildings and improvements in this lease are for exclusive use of this tenant and transfer to the Airport Authority at the end of the agreement.

SAN Fuel Company, LLC has a 30-year lease agreement to operate and maintain the fuel facilities at SDIA, which expires May 31, 2050. In addition, the agreement provides for the construction of fuel storage tanks, airlines fueling operations facility (AFO) and a hydrant fuel system for Terminals 1 and 2. Construction of the fuel storage tanks and AFO were completed in fiscal year 2023. The hydrant fuel system will be completed and placed into service upon the completion of the New Terminal 1. All assets constructed are owned by the Airport Authority. Payments for the ground portion of this lease increase every five years, starting in 2025, based on CPI. Substantially all buildings and improvements in this lease are for the exclusive use of this tenant.

The Airport Authority reports partnership leases receivable with a carrying amount of $127.9 million and $138.5 million as of June 30, 2024, and 2023, respectively, and a deferred inflow of resources in the amount of $210.5 million and $225.8 million as of June 30, 2024, and 2023, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under the PPP arrangements during fiscal years ended June 30, 2024, and 2023, was $9.5 million and $10.1 million, respectively, which includes both PPP revenue and interest. There are no variable payments not previously included in the measurement of the PPP receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2024:

Years Ending June 30,	Principal	Interest	Total
2025	$ 3,224,507	$ 4,499,877	$ 7,724,384
2026	3,341,161	4,383,223	7,724,384
2027	3,462,035	4,262,349	7,724,384
2028	3,587,282	4,137,102	7,724,384
2029	3,717,060	4,007,324	7,724,384
2030 - 2034	20,702,371	17,919,547	38,621,918
2035 - 2039	24,728,080	13,893,838	38,621,918
2040 - 2044	29,536,614	9,085,304	38,621,918
2045 - 2049	34,242,877	3,343,256	37,586,133
2049 - 2050	1,359,546	24,316	1,383,862
Total	$ 127,901,533	$ 65,556,136	$ 193,457,669

The Authority monitors changes in circumstances that would require a remeasurement of its partnership leases and will remeasure the partnership lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the receivable.

NOTE 4. NOTE RECEIVABLE

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a $50.0 million unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2024, and 2023, the balance of the note receivable was $19.7 million and $22.3 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of $13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2024, and 2023, the balance of the note receivable was $4.8 million and $7.1 million, respectively.

The required principal payments owed from the District and ASB notes receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	ASB	District	Total
2025	$ 2,360,158	$ 2,731,707	$ 5,091,866
2026	2,429,662	2,832,535	5,262,197
2027	-	2,937,084	2,937,084
2028	-	3,045,492	3,045,492
2029	-	3,157,901	3,157,901
2030 - 2031	-	4,956,737	4,956,737
Total	$ 4,789,820	$ 19,661,455	$ 24,451,275

NOTE 5. CAPITAL ASSETS AND LEASES

The following tables show the increases and decreases in capital and right-to-use lease assets, and their associated accumulated depreciation for the years ending June, 30, 2024 and 2023.

	Balance at July 1, 2023	Increases	Decreases	**Balance at June 30, 2024**
Nondepreciable assets and leases:				
Land	$ 22,167,594		$ -	**$ 22,167,594**
Construction in progress	1,145,357,693	990,972,834	(157,637,677)	**1,978,692,850**
Intangible asset	440,000	-	-	**440,000**
Total nondepreciable assets and leases	1,167,965,287	990,972,834	(157,637,677)	**2,001,300,444**
Depreciable assets and leases:				
Land improvements	160,111,604		(165,216)	**159,946,387**
Land improvements - right-to-use lease assets	238,768,276	2,618,306	(464,378)	**240,922,204**
Buildings and structures	1,883,717,140	136,875,206	(74,157,966)	**1,946,434,381**
Machinery and equipment	139,202,241	12,839,918	(6,357,577)	**145,684,582**
Runways, roads and parking lots	630,577,748	9,111,899	(15,762,854)	**623,926,792**
Total capital and lease assets being depreciated/amortized	3,052,377,008	161,445,329	(96,907,991)	**3,116,914,345**
Less accumulated depreciation and amortization for:				
Land improvements	(57,537,607)	(6,080,531)	165,216	**(63,452,922)**
Building and structures	(911,278,157)	(77,095,334)	73,525,709	**(914,847,782)**
Right-to-use lease assets	(17,945,010)	(6,531,429)	185,751	**(24,290,688)**
Machinery and equipment	(98,563,939)	(9,392,758)	6,357,157	**(101,599,540)**
Runways, roads and parking lots	(339,162,538)	(24,645,744)	11,044,430	**(352,763,851)**
Total accumulated depreciation and amortization	(1,424,487,252)	(123,745,795)	91,278,264	**(1,456,954,783)**
Total capital and lease assets being depreciated/amortized, net	1,627,889,756	37,699,534	(5,629,727)	**1,659,959,562**
Capital and lease assets, net	$ 2,795,855,043	$ 1,028,672,368	$ (163,267,404)	**$ 3,661,260,007**

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Construction in progress	578,124,720	621,296,376	(54,063,403)	1,145,357,693
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	600,732,314	621,296,376	(54,063,403)	1,167,965,287
Depreciable assets and leases:				
Land improvements	160,111,604	-	-	160,111,604
Land improvements - right-to-use lease assets	238,768,276	-	-	238,768,276
Buildings and structures	1,823,029,725	63,901,385	(3,213,969)	1,883,717,140
Machinery and equipment	124,708,399	14,506,699	(12,858)	139,202,241
Runways, roads and parking lots	637,019,738	-	(6,441,991)	630,577,748
Total capital and lease assets being depreciated/amortized	2,983,637,742	78,408,084	(9,668,818)	3,052,377,008
Less accumulated depreciation and amortization for:				
Land improvements	(50,707,793)	(6,829,814)	-	(57,537,607)
Building and structures	(832,118,062)	(82,396,336)	3,236,241	(911,278,157)
Right-to-use lease assets	(11,368,837)	(6,576,174)	-	(17,945,010)
Machinery and equipment	(87,898,380)	(10,678,418)	12,858	(98,563,939)
Runways, roads and parking lots	(318,166,349)	(26,681,289)	5,685,100	(339,162,538)
Total accumulated depreciation and amortization	(1,300,259,420)	(133,162,031)	8,934,199	(1,424,487,252)
Total capital and lease assets being depreciated/amortized, net	1,683,378,321	(54,753,948)	(734,618)	1,627,889,756
Capital and lease assets, net	$ 2,284,110,636	$ 566,542,428	$ (54,798,021)	$ 2,795,855,043

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

The decreases in assets and the associated accumulated depreciation are the result of the disposal of assets in preparation for the construction of the New Terminal 1. Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2024 and 2023 amounted to $117.2 million and $126.6 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to $5.0 million each year. In both years, $1.6 million of depreciation expense was charged to capital improvement projects in accordance with GASB 87.

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2024, and 2023:

	Principal Balance at June 30, 2023	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2024**	Due Within One Year
Variable rate debt - Direct borrowing					
Revolving LOC	$ 80,100,000	$ -	$ (80,100,000)	**$ -**	$ -
Total variable rate debt	80,100,000	-	(80,100,000)	**-**	-
Bonds payable - Other:					
Series 2014 Bonds	275,685,000	-	(6,670,000)	**269,015,000**	7,045,000
Series 2017 Bonds	266,595,000	-	(5,585,000)	**261,010,000**	5,865,000
Series 2019 Bonds	454,585,000	-	(6,095,000)	**448,490,000**	6,400,000
Series 2020 Bonds	212,475,000	-	(15,240,000)	**197,235,000**	16,005,000
Series 2021 Bonds	1,931,985,000	-	(56,900,000)	**1,875,085,000**	12,225,000
Series 2023 Bonds	-	1,061,980,000	-	**1,061,980,000**	2,235,000
Bond premiums, net	459,468,592	291,193	(33,181,555)	**426,578,230**	-
Total bonds payable	3,600,793,592	1,062,271,193	(123,671,555)	**4,539,393,230**	49,775,000
Lease Liabilities	229,180,542	2,618,306	(3,793,683)	**228,005,166**	3,641,649
Note Payable - Direct borrowing					
CRDC	5,524,543	-	(387,927)	**5,136,616**	424,940
Total debt obligations	3,686,418,135	1,062,271,193	(204,159,483)	**4,544,529,846**	50,199,940
Compensated absences	5,094,372	4,158,865	(3,979,522)	**5,273,715**	3,979,522
Total long-term liabilities	$ 3,691,512,507	$ 1,066,430,059	$ (208,139,004)	**$ 4,549,803,561**	$ 54,179,462

	Principal Balance at June 30, 2022	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2023	Due Within One Year
Variable rate debt - Direct borrowing					
Revolving LOC	$ 80,100,000	$ -	$ -	$ 80,100,000	$ -
Total variable rate debt	80,100,000	-	-	80,100,000	-
Bonds payable - Other:					
Series 2014 Bonds	282,005,000	-	(6,320,000)	275,685,000	6,670,000
Series 2017 Bonds	271,915,000	-	(5,320,000)	266,595,000	5,585,000
Series 2019 Bonds	459,025,000	-	(4,440,000)	454,585,000	6,095,000
Series 2020 Bonds	226,995,000	-	(14,520,000)	212,475,000	15,240,000
Series 2021 Bonds	1,941,745,000	-	(9,760,000)	1,931,985,000	16,465,000
Bond premiums	486,158,691	-	(26,690,100)	459,468,592	-
Total bonds payable	3,667,843,691	-	(67,050,100)	3,600,793,592	50,055,000
Lease Liabilities	232,766,866	-	(3,586,324)	229,180,542	3,677,515
Note Payable - Direct borrowing					
CRDC	5,878,682	-	(354,139)	5,524,543	387,928
Total debt obligations	3,753,822,373	-	(67,404,238)	3,686,418,135	50,442,928
Compensated absences	5,054,078	3,791,186	(3,750,893)	5,094,372	3,750,891
Total long-term liabilities	$ 3,758,876,452	$ 3,791,186	$ (71,155,131)	$ 3,691,512,507	$ 54,193,819

Senior Lien Series 2023 Bonds: On October 25, 2023, the Airport Authority issued $1,062.0 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

The Series 2023 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent. The Series B bonds were structured as private activity and AMT term bonds that bear interest at rates ranging from 5.0 percent to 5.25 percent. The Series A and Series B bonds were issued at a premium of $2.9 million and a discount of $9.9 million, respectively. The premium and discount is amortized over the life of the bonds. The interest on the Series 2023 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal year ended June 30, 2024, amounted to $36.9 million, including accrued interest of $27.0 million. The principal on the Series 2023 Bonds as of June 30, 2024, was $1,062.0 million.

The required debt service payments for the Series 2023 Bonds for the years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 2,235,000	$ 53,990,538	$ 56,225,538
2026	2,865,000	53,863,038	56,728,038
2027	-	53,791,413	53,791,413
2028	-	53,791,413	53,791,413
2029	14,450,000	53,430,163	67,880,163
2030 - 2034	87,910,000	255,004,063	342,914,063
2035 - 2039	111,535,000	229,397,863	340,932,863
2040 - 2044	153,370,000	196,364,813	349,734,813
2045 - 2049	176,245,000	154,670,688	330,915,688
2050 - 2054	224,925,000	104,762,688	329,687,688
2055 - 2059	288,445,000	39,316,981	327,761,981
	$ 1,061,980,000	$ 1,248,383,656	$ 2,310,363,656

The senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2023 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2023 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books. For the fiscal year ended June 30, 2024, the amount held by the trustee was $967.3 million which included the July 1 payment a debt service reserve fund, construction fund, and a capitalized interest fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2024 and 2023 was $76.3 million and $69.7 million, respectively. The public ratings of the Series 2023 Bonds as of June 30, 2024, are A1/AA- by Moody's Investors Service and Fitch Ratings.

Subordinate Lien Series 2017 Bonds: The Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the FIS facility, fund a portion of the interest accruing on the Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of $48.4 million which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $13.1 million and $13.3 million, respectively, including accrued interest of $6.5 million and $6.7 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2024, and 2023 was $261.0 million and $266.6 million, respectively.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 5,865,000	$ 12,903,875	$ 18,768,875
2026	6,155,000	12,603,375	18,758,375
2027	6,465,000	12,287,875	18,752,875
2028	6,790,000	11,956,500	18,746,500
2029	7,130,000	11,608,500	18,738,500
2030-2034	41,365,000	52,182,375	93,547,375
2035-2039	52,785,000	40,469,375	93,254,375
2040-2044	67,380,000	25,520,000	92,900,000
2045-2048	67,075,000	6,911,625	73,986,625
	$ 261,010,000	$ 186,443,500	$ 447,453,500

Subordinate Lien Series 2019 Bonds: The Airport Authority issued $338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and $124.9 million of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund $34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of $96.9 million which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $21.6 million and $21.9 million, respectively, including accrued interest of $10.8 million and $10.9 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2024, and 2023 was $448.5 million and $454.6 million, respectively.

The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 6,400,000	$ 21,594,350	$ 27,994,350
2026	5,615,000	21,274,350	26,889,350
2027	5,895,000	20,993,600	26,888,600
2028	6,195,000	20,698,850	26,893,850
2029	6,500,000	20,389,100	26,889,100
2030-2034	71,220,000	95,172,250	166,392,250
2035-2039	145,565,000	69,342,550	214,907,550
2040-2044	107,560,000	35,201,850	142,761,850
2045-2049	76,000,000	16,088,800	92,088,800
2050	17,540,000	877,000	18,417,000
	$ 448,490,000	$ 321,632,700	$ 770,122,700

Subordinate Lien Series 2020 Bonds: The Airport Authority issued $241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of $49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $9.7 million and $10.6 million, respectively, including accrued interest of $4.9 million and $5.4 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2024, and 2023 was $197.2 million and $212.5 million, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 16,005,000	$ 9,861,750	$ 25,866,750
2026	11,275,000	9,061,500	20,336,500
2027	11,830,000	8,497,750	20,327,750
2028	12,425,000	7,906,250	20,331,250
2029	13,050,000	7,285,000	20,335,000
2030-2034	65,860,000	26,378,000	92,238,000
2035-2039	46,680,000	11,812,500	58,492,500
2040-2041	20,110,000	1,520,750	21,630,750
	$ 197,235,000	$ 82,323,500	$ 279,558,500

Subordinate Lien Series 2021 Bonds: The Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue and Revenue Refunding Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2021 Bonds, fund the Series 2013 Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2021 Bonds. The Series 2021A and B Bonds are structured as serial bonds that bear interest rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057. The Series A and B bonds were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. The 2021C Series participated in a tender offer as part of the 2023 Series issuance. A total of $40.4 million par value 2021C were tendered. As a result of the refunding, the Airport Authority reduced its total debt service requirements by $40.4 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and the new debt) of approximately $3.1 million. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $80.8 million and $82.0 million, respectively, including accrued interest of $40.1 million and $41.0 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2024, and 2023 was $1,875.1 million and $1,932.0 million, respectively.

The required debt service payments for the Series 2021 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 12,225,000	$ 80,776,815	$ 93,001,815
2026	13,005,000	80,623,540	93,628,540
2027	10,310,000	80,278,592	90,588,592
2028	10,830,000	79,750,092	90,580,092
2029	11,375,000	79,194,967	90,569,967
2030-2034	99,075,000	384,871,534	483,946,534
2035-2039	177,210,000	354,859,768	532,069,768
2040-2044	320,340,000	310,695,290	631,035,290
2045-2049	327,705,000	243,062,350	570,767,350
2050-2054	486,915,000	155,785,875	642,700,875
2054-2057	406,095,000	28,818,625	434,913,625
	$ 1,875,085,000	$ 1,878,717,448	$ 3,753,802,448

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019, 2020 and 2021 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. On June 30, 2024, and 2023, the amount held by the trustee was $753.3 million and $1,477.6 million, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series Bonds as of June 30, 2023, are A/A2/A+ by Standard & Poor’s, Moody’s Investors Service and Fitch Ratings.

For the year ended June 30, 2024, the net revenues pledged for senior and subordinate lien debt service was $285.2 million compared to the net debt service (senior and subordinate lien principal and interest) of $102.8

million. At June 30, 2024, the remaining principal and interest payments required to repay the bonds through 2058 totaled $7,561.3 million.

Senior Lien Special Facilities Revenue Bonds, Series 2014: On February 19, 2014, the Airport Authority issued $305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of $0.6 million, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $14.9 million and $15.2 million, respectively, including accrued interest of $7.4 million and $7.6 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2024, and 2023 was $269.0 million and $275.7 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2024, and 2023, the amount held by the trustee was $62.0 million and $58.2 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2024, are A-/A3 by Standard & Poor's and Moody's Investors Service.

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 7,045,000	$ 14,677,074	$ 21,722,074
2026	7,440,000	14,271,928	21,711,928
2027	7,855,000	13,844,127	21,699,127
2028	8,295,000	13,392,412	21,687,412
2029	8,760,000	12,915,383	21,675,383
2030-2034	51,720,000	56,433,452	108,153,452
2035-2039	67,890,000	39,804,447	107,694,447
2040-2044	89,135,000	17,999,292	107,134,292
2045	20,875,000	521,875	21,396,875
	$ 269,015,000	$ 183,859,990	$ 452,874,990

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 Bonds for fiscal years ended June 30, 2024, and June 30, 2023, of $177.0 million and $143.1 million, respectively, was offset by bond premium amortization of $ 25.9 million in fiscal year 2024 and $26.7 million in fiscal year 2023.

Subordinate Short-Term Debt Program: On July 19, 2021, The Airport Authority and Bank of America entered into a Revolving Credit Agreement which is authorized up to $200.0 million in Subordinate Revolving Obligations. At the end of fiscal year 2023 the Airport Authority had $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. During fiscal year 2024 the Airport Authority issued the 2023 Series Bonds, which included repayment of the outstanding balance of the Subordinate Revolving Obligation

On July 11, 2024, The Airport Authority and Bank of America entered into an amended Revolving Obligation agreement. The revolving credit agreement is for the term of three years and authorized the Airport Authority to issue up to $200.0 million in Subordinate Revolving Obligations. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Letter of credit and reimbursement agreement: In fiscal year 2024, the Airport Authority maintained a $2.0 million line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2024, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2024, and 2023:

	June 30, 2024		June 30, 2023	
	Used	Unused	Used	Unused
Revolving line of credit	$ -	$200,000,000	$80,100,000	$119,900,000
Line of credit	$ -	2,000,000	$ -	2,000,000
	$ -	$ 202,000,000	$ 80,100,000	$ 121,900,000

Event of Default: In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.0 to 7.0 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a $2.2 million Treasury bond. Excluding general airport revenue bonds, special facility bonds, and leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

NOTE PAYABLE

Receiving Distribution Center lease: The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a note payable and requires monthly lease payments of $73.1 thousand. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, and the net present value of the future lease payments on June 30, 2024:

Years Ending June 30,	Amount
2025	$ 877,298
2026	877,298
2027	877,298
2028	877,298
2029-2032	3,874,732
Total Lease Payments	7,383,924
Less amount representing interest	(2,247,308)
Present value of future lease payments	$ 5,136,616

LEASE LIABILITIES

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2024, and 2023, were $228.0 million and $228.9 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	3,641,649	8,557,866	12,199,516
2026	2,829,863	8,466,532	11,296,394
2027	2,645,398	8,379,303	11,024,701
2028	2,701,099	8,289,721	10,990,820
2029	2,427,028	8,199,071	10,626,099
2030-2034	13,725,080	39,532,558	53,257,638
2035-2039	16,794,244	36,700,828	53,495,072
2040-2044	19,025,458	33,306,539	52,331,996
2045-2049	22,159,268	29,435,079	51,594,347
2050-2054	26,905,124	24,760,327	51,665,452
2055-2059	32,659,884	19,083,783	51,743,667
2060-2064	39,637,317	12,192,387	51,829,703
2065-2069	42,853,755	3,869,622	46,723,377
	$228,005,166	$240,773,615	$468,778,782

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

NOTE 7. DEFINED BENEFIT PLANS

Introduction: The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of and for the years ended June 30, 2024, and 2023:

	Defined Benefit Plan GASB 68	Preservation of Benefits Trust Plan GASB 73	Total
Balances as of and for the year ended 6/30/2024			
Pension expense (income)	$ 6,535,764	$ (175,608)	$ 6,360,156
Net pension liability	10,244,143	961,287	11,205,430
Deferred outflows of resources	15,525,408	150,203	15,675,611
Deferred inflows of resources	1,540,344	1,039,236	2,579,580
Balances as of and for the year ended 6/30/2023			
Pension expense	$ 5,000,713	$ 56,102	$ 5,056,815
Net pension liability	5,583,686	1,614,123	7,197,809
Deferred outflows of resources	11,810,015	352,421	12,162,436
Deferred inflows of resources	3,967,391	782,577	4,749,968

Plan description: The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003, through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District, and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

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The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at www.sdcers.org.

Benefits provided: The Airport Authority provides retirement, disability, and death benefits. There are two types of participants, the classic participants and the PEPRA participants. A classic participant means any member who is not a PEPRA participant. A PEPRA participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous twenty-six bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRA participant's benefit is calculated by using monthly salary amounts based on the highest thirty-six consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRA participants begins at age 52 with five years of service.

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age.

As of the measurement dates June 30, 2023, and June 30, 2022, Plan membership was as follows:

	2023	2022
Active employees	364	353
Inactive employees entitled to but not yet receiving benefits	196	182
Inactive employees or beneficiaries currently receiving benefits	199	187
Total	759	722

Contributions: SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2024, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2023, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2024, and 2023, employees contributed $3.7 million and $3.3 million, respectively, and the Airport Authority contributed $7.9 million and $7.7 million, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set." The offset is equal to 7.0 percent or 8.5 percent of the general classic members' base compensation and 9.6 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

Net Pension Liability (Asset): The Airport Authority's net pension liability as of June 30, 2024, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2024, is measured as of June 30, 2023. The annual valuation used is as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follows.

Actuarial Assumptions: The total pension liability in the June 30, 2023 and June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return (1)	6.50%	6.50%
Inflation Rate	3.05%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase (2)	3.05%, plus merit component	3.05%, plus merit component
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate (3)	2.0% - 16.0%	2.0% - 16.0%
Disability rate (4)	0.01% - 0.20%	0.01% - 0.20%
Mortality (5)	0.02% - 13.54%	0.02% - 13.54%

(1) Net of investment expense
(2) Merit component based on years of service ranging from 5.0% to 0.50%
(3) Based on years of service
(4) Based on age
(5) All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study Further details about the actuarial assumptions can be found in the SDCERS June 30, 2020 and June 30, 2019 actuarial reports.

Discount Rate: For the June 30, 2023 and June 30, 2022 actuarial valuations, the discount rates used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams. Best estimates of geometric long-term real rates and nominal rates of return for each major asset class as of June 30, 2023 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	19.0%	5.0%	7.5%
International equity	12.0%	5.8%	8.0%
Global equity	8.0%	5.5%	7.9%
Domestic fixed income	22.0%	1.7%	4.0%
Return-Seeking Fixed Income	5.0%	4.6%	7.0%
Real estate	11.0%	3.3%	5.6%
Private equity	10.0%	7.8%	10.3%
Infrastructure	3.0%	4.8%	7.2%
Opportunity fund	10.0%	4.9%	7.3%
	100.0%		

Changes in the Net Pension Liability (Asset): Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2024, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2023	$ 268,067,970	$ 262,484,284	$ 5,583,686
Changes for the year:			
Service cost	7,147,242	-	7,147,242
Interest on total pension liability	17,355,715	-	17,355,715
Difference between expected and			-
actual experience	4,182,916	-	4,182,916
Changes in assumptions	-	-	-
Employer contributions	-	7,742,583	(7,742,583)
Member contributions	-	3,494,204	(3,494,204)
Net investment income	-	13,293,511	(13,293,511)
Benefit payments	(9,295,008)	(9,295,008)	-
Administrative expense	-	(504,882)	504,882
Net changes	19,390,865	14,730,408	4,660,457
Balances as of June 30, 2024	$ 287,458,835	$ 277,214,692	$ 10,244,143

Changes in the total pension liability (asset), plan fiduciary net position and the net pension liability through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of June 30, 2022	$ 254,465,897	$ 263,460,943	$ (8,995,046)
Changes for the year:			
Service cost	6,980,223	-	6,980,223
Interest on total pension liability	16,489,161	-	16,489,161
Difference between expected and			-
actual experience	(1,288,936)	-	(1,288,936)
Changes in assumptions	-	-	-
Employer contributions	-	9,181,680	(9,181,680)
Member contributions	-	3,070,398	(3,070,398)
Net investment income	-	(4,188,463)	4,188,463
Benefit payments	(8,578,375)	(8,578,375)	-
Administrative expense	-	(461,899)	461,899
Net changes	13,602,073	(976,659)	14,578,732
Balances as of June 30, 2023	$ 268,067,970	$ 262,484,284	$ 5,583,686

Sensitivity of the Net Pension Liability (Asset) to Discount Rate Changes: The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2024:

		Discount Rate	
	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 326,286,970	$ 287,458,835	$ 255,610,311
Plan fiduciary net position	277,214,692	277,214,692	277,214,692
Net pension liability (asset)	$ 49,072,278	$ 10,244,143	$ (21,604,381)
Plan fiduciary net position as a percentage of the total pension liability	85.0%	96.4%	108.5%

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan: For the years ended June 30, 2024 and June 30, 2023, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of $6.5 million and $5.0 million, respectively. At June 30, 2024 and June 30, 2023, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,322,361	$ 1,540,346
Net difference between projected and actual earnings	2,910,962	-
Changes in assumptions	1,353,401	-
Employer contributions made subsequent to June 30, 2023 measurement date	7,938,684	-
Total	$ 15,525,408	$ 1,540,346

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 370,346	$ 2,877,993
Net difference between projected and actual earnings	-	1,089,400
Changes in assumptions	3,776,149	-
Employer contributions made subsequent to June 30, 2022 measurement date	7,663,521	-
Total	$ 11,810,016	$ 3,967,393

The deferred outflows of resources at June 30, 2024 and June 30, 2023 resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal year 2025, and an increase to the net pension asset in fiscal year 2024.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2024, will be recognized in pension expense as follows:

Years ended June 30,	
2024	$ 1,644,678
2025	(2,515,828)
2026	6,139,504
2027	778,024
	$ 6,046,378

NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN

Plan description: The Airport Authority's single-employer defined benefit pension plan established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in Note 7.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

Benefits provided: Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2024, and June 30, 2023, were $9.1 thousand and $20.6 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS. There are no assets accumulated in trust for this plan.

As of the measurement dates of June 30, 2023, and 2022, Plan membership was as follows:

	2023	2022
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	1	1
Total	3	3

Total Pension Liability: The Airport Authority's total pension liability as of June 30, 2024, and June 30, 2023, was $961 thousand and $1.6 million, respectively. The pension liability as of June 30, 2024, is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

Actuarial Assumptions: The total pension liability in the June 30, 2024, and June 30, 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Valuation date	June 30, 2023	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.65%	3.54%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases [1]	3.05%, plus merit component	3.05%, plus merit component

[1] Merit component based on years of service ranging from 5.0% to 0.50%

Changes in the Total Pension Liability: Changes in the total pension liability through the year ended June 30, 2024, was as follows:

Balances as of June 30, 2023	$	1,614,123
Changes for the year:		
Service cost		39,567
Interest on total pension liability		57,310
Difference between expected and actual exper		(702,599)
Changes in assumptions		(17,243)
Benefit payments		(29,871)
Net changes		(652,836)
Balances as of June 30, 2024	$	961,287

Changes in the total pension liability through the year ended June 30, 2023, was as follows:

Balances as of June 30, 2022	$	2,373,440
Changes for the year:		
Service cost		68,342
Interest on total pension liability		51,359
Difference between expected and actual exper		(381,597)
Changes in assumptions		(437,754)
Benefit payments		(59,667)
Net changes		(759,317)
Balances as of June 30, 2023	$	1,614,123

Sensitivity of the Total Pension Liability to Discount Rate Changes: The following presents the resulting total pension liability calculated using the discount rate of 3.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2024:

	1% Decrease 2.65%	Current Rate 3.65%	1% Increase 4.65%
Total pension liability	$ 1,131,084	$ 961,287	$ 818,821

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB: For the year ended June 30, 2024, and 2023, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of $(175.6) thousand and $56.1 thousand. At June 30, 2024 and June 30, 2023, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 807,428
Changes in assumptions	141,140	231,808
Employer contributions subsequent to June 30, 2023 measurement date	9,063	-
Total	$ 150,203	$ 1,039,236

For June 30, 2023		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	32,168	$	439,310
Changes in assumptions		299,670		343,266
Employer contributions subsequent to June 30, 2022 measurement date		20,583		-
Total	$	352,421	$	782,576

The deferred outflows of resources, at June 30, 2024, and June 30, 2023, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2025 and 2024, respectively.

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

Years ended June 30,		
2025	$	(298,654)
2026		(419,483)
2027		(179,959)
	$	(898,096)

NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The Authority contributes to the San Diego Regional Airport Authority 401(a) Plan. The 401(a) Plan is a defined contribution pension plan for all eligible employees who are hired on or after January 1, 2024 who do not participate in the Authority's defined benefit pension plan. The benefits are administered by a trustee selected by the Authority.

Benefit terms, including contribution requirements, for the 401(a) Plan are established, and may be amended, by the Board of Directors. For each employee in the plan, the Authority is required to contribute 8 percent of eligible annual salary to an individual employee account. Employees become vested in employer contributions and earnings on employer contributions after completion of three years of creditable service with the Authority. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of the plan, all contributed amounts and income attributable to the investment of the contributed amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets held in the 401(a) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

For the years ended June 30, 2024, and 2023, employees contributed $8.5 thousand and $0, respectively, and the Airport Authority contributed $17.5 thousand and $0, respectively, to the Plan.

NOTE 10. EMPLOYEES' DEFERRED COMPENSATION PLAN

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457, (457(b) Plan). The Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets to be held in the 457 plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

Plan description: As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2024, CalPERS managed $502.9 billion in assets for nearly 2,900 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding policy: CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. During the fiscal years ended June 30, 2024, and 2023, the Airport Authority's contributions were $1.1 million and $1.0 million, respectively.

A measurement date of June 30, 2023, and 2022, was used for the June 30, 2024, and June 30, 2023 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2023, and June 30, 2022, respectively.

Membership in the OPEB by membership class at June 30, 2023, and 2022, is as follows:

	2023	2022
Active employees	112	120
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	110	101
Total	222	221

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Dates	June 30, 2023	June 30, 2021
Contribution Policy	Authority contributes full ADC	Authority contributes full ADC
Inflation	2.50%	2.50%
Projected salary increase	2.75%	2.75%
Investment rate of return	5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust	5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
Actuarial cost method	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
Asset valuation method	Market value of assets	Market value of assets
Retirement age	SDCERS 2015-2022 Experience Study	SDCERS 2015-2019 Experience Study
Mortality	CalPERS 2000-2019 Experience Study	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 8.5% for next year, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for next year, decreasing to an ultimate rate of 3.45% in 2076	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare - 4.6% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation of Future Retirees	90%	90%
Spousal Assumption for Future Retirees	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Global Equity	23%	4.56%
Long US Treasuries	11%	0.29%
Mortgage-Backed Securities	11%	0.49%
Investment Grade Corporates	9%	1.56%
High Yeild	9%	3.00%
Sovereigns	11%	2.76%
TIPS	9%	-0.08%
Comodities	3%	1.22%
REITs	14%	4.06%
	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.25%

Discount Rate: The discount rate used to measure the net OPEB liability (asset) at June 30, 2024, and June 30, 2023, was 5.25 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Changes in the Net OPEB Liability (Asset): Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2023	$ 30,537,516	$ 30,093,110	$ 444,406
Changes for the year:			
Service cost	517,853	-	517,853
Interest on total OPEB liability	1,604,101	-	1,604,101
Difference between expected and actual experience	(2,744,688)	-	(2,744,688)
Changes in assumptions	2,019,463	-	2,019,463
Employer contributions	-	1,002,148	(1,002,148)
Member contributions	-	-	-
Net investment income	-	474,185	(474,185)
Benefit payments	(1,002,148)	(1,002,148)	-
Administrative expense	-	(8,543)	8,543
Net changes	394,581	465,642	(71,061)
Balances as of June 30, 2024	$ 30,932,097	$ 30,558,752	$ 373,345

San Diego County Regional Airport Authority

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2022	$ 29,372,019	$ 33,729,495	$ (4,357,476)
Changes for the year:			
Service cost	570,006	-	570,006
Interest on total OPEB liability	1,546,979	-	1,546,979
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	951,488	(951,488)
Member contributions	-	-	-
Net investment income	-	(3,627,823)	3,627,823
Benefit payments	(951,488)	(951,488)	-
Administrative expense	-	(8,562)	8,562
Net changes	1,165,497	(3,636,385)	4,801,882
Balances as of June 30, 2023	$ 30,537,516	$ 30,093,110	$ 444,406

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Health Care Cost Trend Rates: The net OPEB liability (asset) of the Airport Authority has been calculated using a discount rate of 5.25 percent. The following presents the net OPEB liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease 4.25%	Current Rate 5.25%	1% Increase 6.25%
Net OPEB liability (asset)	$ 4,721,575	$ 373,345	$ (3,209,164)

The net OPEB liability (asset) of the Airport Authority has been calculated using health care cost trend rates of 8.5 percent decreasing to 3.45 percent in 2076 and thereafter for non-Medicare and 6.3 percent decreasing to 4.0 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	$ (3,288,713)	$ 373,345	$ 4,807,790

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB: For the years ended June 30, 2024, and 2023, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of $1.4 million and $0.9 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 3,089,144	$ -
Net difference between expected and actual experience	-	2,252,387
Changes in assumptions	1,924,189	-
Employer contributions made subsequent to June 30, 2023 measurement date	1,099,493	-
Total	$ 6,112,826	$ 2,252,387

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 2,917,281	$ -
Net difference between expected and actual experience	-	1,580,826
Changes in assumptions	1,958,025	72,921
Employer contributions made subsequent to June 30, 2022 measurement date	1,002,148	-
Total	$ 5,877,454	$ 1,653,747

The deferred outflows of resources at June 30, 2024, and June 30, 2023, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2025 and 2024, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2025	$ 732,834
2026	506,241
2027	1,300,776
2028	221,095
	$ 2,760,946

NOTE 12. RISK MANAGEMENT

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

Commercially issued insurance:

- The Airport Authority maintains a minimum of $500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of $750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

Self-insurance: Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2024, and 2023, the Airport Authority has designated $14.6 million and $13.8 million, respectively, from its net position, as an insurance contingency.

A $2.0 million reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

Loss prevention: The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2024, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

NOTE 13. COMMITMENTS AND CONTINGENCIES

Commitments: As of June 30, 2024, and 2023, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

The Airport Authority has funds which have been classified as current assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2024, and 2023, these funds totaled approximately $88.3 million and $164 thousand, respectively, and are classified on the accompanying statements of net position as investments designated for specific capital projects and other commitments.

As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a Police Services Agreement, and a Communications Services Agreement with the District, which described the services that the Airport Authority could purchase and the manner of calculating the payments for such services. The largest amount that became payable under any of these agreements is under the Police Services Agreement, which is for Harbor Police services. The district provides monthly billings to the Airport Authority, with payment generally due 30 days after the date of the invoice, and provision of appropriate supporting documentation. During the years ended June 30, 2024, and 2023, the Airport Authority expensed $22.3 million and $20.5 million, respectively, for these services.

In fiscal year 2019, the Board approved a $38 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2024, $36.0 million had been spent and the contract was completed in fiscal year 2024.

In fiscal year 2023, the Board approved a $70.0 million contract with Ace Parking III, LLC for airport shuttle services. As of June 30, 2024, $16.2 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2022, the Board approved a $103.0 million contract with SP Plus Corporation to transport rental car companies’ customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management, and maintenance of the shuttle vehicles. As of June 30, 2024, $22.3 million has been spent and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2019, the Board approved a $19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support and consulting services. In fiscal year 2020, the board approved additional $134.8 million. As of June 30, 2024, $109.4 million has been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2021, the Board approved an $80.0 million contract with Turner-Flatiron, A Joint Venture for the design-build of a terminal and roadways. In fiscal year 2022, the Board approved an additional $2.5 billion. As of June 30, 2024, $1.48 billion had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2020, the Board approved a $35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2024, $29.3 million had been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2022, the Board approved a $19.4 million contract with SOLPAC Construction Inc. dba Soltek Pacific Construction to construct Solid and Liquid waste facilities. In fiscal year 2023, the board approved an additional $633 thousand. As of June 30, 2024, $19.0 million had been spent and the contract was completed in fiscal year 2024.

In fiscal year 2021 the Board approved a $97.6 million contract with Sundt Construction for the design-build of the administration building. As of June 30, 2024, $96.3 million had been spent and the contract was completed in fiscal year 2024.

Contingencies: As of June 30, 2024, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

Defined Benefit Plan

Last 10 fiscal years (plan year reported in subsequent fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	**$ 7,147,242**	$ 6,980,223	$ 7,970,646	$ 7,857,035	$ 7,632,696	$ 7,390,428	$ 6,996,180	$ 6,205,263	$ 6,154,579	$ 6,099,481
Interest (includes interest on service cost)	**17,355,715**	16,489,161	15,693,834	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610	9,327,538	8,465,485
Differences between expected and actual experience	**4,182,916**	(1,288,936)	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	**-**	-	-	6,767,000	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	**(9,295,008)**	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)	(2,482,523)	(2,913,221)
Net change in total pension liability	**19,390,865**	13,602,073	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	**268,067,970**	254,465,897	241,862,071	218,788,911	204,875,918	185,541,212	161,951,893	140,197,048	126,851,793	115,200,048
Total pension liability - ending	**$ 287,458,835**	$268,067,970	$254,465,897	$241,862,071	$218,788,911	$204,875,918	$185,541,212	$161,951,893	$140,197,048	$ 126,851,793
Plan Fiduciary Net Position:										
Contributions - employer	**$ 7,742,583**	$ 9,181,680	$ 8,596,163	$ 8,424,834	$ 7,848,712	$ 7,318,546	$ 5,480,984	$ 4,047,780	$ 3,897,545	$ 3,924,988
Contributions - employee	**3,494,204**	3,070,398	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	**13,293,511**	(4,188,463)	53,140,343	390,013	12,086,349	14,036,710	19,480,875	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	**(9,295,008)**	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	**(504,882)**	(461,899)	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	**14,730,408**	(976,659)	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	**262,484,284**	263,460,943	207,843,276	202,827,408	186,502,637	166,797,759	143,840,411	138,516,287	130,203,134	108,456,250
Plan fiduciary net position - ending	**$ 277,214,692**	$262,484,284	$263,460,943	$207,843,276	$202,827,408	$186,502,637	$166,797,759	$143,840,411	$138,516,287	$ 130,203,134
Net pension liability (asset) - ending	**$ 10,244,143**	$ 5,583,686	$ (8,995,046)	$ 34,018,795	$ 15,961,503	$ 18,373,281	$ 18,743,453	$ 18,111,482	$ 1,680,761	$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	**96.44%**	97.92%	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	**$ 32,528,943**	$ 30,809,714	$ 33,328,788	$ 32,828,449	$ 31,584,841	$ 31,628,301	$ 31,131,795	$ 29,189,357	$ 27,955,455	$ 26,380,323
Net pension liability as a percentage of covered payroll	**31.49%**	18.12%	(26.99%)	103.63%	50.54%	58.09%	60.21%	62.05%	6.01%	(12.70%)

Notes to Required Supplementary Information for the Year Ended June 30, 2024

Significant Assumption Changes: The following were significant changes in assumption for the year presented in the schedule above.

2021 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated.

2019 – The discount rate was reduced from 6.75% to 6.50%.

2018 – The discount rate was reduced from 7.00% to 6.75%.

2017 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated. Additionally, the discount rate was reduced from 7.125% to 7.0%, and the wage inflation assumption was reduced by 0.125%, bringing it down to 3.05%.

Changes of benefit terms: There were no significant changes of benefit terms for the plan years shown.

Schedule of Contributions

Defined Benefit Plan

Last 10 fiscal years (dollars in thousands)

	2024	2023	2022	2021	2020
Actuarially determined contribution	**$ 4,960**	$ 4,944	$ 6,570	$ 6,125	$ 6,159
Contributions in relation to the actuarially determined contribution	**7,939**	7,664	9,102	8,522	8,356
Contribution deficiency (excess)	**$ (2,979)**	$ (2,720)	$ (2,532)	$ (2,397)	$ (2,197)
Covered payroll	**$ 37,283**	$ 32,529	$ 32,529	$ 33,329	$ 32,828
Contributions as a percentage of covered payroll	**21.29%**	23.56%	27.98%	25.57%	25.45%

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 5,740	$ 5,416	$ 3,765	$ 3,666	$ 3,823
Contributions in relation to the actuarially determined contribution	7,783	7,247	5,421	3,948	3,823
Contribution deficiency (excess)	$ (2,043)	$ (1,831)	$ (1,656)	$ (282)	$ -
Covered payroll	$ 31,585	$ 31,628	$ 31,132	$ 29,189	$ 27,955
Contributions as a percentage of covered payroll	24.64%	22.91%	17.41%	13.53%	13.68%

***** This schedule is presented for the fiscal year.

Schedule of Changes in the Net Pension Liability and Related Ratios

Preservation of Benefits Trust

Last 8 fiscal years (plan year reported in subsequent fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service cost	**$ 39,567**	$ 68,342	$ 88,557	$ 55,276	$ 49,343	$ 51,774	$ 60,994	$ 29,270
Interest cost	**57,310**	51,359	54,559	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	**(702,599)**	(381,597)	(195,545)	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	**(17,243)**	(437,754)	22,116	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	**(29,871)**	(59,667)	(41,662)	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	**(652,836)**	(759,317)	(71,975)	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	**1,614,123**	2,373,440	2,445,415	1,767,232	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	**$ 961,287**	$ 1,614,123	$ 2,373,440	$ 2,445,415	$ 1,767,232	$ 1,656,062	$ 1,479,005	$ 1,209,124
Covered employee payroll	**$ 32,528,943**	$ 30,809,714	$ 33,328,788	$ 32,828,449	$ 31,584,841	$ 31,628,301	$ 31,131,795	$ 29,189,357
Net Pension Liability as a percentage of payroll	**2.96%**	5.24%	7.12%	7.45%	5.60%	5.24%	4.75%	4.14%

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 74, this schedule will only present information from the years that are available.

Schedule of Contributions

Preservation of Benefits Trust

Last 7 fiscal years (in thousands)

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	**9**	21	52	43	41	45	57
Contribution deficiency (excess)	**$ (9)**	$ (21)	$ (52)	$ (43)	$ (41)	$ (45)	$ (57)
Covered payroll	**$ 37,283**	$ 32,529	$ 30,810	$ 33,329	$ 32,828	$ 31,585	$ 31,628
Contributions as a percentage of covered employee payroll	**0.02%**	0.06%	0.17%	0.13%	0.13%	0.14%	0.18%

***** This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from the years that are available.

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios

Other Postemployment Benefits

Last 7 fiscal years (plan year reported in subsequent fiscal year)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	**$ 517,853**	$ 570,006	$ 446,233	$ 501,198	$ 449,596	$ 436,501	$ 411,052
Interest cost	**1,604,101**	1,546,979	1,829,473	1,739,459	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	**(2,744,688)**	-	(3,669,756)	-	(169,582)	-	-
Changes of Assumptions	**2,019,463**	-	4,568,725	-	(1,531,369)	-	766,830
Benefit Payments	**(1,002,148)**	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	**394,581**	1,165,497	2,255,213	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	**30,537,516**	29,372,019	27,116,806	25,660,994	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	**$ 30,932,097**	$ 30,537,516	$ 29,372,019	$ 27,116,806	$ 25,660,994	$ 25,804,494	$ 24,217,840
Plan Fiduciary Net Position							
Contributions—Employer	**$ 1,002,148**	$ 951,488	$ 919,462	$ 784,845	$ 775,225	$ 622,425	$ 2,012,419
Net Investment Income	**474,185**	(3,627,823)	4,973,926	982,113	1,604,058	1,896,351	2,175,582
Benefit Payments	**(1,002,148)**	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Administrative Expense	**(8,543)**	(8,562)	(10,452)	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	**465,642**	(3,636,385)	4,963,474	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	**30,093,110**	33,729,495	28,766,021	27,797,488	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	**$ 30,558,752**	$ 30,093,110	$ 33,729,495	$ 28,766,021	$ 27,797,488	$ 26,199,041	$ 24,315,258
Net OPEB Liability (Asset)	**$ 373,345**	$ 444,406	$ (4,357,476)	$ (1,649,215)	$ (2,136,494)	$ (394,547)	$ (97,418)
Net Position as a percentage of OPEB liability	**98.79%**	98.54%	114.84%	106.08%	108.33%	101.53%	100.40%
Covered employee payroll	**$ 14,296,047**	$ 14,493,921	$ 12,786,000	$ 14,608,940	$ 13,869,000	$ 16,625,857	$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	**2.61%**	3.07%	(34.08%)	(11.29%)	(15.40%)	(2.37%)	(0.60%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual charges in the net OPEB liability (asset). Until such time has elapsed after implementing information GASB Statement No. 75, this schedule will only present from the years that are available.

Notes to Required Supplementary Information for the Year Ended June 30, 2024

Significant Assumption Changes: The following were significant changes in assumption for the year presented in the schedule above.

2024 – Medical trend assumptions increased 2.0% to 8.5% for non-Medicare, and 1.85% to 7.5% for Medicare.

2022 - The discount rate and long-term expected rate of return on assets were reduced from 6.75% to 5.25%.

2020 - Reduction of the discount rate from 7.28% to 6.75%. The addition of a DROP assumption and other changes due to change in actuary and systems.

2018 - Increase in future plan participation assumption. Changes in spouse assumption. Update to the mortality assumption.

Changes of benefit terms: There were no significant changes of benefit terms for the plan years shown.

Schedule of Contributions

Other Postemployment Benefits

Last 7 fiscal years (dollars in thousands)

	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 581**	$ 264	$ 326	$ 365	$ 427	$ 486
Contributions in relation to the actuarially determined contribution	**1,099**	1,002	951	919	785	339
Contribution deficiency (excess)	**$ (518)**	$ (738)	$ (625)	$ (554)	$ (358)	$ 147
Covered employee payroll	**$ 13,260**	$ 14,296	$ 14,494	$ 12,786	$ 14,609	$ 13,869
Contributions as a percentage of covered employee payroll	**8.29%**	7.01%	6.56%	7.19%	5.37%	2.44%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.

SAN DIEGO
INTERNATIONAL AIRPORT

Attachment B

San Diego County Regional Airport Authority

Federal Awards Supplemental Information

June 30, 2024

Contents

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated October 31, 2024, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2024.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 31, 2024

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Members of the Board
San Diego County Regional Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Members of the Board
San Diego County Regional Airport Authority

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 31, 2024

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Members of the Board
San Diego County Regional Airport Authority

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 31, 2024

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Grant Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Federal Aviation Administration -				
Direct Programs:				
Airport Improvement Program (AIP)	20.106	3-06-0214-93	$ -	$ 12,817,955
Airport Improvement Program (AIP)	20.106	3-06-0214-97	-	1,113,619
Bipartisan Infrastructure Law (BIL) - Airport Improvement Program (AIP)	20.106	3-06-0214-98	-	4,261,256
Airport Improvement Program (AIP)	20.106	3-06-0214-99	-	1,042,192
Airport Improvement Program (AIP)	20.106	3-06-0214-101	-	5,659,369
Airport Improvement Program (AIP)	20.106	3-06-0214-102	-	14,294,898
Bipartisan Infrastructure Law (BIL) - Airport Improvement Program (AIP)	20.106	3-06-0214-103	-	21,236,006
Bipartisan Infrastructure Law (BIL) - Airport Improvement Program (AIP)	20.106	3-06-0214-104	-	46,453,803
Airport Improvement Program (AIP)	20.106	3-06-0214-105	-	14,288,894
Airport Improvement Program (AIP)	20.106	3-06-0214-107	-	23,547,844
Total U.S. Department of Transportation - Federal Aviation Administration - Airport Improvement Program			**$ -**	**$ 144,715,836**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of San Diego County Regional Airport Authority (the "Authority") under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statements noted?	___ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	___ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	___ Yes	X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.106	Airport Improvement Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$3,000,000	
Auditee qualified as low-risk auditee?	X Yes	___ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

Attachment C

San Diego County Regional Airport Authority

Passenger Facility Charge Program Report

June 30, 2024

Contents

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Report on Schedule of Passenger Facility Charges Required by the *Passenger Facility Charge Guide for Public Agencies*

Independent Auditor's Report

To the San Diego County Regional Airport Authority Board
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2024.

The accompanying schedule of passenger facility charges of the Authority is presented for the purpose of additional analysis, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the “Guide”), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 31, 2024

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Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the *Passenger Facility Charge Audit Guide for Public Agencies* and 14 CFR 158.63

Independent Auditor's Report

To the San Diego County Regional Airport Authority Board
San Diego County Regional Airport Authority

Report on Compliance for the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide") that could have a direct and material effect on the Authority's passenger facility charge program for the year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2024.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's passenger facility charge program.

To the San Diego County Regional Airport Authority Board
San Diego County Regional Airport Authority

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2024-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

To the San Diego County Regional Airport Authority Board
San Diego County Regional Airport Authority

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 31, 2024

Schedule of Passenger Facility Charges

Year Ended June 30, 2024

Revenue	Date Approved	Amount Approved for Use	Cumulative Total June 30, 2023	Quarter Ended September 30, 2023	Quarter Ended December 31, 2023	Quarter Ended March 31, 2024	Quarter Ended June 30, 2024	Year Ended June 30, 2024	Cumulative Total June 30, 2024
Passenger facility charge collections			$ 889,425,135	$ 11,153,671	$ 10,446,980	$ 12,565,869	$ 14,512,951	$ 48,679,471	$ 938,104,606
Interest earned			22,344,712	851,535	980,148	1,101,298	1,293,210	4,226,191	26,570,903
Total passenger facility charge revenue received			$ 911,769,847	$ 12,005,206	$ 11,427,128	$ 13,667,167	$ 15,806,161	$ 52,905,662	$ 964,675,509
Expenditures									
Application 95-01-C-04-SAN	7/26/1995	$ 103,804,864	$ 103,804,864	$ -	$ -	$ -	$ -	$ -	$ 103,804,864
Application 98-02-C-04-SAN	7/24/1998	45,496,665	45,496,665	-	-	-	-	-	45,496,665
Application 03-03-C-01-SAN	5/20/2003	65,058,035	65,058,035	-	-	-	-	-	65,058,035
Application 05-04-C-01-SAN	11/22/2005	44,822,518	44,822,518	-	-	-	-	-	44,822,518
Application 08-05-C-01-SAN	6/27/2008	19,031,690	19,031,690	-	-	-	-	-	19,031,690
Application 09-07-C-00-SAN	9/30/2009	85,181,950	79,489,990	-	-	-	-	-	79,489,990
Application 10-08-C-00-SAN	11/24/2010	1,118,567,229	338,928,175	-	-	-	-	-	338,928,175
Application 12-10-C-00-SAN	7/3/2012	27,835,280	25,858,133	-	-	-	-	-	25,858,133
Application 15-11-U-00-SAN	7/1/2008	1,391,894	1,391,894	-	-	-	-	-	1,391,894
Application 16-12-C-00-SAN	10/28/2016	43,795,768	31,194,048	-	78,041	-	-	78,041	31,272,089
Application 19-13-C-00-SAN	2/14/2019	51,100,000	51,100,000	-	-	-	-	-	51,100,000
Total passenger facility charge revenue expended		**$ 1,606,085,893**	**$ 806,176,012**	**$ -**	**$ 78,041**	**$ -**	**$ -**	**$ 78,041**	**$ 806,254,053**

See note to schedule of passenger facility charges.

Note 1 - Basis of Presentation

The schedule of passenger facility charges (the "Schedule") includes the passenger facility charge (PFC) program activity of San Diego County Regional Airport Authority and is presented on the modified cash basis of accounting. Under the modified cash basis of accounting, PFC revenue is recognized when received rather when earned, and eligible expenditures are recognized when the related goods or services are provided or incurred. The information in the Schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the Authority.

PFC expenditures may consist of direct project costs, administrative costs, debt service, and bond financing costs, as applicable to active applications. The accompanying schedule of passenger facility charges includes eligible expenditures that have been applied against PFCs collected as of June 30, 2024.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ Yes _X_ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ Yes _X_ None reported
Noncompliance material to financial statements noted?	___ Yes _X_ None reported

Passenger Facility Charge Program

Internal control over major programs:	
• Material weakness(es) identified?	_X_ Yes ___ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes _X_ None reported
Type of auditor's report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with AU-C 935?	___ Yes _X_ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Passenger Facility Charges Program Audit Findings

Reference Number	Finding	Questioned Costs
2024-001	**Assistance Listing Number, Federal Agency, and Program Name** - Federal Aviation Administration (FAA) and Passenger Facility Charge (PFC) Program	None

Federal Award Identification Number and Year - N/A

Pass-through Entity - N/A

Finding Type - Material weakness

Repeat Finding - No

Criteria - Section 158.63 of the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide") requires that the public agency provide quarterly reports to the air carriers collecting PFCs for the public agency with a copy of the appropriate FAA airports office. Management is responsible for ensuring accuracy of the reports submitted.

Condition - Controls in place were not adequate to ensure changes to monthly PFC reconciliations were properly reflected in the SOAR reporting to the Federal Aviation Administration.

Questioned Costs - None

Identification of How Questioned Costs Were Computed - N/A

Context - The Authority reconciles PFC activity each month and uses those figures to report to the FAA through its SOAR system. The Authority has a separate individual that reconciles PFC cash and revenue each month. During the reconciliation of the September 2023 PFC cash and revenue, an adjustment was identified. That adjustment was properly recorded in the general ledger system, but the Authority's current processes and controls did not detect that the SOAR report needed to be adjusted as well. The adjustment was for approximately $1.25 million.

Cause and Effect - While the Authority did have controls in place around reporting of PFCs, they were not sufficient to ensure adjustments made to the reconciliation are properly captured in the monthly report submitted to the FAA through the SOAR system. As a result, one monthly report submitted to the FAA during fiscal year 2024 was submitted with the incorrect revenue amounts.

Recommendation - We recommend the Authority look to revise its monthly procedures around the reconciliation of PFC dollars with the SOAR report in order to ensure that the controls detect adjustments made to the general ledger that would impact the SOAR reporting before the SOAR reporting is uploaded to the site.

Reference Number	Finding	Questioned Costs
2024-001 (Continued)	**Views of Responsible Officials and Corrective Action Plan** - Authority management agrees with the finding. We have since reviewed and strengthened our processes to prevent future occurrences and to ensure that any potential discrepancies are detected, corrected, and reported in a timely manner. Specifically, revised processes include enhancing the reconciliation and reporting of PFC revenue to include both a year-to-date and monthly basis reconciliation of amounts reported to the FAA SOARS system back to the general ledger, and preparation of a monthly summary of all PFC-related accounts is to be prepared to ensure all accounts balance.	

Attachment D

San Diego County Regional Airport Authority

Customer Facility Charge Program Compliance Report

Year Ended June 30, 2024

Contents

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Suite 360
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Report on Schedule of Customer Facility Charge Collections and Expenditures as Required by California Government Code Section 50474.21

Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2024.

The accompanying schedule of customer facility charge collections and expenditures is presented for the purpose of additional analysis, as specified in the California Government Code, Section 50474.21 (the "Code"), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

October 31, 2024

plante moran

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Report on Compliance for the Customer Facility Charge Program and Report on Internal Control Over Compliance as Required by California Government Code Section 50474.21

Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority

Report on Compliance for the Customer Facility Charge Program

Opinion on the Customer Facility Charge Program

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the California Government Code Section 50474.21 (the "Code") that are applicable to the Authority's customer facility charge program for the year ended June 30, 2024.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that are applicable to the customer facility charge program for the year ended June 30, 2024.

Basis for Opinion on the Customer Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Code. Our responsibilities under those standards and the Code are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Authority's customer facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Code will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the customer facility charge program as a whole.

To the Members of the Board
San Diego County Regional Airport Authority

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Code, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Code, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the customer facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the customer facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the customer facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Code. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 31, 2024

San Diego County Regional Aiport Authority

Schedule of Customer Facility Charge Collections and Expenditures

Year Ended June 30, 2024

Description	Beginning Balance, Unapplied CFC	CFC Collections	Interest Earned	Expenditures	Ending Balance, Unapplied CFC
Collections and expenditures, quarter ended September 30, 2023	$ 25,064,607	$ 9,818,382	$ 221,602	$ 10,039,984	$ 25,064,607
Collections and expenditures, quarter ended December 31, 2023	$ 25,064,607	8,435,813	245,610	5,974,494	$ 27,771,536
Collections and expneditures, quarter ended March 31, 2024	$ 27,771,536	7,757,176	207,650	9,616,003	$ 26,120,359
Collections and expenditures, quarter ended June 30, 2024	$ 26,120,359	9,467,962	204,577	9,949,691	$ 25,843,207
		$ 35,479,333	**$ 879,439**	**$ 35,580,172**	

See notes to schedule of customer facility charge collections and expenditures.

Notes to Schedule of Customer Facility Charge Collections and Expenditures

Year Ended June 30, 2024

Note 1 - General

In May 2009, Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1936 et seq.) authorized San Diego County Regional Airport Authority (the "Airport Authority") to impose a $10 customer facility charge (CFC) per contract on rental cars at the San Diego International Airport.

On October 4, 2012, the Airport Authority board of directors approved an alternative CFC rate modification from the $10 CFC rate per contract to $6.00 per day (up to a maximum of five days) to allow for the collection of sufficient CFC funds to cover the future costs of the anticipated consolidated rental car facility and centralized busing system. Effective January 1, 2014, the CFC fee increased from $6.00 to $7.50 per day up to a maximum of five days. As of June 30, 2016, a CFC forecast was examined to collect an alternative fee. This resulted in a CFC increase from $7.50 to $9.00 per day up to a maximum of five days, effective as of January 1, 2017.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operations. The Airport Authority is utilizing CFC revenue for the development-related debt requirements and operation of the consolidated rental car facility and a common use transportation system. The primary objectives of the project were to reduce vehicle traffic volume on the terminal curb front and Harbor Drive, provide a long-term rental car facility and site for airport passengers and rental car concessionaires, and implement a common use busing system.

Note 2 - Basis of Presentation

The accompanying schedule of customer facility charge collections and expenditures (the “Schedule”) includes CFC activity of San Diego County Regional Airport Authority for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of the California Government Code Section 50474.21 (the "Code").

CFC expenditures may consist of direct project costs, administrative costs, debt service, cost to operate common use transportation systems, and related financing costs. The accompanying schedule of customer facility charge collections and expenditures includes the eligible expenditures that have been applied against CFCs collected as of June 30, 2024.

Note 3 - Summary of Significant Accounting Policies

Revenue and expenditures reported in the Schedule are reported on the modified cash basis of accounting. Under the modified cash basis of accounting, CFC revenue is recognized when received rather than when earned (collections), and eligible expenditures are recognized when the related goods or services are provided or incurred.

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October 31, 2024

To the Audit Committee
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and have issued our report thereon dated October 31, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 20, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 31, 2024 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 6, 2024.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were related to the net pension liability, including the actuarial valuation methods and assumptions. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of the audit committee and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill

Pamela L. Hill

Item 2

San Diego County Regional Airport Authority

External Audit Results – June 30, 2024

Agenda

- Executive Summary
- Required Communications
- New Auditing Standards
- Summary of Financial Results
- Other Informational Items

Executive Summary

Financial Statement Audit

- Unmodified (clean) opinion
- No internal control deficiencies identified
- Implementation of Statement on Auditing Standards No. 145

Federal Expenditures Audit

- Unmodified (clean) opinion
- No internal control deficiencies or non-compliance matters identified
- One major program – Airport Improvement Program – $145 million of expenditures during FY2024

Passenger Facility Charge (PFC) Audit

- Unmodified (clean) opinion
- One internal control deficiency or non-compliance matters identified
  - Material weakness surrounding controls for SOAR reporting to the FAA.
- During FY2024, $53 million PFC's collected and $78,000 PFC's expended

Customer Facility Charge (CFC) Audit

- Unmodified (clean) opinion
- No internal control deficiencies or non-compliance matters identified
- During FY 2024, $35 million CFC's collected and $36 million CFC's expended

Required Communications

- Our Responsibility Under U.S. Generally Accepted Auditing Standards
- Planned Scope and Timing of the Audit
- No transactions lacking authoritative guidance or recognized in the wrong period

Required Communications

Significant accounting estimates include:

- Actuarial assumptions underlying the total pension liability
- Measurement of lease and P3 receivables/liabilities

Required Communications

- No difficulties encountered or disagreements with management
- No corrected or uncorrected misstatements identified
- No consultations with other accountants identified
- No other significant findings or issues
- Management representations obtained

New Auditing Standards

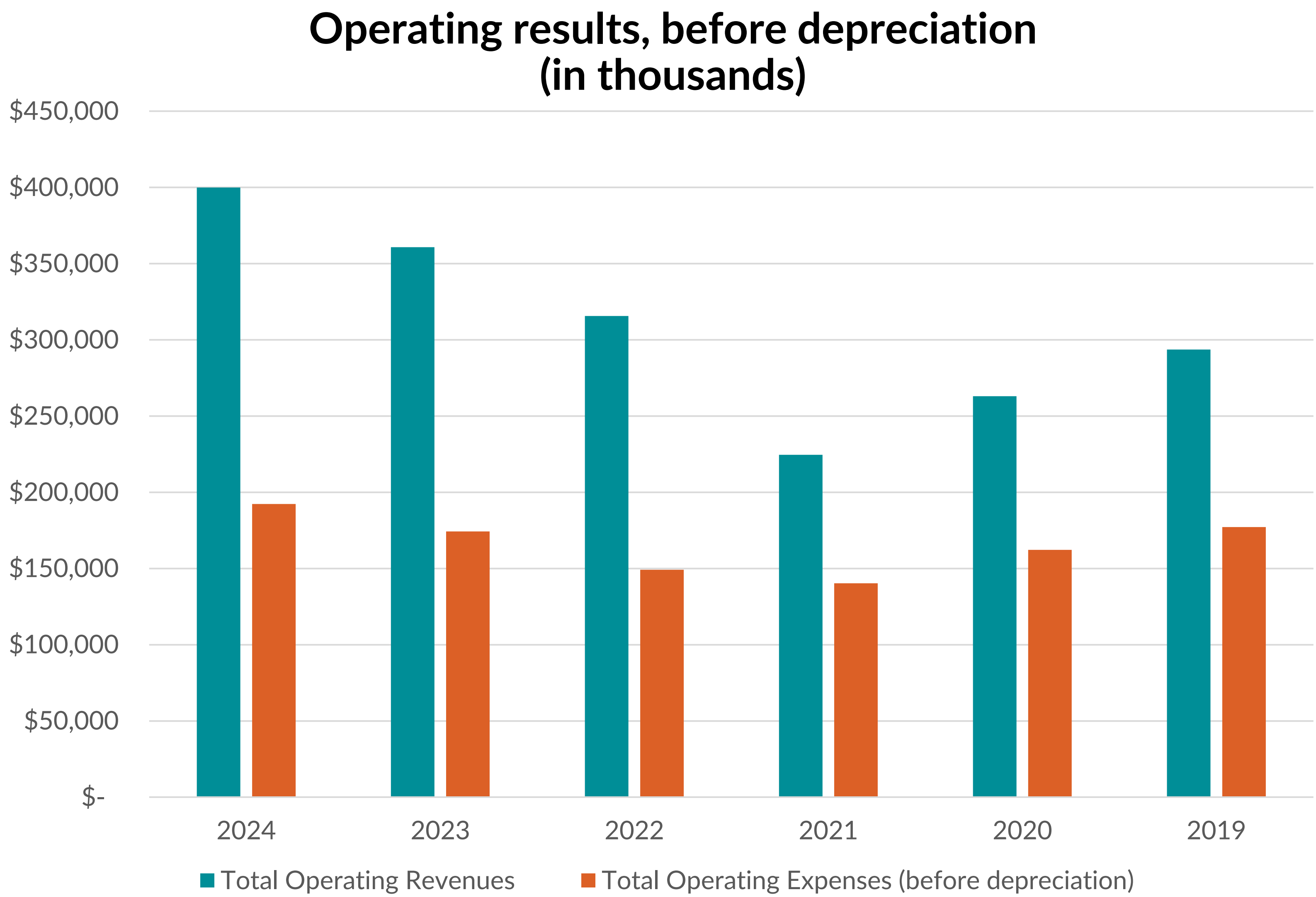
SAS 145 - *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*

- Includes new specific requirements to understand certain controls within the control activities component
- New requirements and guidance related to risk assessment and how auditors obtain an understanding of internal controls to assess control risk

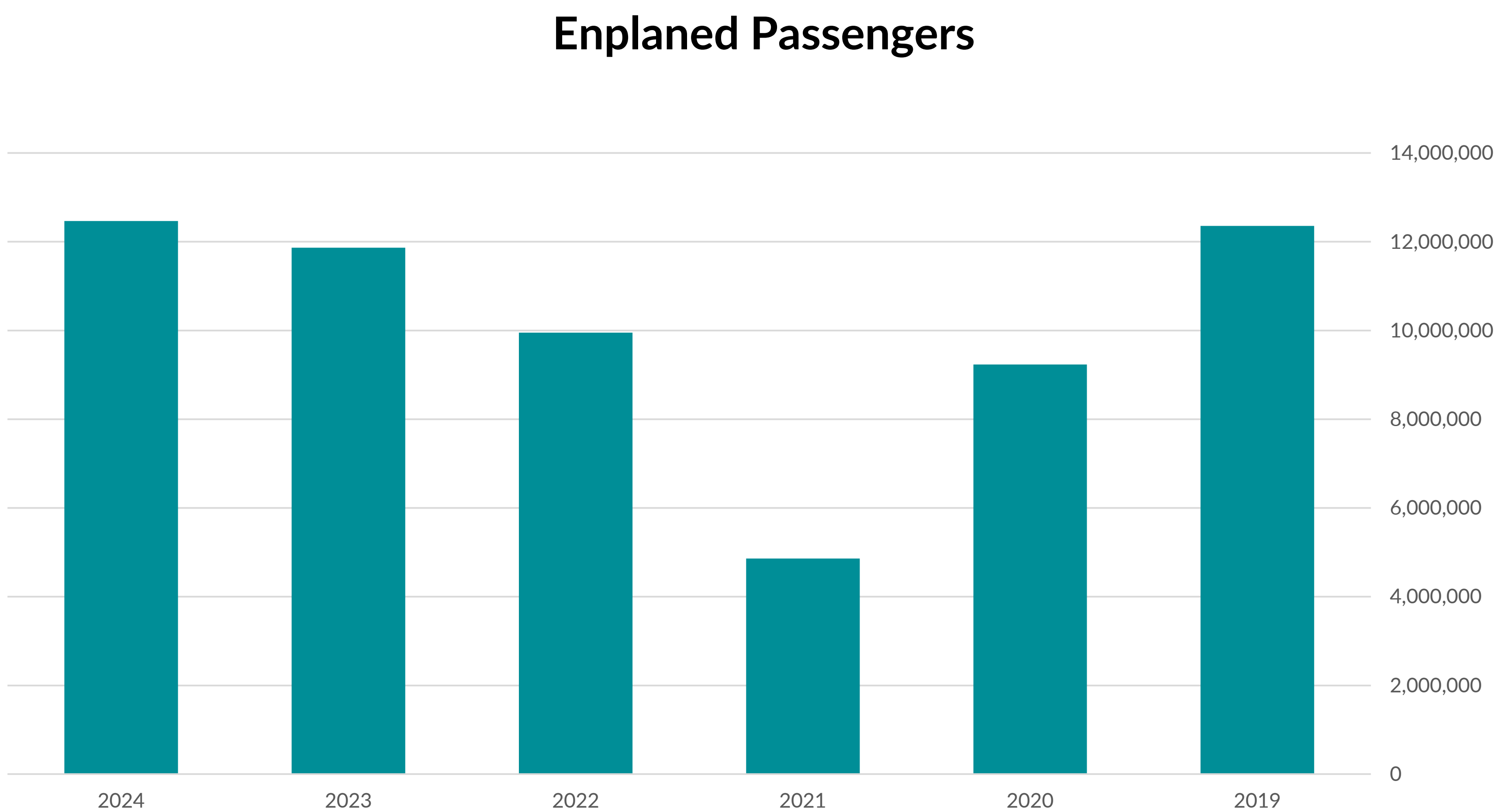
SAS 143 - *Auditing Accounting Estimates and Related Disclosures*

- Enhances auditing standards related to accounting estimates and puts focus on factors driving estimation uncertainty and potential management bias

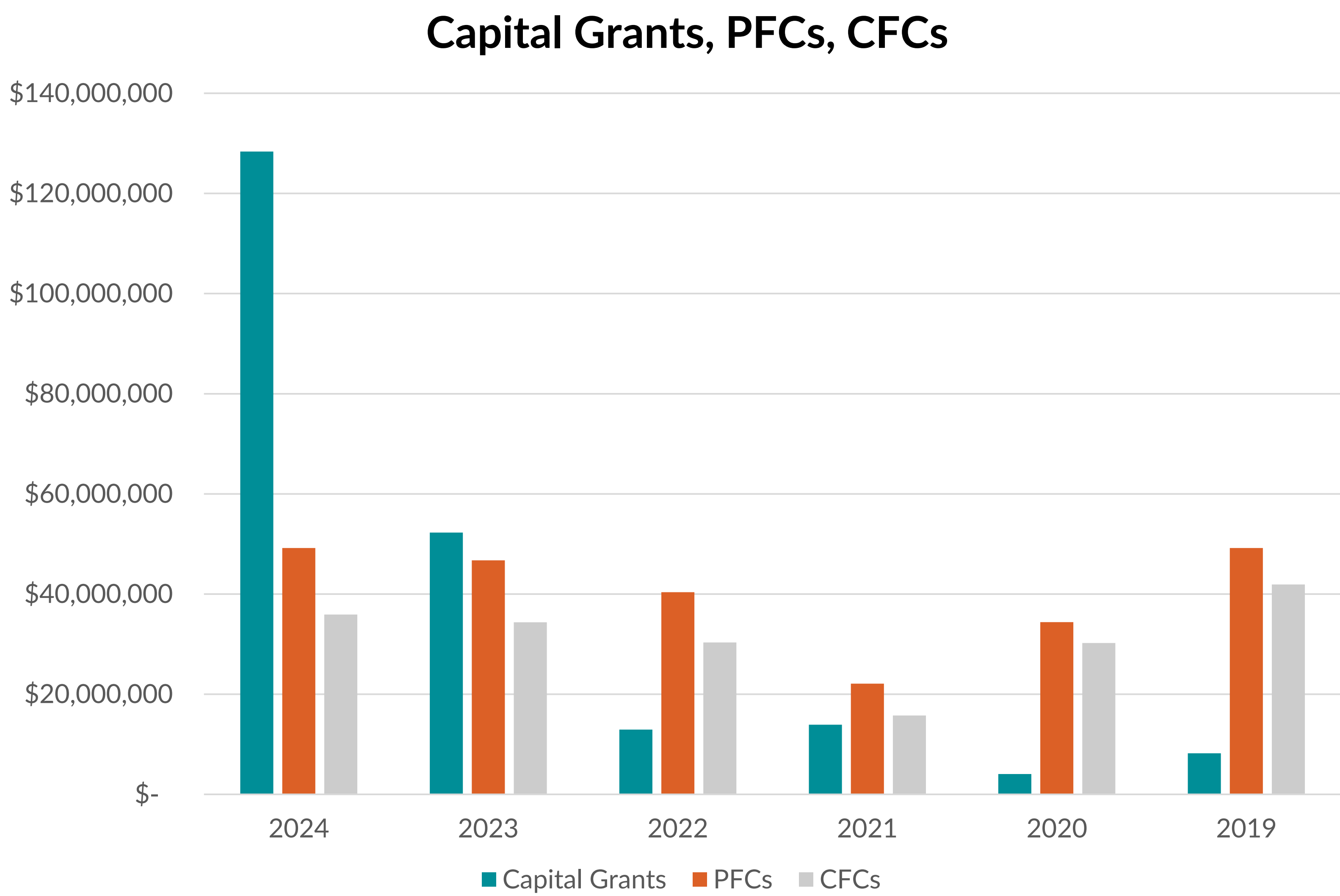
Summary of Financial Results



Summary of Financial Results



Summary of Financial Results



Other Informational Items

- GASB Statement No. 101, *Compensated Absences*
- GASB Statement No. 102, *Certain Risk Disclosures*
- GASB Statement No. 103, *Financial Reporting Model Improvements*

Thank you for the opportunity to serve the San Diego County Regional Airport Authority

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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 3

AUDIT COMMITTEE

Meeting Date: November 18, 2024

Subject:

Review of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2024

Recommendation:

Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.

Background/Justification:

An Annual Comprehensive Financial Report (ACFR) is a set of U.S. government financial statements that encompass the financial report of a state, municipal, or other governmental entity that conforms with the accounting requirements of the Governmental Accounting Standards Board (GASB).

The ACFR provides a measure of financial transparency on local and state government spending. It is a more thorough report when compared to the audited financial statements, and includes three major sections: the introductory section, which provides general information on the Airport's organization structure; the financial section, which includes the Airport's audited financial statements; and the statistical section, which provides data trends.

The Charter of the Audit Committee directs the Committee to review the ACFR and other external auditor annual reports, and to forward them to the San Diego County Regional Airport Authority Board for approval.

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2024, is submitted as Attachment A.

Fiscal Impact:

Adequate funding for the audit conducted by Plante & Moran, PLLC, is included in the adopted Fiscal Year 2024 and Adopted Fiscal Year 2025 Operating Expense Budgets within the Accounting Department Audit Services line item.

Authority Strategies/Focus Areas:

This item supports one or more of the following *(select at least one under each area)*:

Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

Focus Areas

☒ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Elizabeth Stewart
Director, Accounting

Attachment A

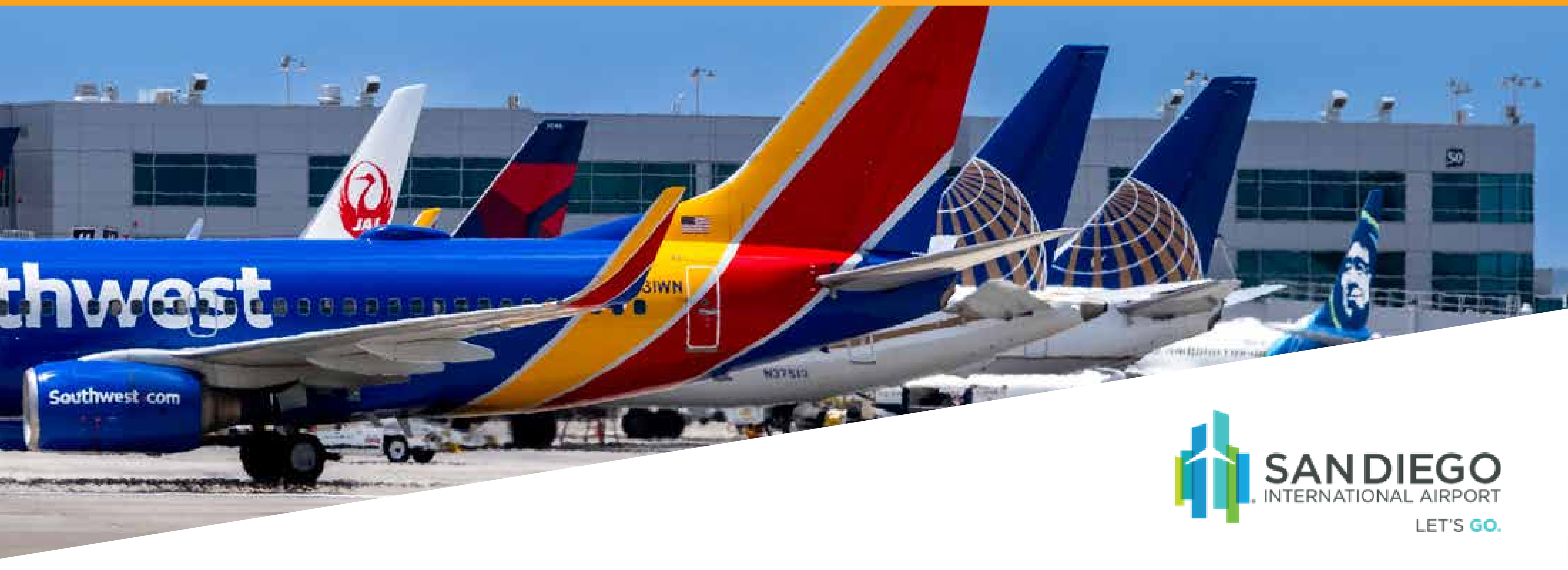
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

ANNUAL COMPREHENSIVE

FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2024 & 2023



SAN DIEGO INTERNATIONAL AIRPORT

LET'S GO.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2024 & 2023

PREPARED BY

ACCOUNTING DEPARTMENT
OF THE SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Scott M. Brickner
Vice President/Chief Financial Officer

Elizabeth Stewart
Director, Accounting

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 & 2023

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LETTER OF TRANSMITTAL

AUTHORITY ORGANIZATION CHART

AUTHORITY BOARD MEMBERS AND EXECUTIVE STAFF

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
P.O. BOX 82776, SAN DIEGO, CA 92138-2776
619.400.2400 WWW.SAN.ORG

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

October 31, 2024.
To Members of the Board and the Public:

We are pleased to present the Annual Comprehensive Financial Report of the San Diego County Regional Airport Authority (Airport Authority) for the fiscal years ended June 30, 2024 and 2023. The purpose of this report is to provide the Airport Authority Board of Directors (Board), the public and other interested parties with reliable information concerning the financial condition and operational results of the Airport Authority. The Airport Authority's Accounting Department prepared this report following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy, completeness and fairness of the presented data, including all disclosures, rests with Airport Authority management.

To the best of our knowledge and belief, this report fairly presents and fully discloses the Airport Authority's financial position, changes in financial position, results of operations and cash flows in accordance with generally accepted accounting principles (GAAP) in the United States of America.

The Airport Authority has established and maintains a comprehensive framework of internal controls to provide reasonable assurance that assets are carefully safeguarded, transactions are properly executed, and the financial statements are free from material misstatement.

The Airport Authority engaged the Certified Public Accounting firm Plante & Moran, PLLC to perform the annual independent audit of the basic financial statements contained in this report. The auditors issued an unmodified (or clean) opinion on the Airport Authority's financial statements for the fiscal years ended June 30, 2024. The financial statements as of and for the year ended June 30, 2023 were audited by other auditors, who expressed an unmodified opinion on November 2, 2023.

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the Financial Section of this report.

PROFILE OF AIRPORT AUTHORITY AND ORGANIZATIONAL STRUCTURE

The Airport Authority began operations on January 1, 2003, as an independent agency to manage the operations of San Diego International Airport (SAN) and address the region's long-term air transportation needs.

The legislation that created the Airport Authority mandates three main responsibilities:

- Operate San Diego International Airport
- Plan for the future air transportation needs of the region
- Serve as the region's Airport Land Use Commission – and ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the county's airports.

The Airport Authority is governed by an appointed Board of Directors of nine members representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members serve as the Executive Committee consisting of one Board member from each of the following defined jurisdictions: the City of San Diego, the County of San Diego, and one Board member from among the east county cities, south county cities, north county coastal or north county inland cities. The Board members serve three-year terms, with no limits to the number of terms a member is able to serve.

The management and operations of SAN are carried out by a staff led by the President/Chief Executive Officer, who is appointed by and reports directly to the Airport Authority Board.

ECONOMIC CONDITION

The California Department of Finance estimates the population of San Diego County to be 3.29 million as of January 1, 2024. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion in the coastline of the Pacific Ocean. The largest cities in the county are San Diego (42 percent), Chula Vista (8 percent), Oceanside (5 percent), Escondido (5 percent), Carlsbad (3 percent), and El Cajon (3 percent). The combined San Diego/Tijuana metropolitan population is estimated to be approximately 5.5 million inhabitants. The Air Trade Area for SAN includes San Diego County as well as portions of neighboring Orange, Imperial, and Riverside Counties, and Baja California, Mexico.

San Diego County's continued economic recovery since the pandemic has been solid. The US Bureau of Labor Statistics notes that the county's average unemployment rate for June 2024 was 4.5 percent, compared to 5.2 percent for the State of California. Fiscal year 2024 celebrated a record number of enplaned passengers of 12.5 million, an increase of 5.1 percent over fiscal year 2023. This was 100.1 percent of the 2019 levels. Continued growth is forecasted to progress, and the Airport Authority is optimistic that long-term growth prospects are positive, as San Diego continues to be a desirable place to visit and do business.

AIR SERVICE - NEW NONSTOP DESTINATIONS

In fiscal year 2024, the airport saw the addition and resumption of its nonstop service to Anchorage, Cincinnati, Columbus (OH), Jacksonville (FL), Milwaukee, Norfolk, Raleigh-Durham, and Tampa. For the year, SAN offered nonstop service to 78 domestic and 11 international destinations.

We welcomed our 17th airline in April with the addition of Breeze Airways with nonstop service to five previously un-served destinations. British Airways expanded their service to London with a second daily flight beginning in April, and Lufthansa Airlines increased frequencies to five times weekly to Munich. Also during 2024, Alaska Airlines added new service to Atlanta and Anchorage along with second daily flights to Boston, Monterey (CA), Orlando, Honolulu and San Luis Obispo.

The Airport Authority's Air Service Development team continues to pursue recovery of and expand international and domestic opportunities.

ART WITHOUT BORDERS

In March 2024, SAN debuted Espacios & Lines, an exhibit that celebrated the joint designation of San Diego and Tijuana as World Design Capital 2024 and the larger bi-national region – with half the artists living or working in Baja, and half in San Diego. The exhibition emphasized the convergence of artistic expression and thoughtful design.

The Airport Arts Program provides enhanced customer service by exhibiting artwork and presenting programs that engage travelers in innovative, memorable, and considerate experiences.

FLYING QUIET

The Fly Quiet program encourages commercial operators to operate as quietly as possible in the San Diego area by publicly acknowledging those operators that attempt to follow the noise abatement goals of the airport. In 2023, the Fly Quiet Program recognized four carriers for their use of quieter aircraft and adherence to the SAN curfew.

Southwest Airlines received the highest Fly Quiet Score in the large domestic carrier category, Hawaiian Airlines won in the small domestic carrier category, DHL Express USA won the air cargo carrier category, Lufthansa won the international carrier category.

NEW T1 CONSTRUCTION ADVANCES

The $3.8 billion New T1 project made great strides in fiscal year 2024. As of the end of the fiscal year, Phase 1A of the New T1 project was over 68 percent complete, with interior work ongoing, including elevators, escalators, and ceilings. The new Terminal 1 Parking Plaza, Phase 1 which opened in late August 2024, features nearly 3,000 parking stalls, "clean vehicle" stalls, EV charging ports, dedicated rideshare/TNC area, and a parking guidance system. The facility has earned a Parksmart Sustainability Certification.

When completed, the $3.8 billion New T1 project will include a New Terminal 1 with 30 gates, new parking structure with more than 5,000 parking spots, airside improvements as well as transportation upgrades that will allow for a better airport experience for our travelers. Passengers will enjoy amenities that include more gate-area seating, more restaurants, and shops, as well as an expansive security-screening checkpoint with more lanes and energy-efficient upgrades throughout. The project has also set aside space for a potential future transit station being considered by regional transportation partners.

Opening of Phase 1 of the New T1 will be in late summer 2025 with Phase 2 scheduled to be complete in early 2028. The project provides a strong economic impact for the region, contributing thousands of well-paying jobs, and will continue to do so after completion.

CLEAN TRANSPORTATION PLAN

The Clean Transportation Plan supports the transition to renewables and recognizes the co-benefits associated with air quality improvements and environmental justice (EJ). One EJ consideration is air quality. By converting off-road petroleum to renewable diesel for airside equipment airport-wide, which officially occurred in early 2023, the Authority reduces greenhouse gas emissions and reduces particulate emissions. Cleaner air is not only good for our front-line workers, who often reside in EJ communities, but also for the entire region.

AIRPORT AUTHORITY RECEIVES GFOA DISTINGUISHED BUDGET PRESENTATION AWARD FOR 19TH CONSECUTIVE YEAR

The Airport Authority received its nineteenth consecutive Distinguished Budget Presentation Award from the GFOA for its annual budget for the fiscal year beginning July 1, 2023. The GFOA Distinguished Budget Presentation Awards Program was established to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting, and the GFOA's best practices on budgeting, and then to recognize individual governments that succeed in achieving that goal. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

AIRPORT AUTHORITY AWARDED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT

The Airport Authority was awarded the Achievement of Excellence in Procurement® (AEP) for 2024 from the National Procurement Institute, Inc. The award recognizes organizations that demonstrate excellence in innovation, professionalism, productivity, leadership, and e-procurement. The AEP program encourages the development of excellence as well as continued organizational improvement to earn the award annually. This was the fifteenth consecutive year the Airport Authority earned this award.

AIRPORT AUTHORITY AWARDED CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. The Annual Report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the Annual Report. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The Airport Authority has received this award every year since its inception.

BUDGET PROCESS AND FINANCIAL PLAN

Annually, the Airport Authority prepares a five-year capital program budget, an operating budget for the upcoming fiscal year and a conceptual operating budget for the following fiscal year. The capital program provides for critical improvements and asset preservation. Safety, security, asset preservation, customer experience, environmental remediation, terminal upgrades, airfield improvements, and efficiency enhancements are the main focus of the capital program. The budget process begins with executive management collaborating with the Board to update, review and formulate the strategies and initiatives that drive business performance. The management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional budget requirements with the Airport Authority's overall strategies and initiatives. Actual financial results are compared to the adopted budget expectations and reported to the Board's Finance Committee on a monthly basis and the full Board on a quarterly basis.

FINANCIAL INFORMATION

The Board sets policy that enables implementation of appropriate internal controls and provides oversight to ensure that the assets of the Airport Authority are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

The Airport Authority derives its operating revenue two primary sources: airline and non-airline revenue. Airline revenue is derived predominantly from landing fees, aircraft parking fees, building rentals, common use fees and other aviation revenue. Primary sources of non-airline revenue are terminal and rental car concessions, airport parking, land leases, and ground transportation fees.

Non-operating revenue of the Airport Authority is comprised of Passenger Facility Charges, Customer Facility Charges, interest income, and federal grants.

The Airport Authority's debt management policy was developed to ensure compliance with the master and subordinate bond indentures, which dictate the terms of the Airport Authority's outstanding debt and establishes various reserves. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process.

The Airport Authority completed fiscal year 2024 with income from operations (before depreciation and amortization) of $207.6 million, an increase of 11.4 percent compared to fiscal year 2023. Enplanements increased 5.1 percent, and airport operations increased 1.5 percent in fiscal year 2024 compared to fiscal year 2023. These increases were a strong reflection of the continued recovery from the COVID-19 pandemic. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

ACKNOWLEDGEMENTS

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service and efforts of the Airport Authority's Accounting, Finance, Marketing, and Communications staff. We wish to express our sincere appreciation for their dedication to ensure fiscal transparency and accountability and to maintain and present the Airport Authority's financial statements in conformance with the highest professional standards.

Finally, we would like to thank members of the Board for their continued leadership, guidance, and support towards the execution of our purpose to create an exceptional airport experience for the community and the world. We are committed to operating San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.

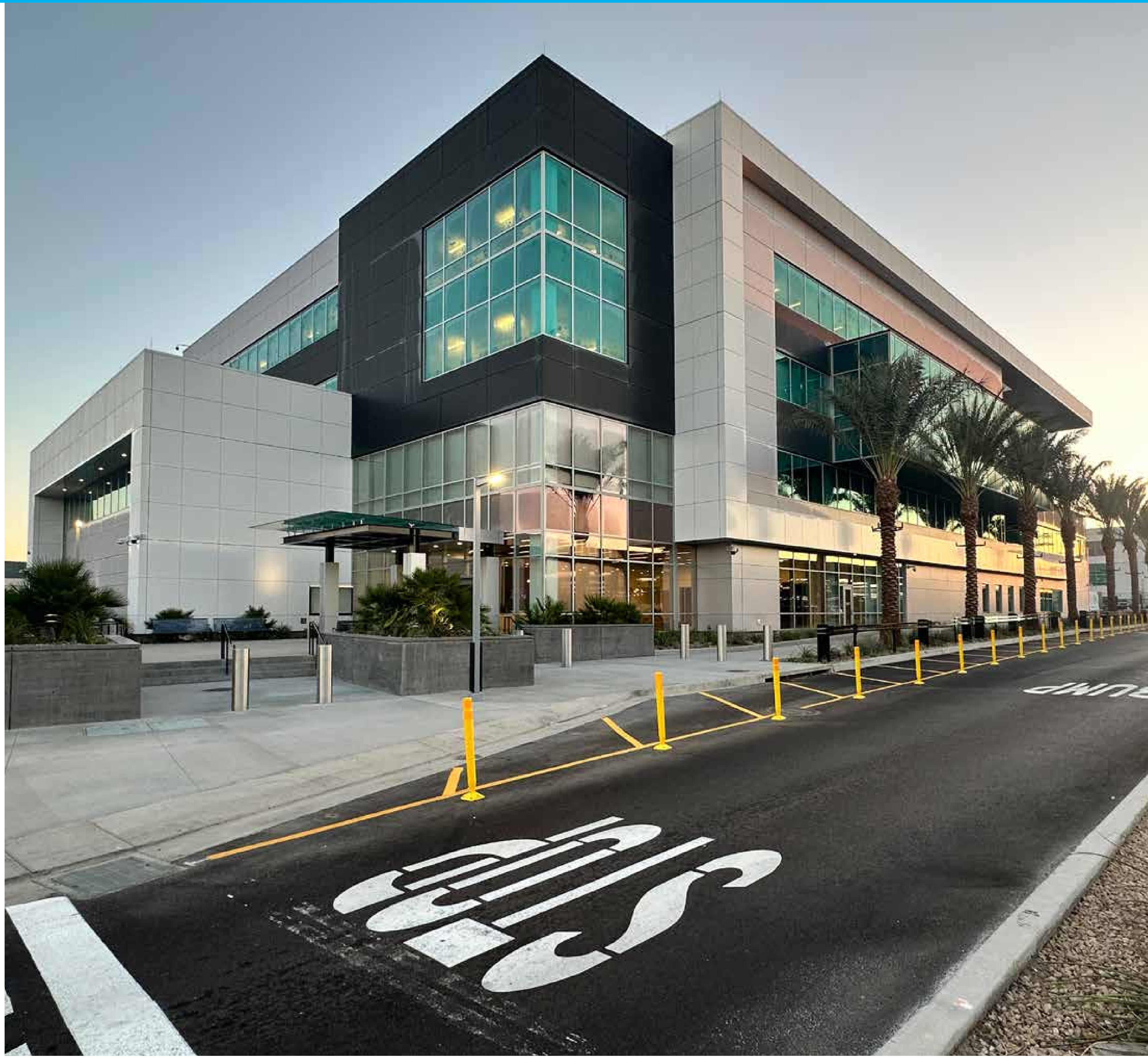
Respectfully submitted,

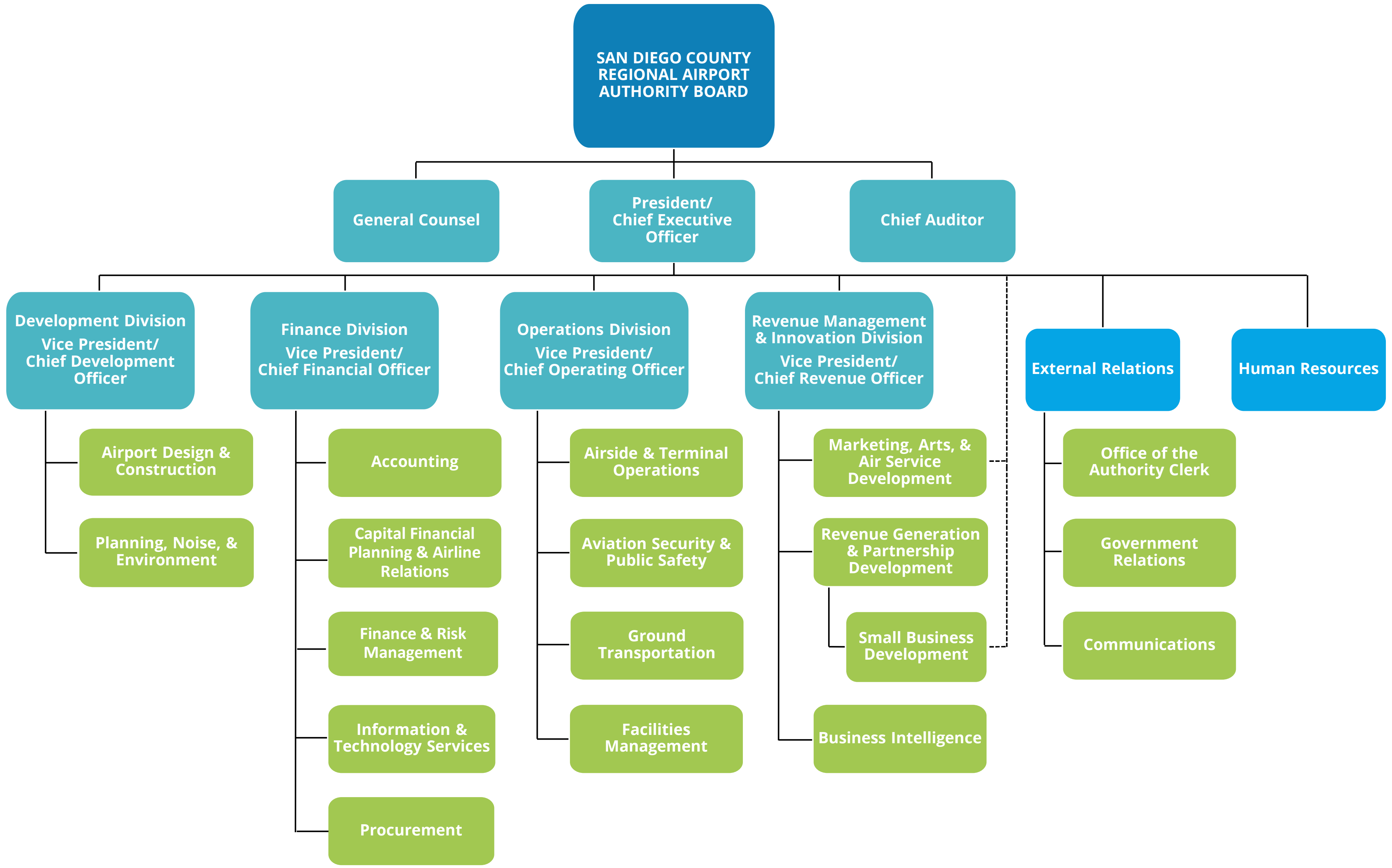
Kimberly J. Becker

President | Chief Executive Officer

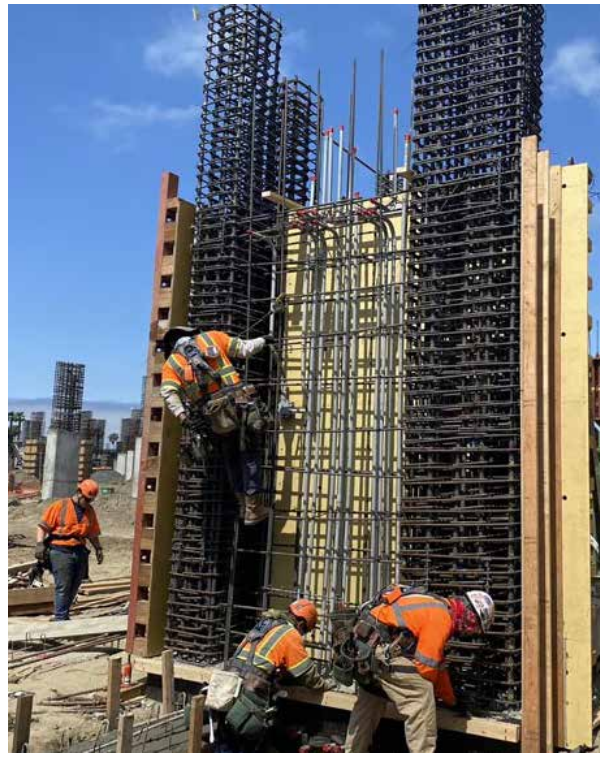
Scott M. Brickner, CPA

Vice President | Chief Financial Officer





AIRPORT AUTHORITY BOARD



EXECUTIVE COMMITTEE:

GIL CABRERA, CHAIR

JAMES SLY, VICE CHAIR

RAFAEL PEREZ

EX-OFFICIO MEMBERS:

COLONEL THOMAS M. BEDELL

MICHELE PERRAULT

EVERETT TOWNSEND

GENERAL MEMBERS:

WHITNEY BENZIAN

LIDIA S. MARTINEZ

MONICA MONTGOMERY STEPPE

ESTHER C. SANCHEZ

STEVE VAUS

MARNI VON WILPERT

EXECUTIVE STAFF

KIMBERLY J. BECKER, PRESIDENT/CHIEF EXECUTIVE OFFICER

AMY GONZALEZ, GENERAL COUNSEL

LEE PARRAVANO, CHIEF AUDITOR

SCOTT M. BRICKNER, VICE PRESIDENT/TREASURER & CHIEF FINANCIAL OFFICER

HAMPTON BROWN, VICE PRESIDENT/CHIEF REVENUE OFFICER

RICK FRANCIS, VICE PRESIDENT/CHIEF OPERATING OFFICER

ANGELA SHAFER-PAYNE, VICE PRESIDENT/CHIEF DEVELOPMENT OFFICER

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Diego County Regional Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the twenty first consecutive year that the Airport Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Diego County Regional Airport Authority California

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT
MANAGEMENT'S DISCUSION AND ANALYSIS (UNAUDITED)
BASIC FINANCIAL STATEMENTS:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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Independent Auditor's Report

To the Board of Directors
San Diego County Regional Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego County Regional Airport Authority as of June 30, 2024 and the changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The financial statements of San Diego County Regional Airport Authority as of and for the year ended June 30, 2023 were audited by other auditors, who expressed an unmodified opinion on November 2, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

PRAXITY
Empowering Business Globally

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections, as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of San Diego County Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego County Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Regional Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Years Ended June 30, 2024 and 2023

INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority.

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

SAN DIEGO INTERNATIONAL AIRPORT

HISTORY OF OWNERSHIP

The The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission). The Commission was established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional decision-making process should address the future development of airport facilities in San Diego County. In October 2001, the enabling legislation, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

LEGISLATIVE BACKGROUND

AB 93 was signed into California State law in October 2001. The AB 93 Act established the Airport Authority on January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego. Subsequent legislative changes to AB 93 were introduced and passed in California Senate Bill 1896 (Act). The amendment addresses several points pertaining to the transfer of aviation employees, date of transfer, property leases, property acquisition and purchase of services from the District.

On January 1, 2008, Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was enacted into law expanding the responsibilities of the Airport Authority. The Airport Authority is vested with five principal responsibilities:

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;
4. Serving as the region's Airport Land Use Commission; and
5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

In August 2013, Assembly Bill 1058 was signed into law. This bill made minor clarifying and technical changes to the Airport Authority Act.

AIRPORT ACTIVITIES HIGHLIGHTS (2022 – 2024)

In fiscal year 2024, the Airport Authority continued to show robust growth, as most major activities most major activities performed at or above 2019 pre-pandemic levels.

The changes in the SDIA's major activities for the three years are as follows:

	FY 2024	FY 2023	FY 2022
Enplaned passengers	**12,467,114**	11,867,569	9,953,162
% change from prior year	**5.1%**	19.2%	104.8%
Total passengers	**24,585,827**	23,560,297	19,830,645
% change from prior year	**4.4%**	18.8%	104.4%
Aircraft operations	**223,254**	219,952	190,491
% change from prior year	**1.5%**	15.5%	46.5%
Freight and mail (in tons)	**116,861**	138,648	151,160
% change from prior year	**-15.7%**	-8.3%	-0.1%
Landed weight (in millions pounds)	**14,401**	13,869	11,764
% change from prior year	**3.8%**	17.9%	51.2%

Enplaned passenger traffic continued to improve from the impact of the pandemic, with an increase of 5.1 percent over fiscal year 2023. Changes in total passengers, aircraft operations and landed weight closely mirrored the improvement in enplanements. Whereas freight and mail continued a declining trend due to decreasing demand.

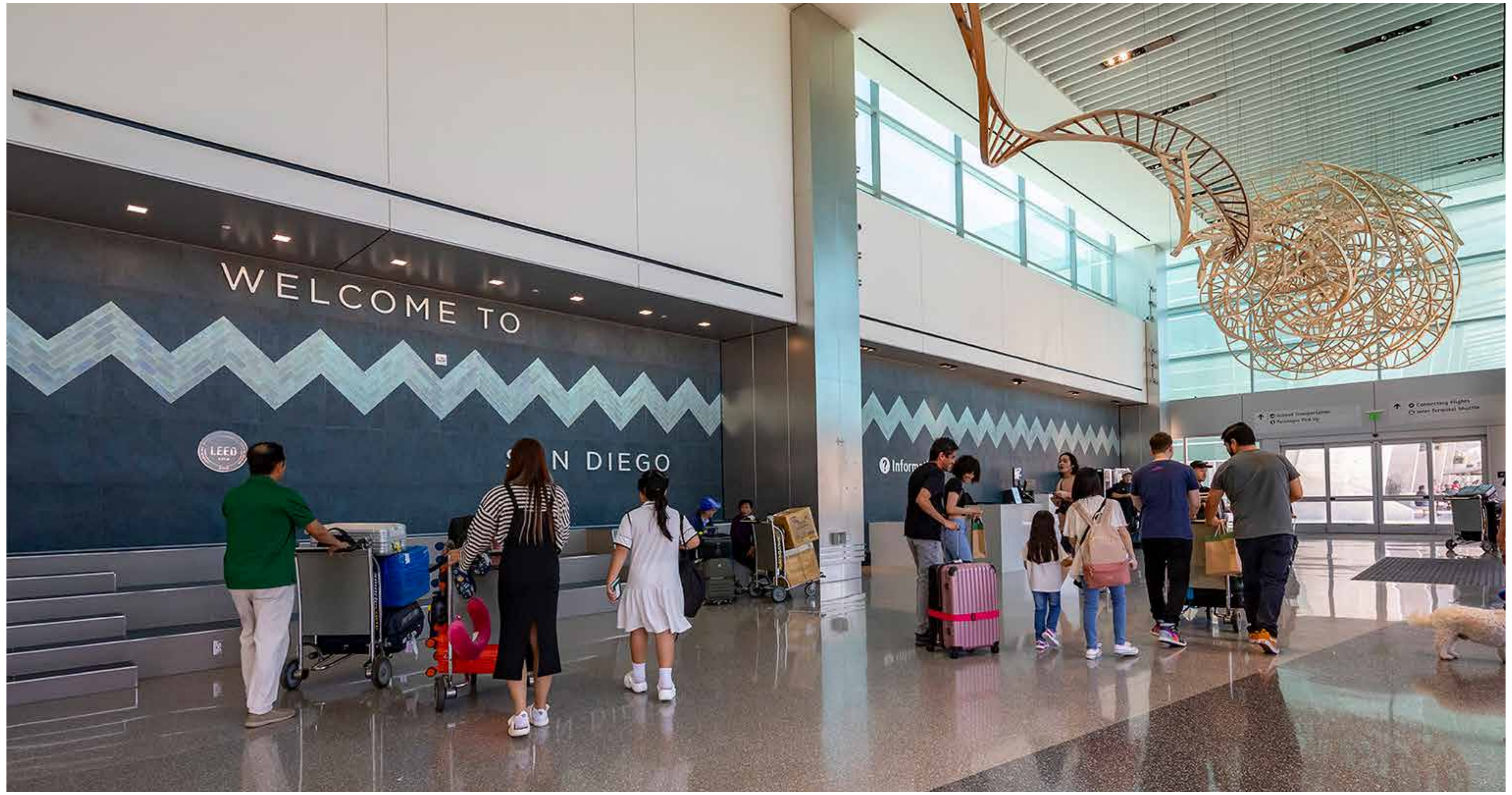
FINANCIAL HIGHLIGHTS 2022 - 2024

STATMENT OF REVENUES EXPENSES AND CHANGES IN NET POSITION

The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year. Net position saw a substantial increase of 25.9% in fiscal year 2024, following a robust 13.0% rise in fiscal year 2023, driven by the ongoing recovery in air travel.

The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2024	FY 2023	FY 2022
Operating revenues	$ 399,889	$ 360,762	$ 315,640
Operating expenses	(314,462)	(305,926)	(291,213)
Nonoperating revenues (expenses), net	54,265	11,987	(12,874)
Capital contributions and grants	128,361	52,287	12,958
Increase in net position	268,052	119,111	24,511
Net position, beginning of year	1,033,179	914,068	889,557
Net position, end of year	$ 1,301,232	$ 1,033,179	$ 914,068



FINANCIAL HIGHLIGHTS 2022 -2024 (CONTINUED)

OPERATING REVENUES (IN THOUSANDS)

	FY 2024	FY 2023	From 2023 to 2024 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 53,873	$ 44,741	$ 9,131	20.4%
Aircraft parking fees	13,612	11,189	2,423	21.7%
Building rentals	145,169	129,744	15,426	11.9%
Other aviation revenue	8,566	7,123	1,443	20.3%
Total airline revenue	221,220	192,797	28,423	14.7%
Concession revenue	79,546	75,559	3,988	5.3%
Parking and ground transportation revenue	72,484	65,415	7,069	10.8%
Ground rentals	23,416	23,257	158	0.7%
Other operating revenue	3,223	3,735	(512)	(13.7%)
Total operating revenue	$ 399,889	$ 360,762	$ 39,126	10.8%

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 44,741	$ 35,354	$ 9,387	26.6%
Aircraft parking fees	11,189	8,856	2,333	26.3%
Building rentals	129,744	97,047	32,697	33.7%
Other aviation revenue	7,123	6,518	605	9.3%
Total airline revenue	192,797	147,775	45,022	30.5%
Concession revenue	75,559	88,138	(12,579)	(14.3%)
Parking and ground transportation revenue	65,415	57,076	8,339	14.6%
Ground rentals	23,257	19,651	3,606	18.3%
Other operating revenue	3,735	2,999	736	24.5%
Total operating revenue	$ 360,762	$ 315,640	$ 45,122	14.3%

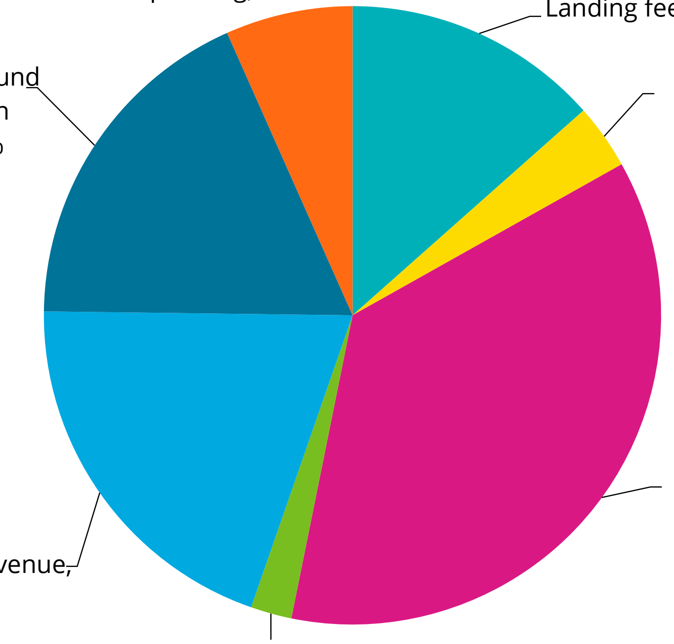
FISCAL YEAR 2024 COMPARED TO 2023: Total airline revenues increased $28.4 million, or 14.7 percent, predominantly due to the reduction of $20.7 million of pandemic era Federal Relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue (terminal and rental car) increased $4.0 million or 5.3 percent due to increased concessions and car rental sales due to the increase in passengers and an increase in sales per enplaned passenger, combined with a positive change in the timing of the recognition of lease revenue per GASB 87. Parking and ground transportation increased $7.1 million or 10.8 percent due to the higher enplanements and increases in rates.

FINANCIAL HIGHLIGHTS 2022 - 2024 (CONTINUED)

FISCAL YEAR 2023 COMPARED TO 2022: Total airline revenues increased $45.0 million, or 30.5 percent, due to a planned major maintenance fund increase per the airline operating lease agreement, combined with increased cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers.

Concession revenue (terminal and rental car) decreased by $12.6 million, or 14.3 percent, due to the timing of the recognition of lease revenue per GASB 87. The decrease is partially offset by increased concessions and car rental sales due to the increase in passengers. Parking and ground transportation revenue increased $8.3 million, or 14.6 percent, due to the increased enplanements. Ground rentals increased $3.6 million, or 18.3 percent, due to the higher consumer price index rent increase and additions to the fuel lease from the hydrant fueling project.

OPERATING REVENUES BY TYPE

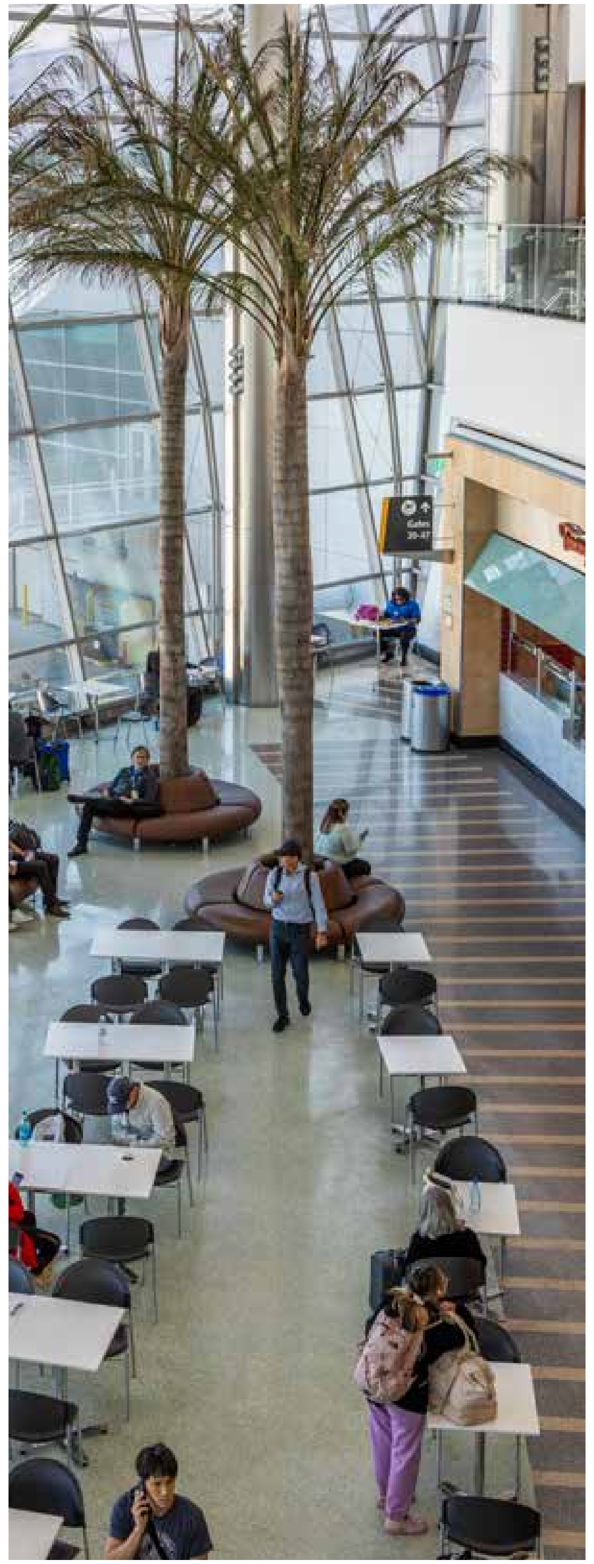


OPERATING EXPENSES (IN THOUSANDS)

			From 2023 to 2024	
	FY 2024	FY 2023	Increase (Decrease)	% Change
Salaries and benefits	**$ 57,444**	$ 51,231	$ 6,213	12.1%
Contractual services	**52,445**	45,581	6,864	15.1%
Safety and security	**36,778**	33,043	3,735	11.3%
Space rental	**467**	313	153	48.8%
Utilities	**19,518**	17,567	1,951	11.1%
Maintenance	**14,125**	16,417	(2,292)	(14.0%)
Equipment and systems	**544**	922	(378)	(41.0%)
Materials and supplies	**650**	661	(11)	(1.6%)
Insurance	**2,314**	1,997	317	15.9%
Employee development and support	**731**	681	50	7.3%
Business development	**2,280**	1,916	364	19.0%
Equipment rentals and repairs	**4,992**	4,010	982	24.5%
Total operating expenses before depreciation and amortization	**192,288**	174,339	17,949	10.3%
Depreciation and amortization	**122,175**	131,586	(9,412)	(7.2%)
Total operating expense	**$ 314,462**	$ 305,926	$ 8,537	2.8%

			From 2022 to 2023	
	FY 2023	FY 2022	Increase (Decrease)	% Change
Salaries and benefits	$ 51,231	$ 46,373	$ 4,858	10.5%
Contractual services	45,581	34,491	11,090	32.2%
Safety and security	33,043	34,191	(1,148)	(3.4%)
Space rental	313	839	(526)	(62.7%)
Utilities	17,567	14,193	3,374	23.8%
Maintenance	16,417	10,747	5,670	52.8%
Equipment and systems	922	340	582	171.2%
Materials and supplies	661	496	164	33.1%
Insurance	1,997	1,741	256	14.7%
Employee development and support	681	537	144	26.8%
Business development	1,916	1,781	135	7.6%
Equipment rentals and repairs	4,010	3,472	539	15.5%
Total operating expenses before depreciation and amortization	174,339	149,201	25,138	16.8%
Depreciation and amortization	131,586	142,012	(10,425)	(7.3%)
Total operating expense	$ 305,926	$ 291,213	$ 14,713	5.1%

FINANCIAL HIGHLIGHTS 2022 -2024 (CONTINUED)



FINANCIAL HIGHLIGHTS 2022 - 2024 (CONTINUED)

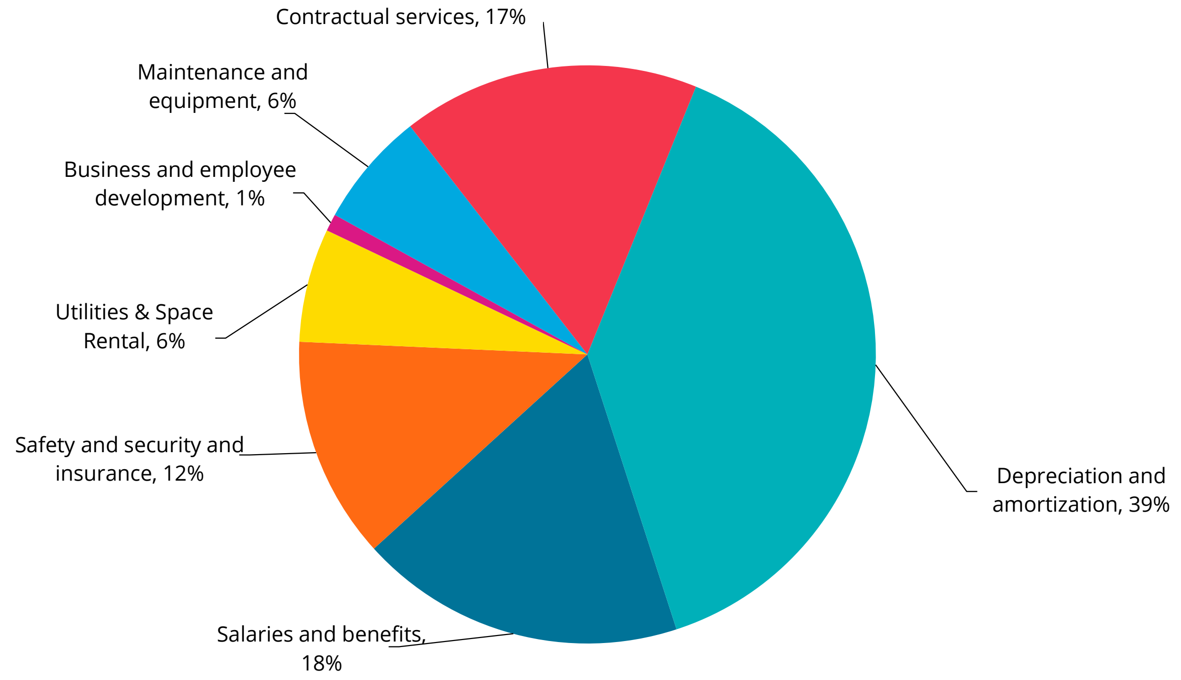
FISCAL YEAR 2024 COMPARED TO 2023:
Total fiscal year 2024 operating expenses increased by $8.5 million or 2.8 percent. Salaries and benefits increased by $6.2 million or 12.1 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by $6.9 million or 15.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Safety and security increased by $3.7 million or 11.3 percent due to increases in law enforcement, Aircraft Rescue and Fire Fighting (ARFF), emergency medical services and security inspection/guard services. Utilities increased by $2.0 million or 11.1 percent due to increased water and electric usage and rates.

Partially offsetting the increase in operating expenses described above, Maintenance expenses decreased by $2.3 million or 14.0 percent primarily due to completion of major annual maintenance projects in FY23. Depreciation and amortization decreased by $9.4 million or 7.2 percent as many assets became fully depreciated in the prior and current years.

FISCAL YEAR 2023 COMPARED TO 2022:
Total fiscal year 2023 operating expenses increased by $14.7 million or 5.1 percent. Salaries and benefits increased by $4.9 million or 10.5 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by $11.1 million or 32.2 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Utilities increased by $3.4 million or 23.8 percent due to increased gas and electric usage and rates. Maintenance expenses increased by $5.7 million or 52.8 percent due to an increase in annual and major maintenance.

Partially offsetting the increase in operating expenses described above, safety and security decreased by $1.1 million or 3.4 percent because of law enforcement and guard services staff vacancies. Depreciation and amortization decreased by $10.4 million or 7.3 percent due to disposal of assets, caused by the demolition of various capital assets necessary for the construction of the New Terminal 1.

OPERATING EXPENSES BY TYPE



NON OPERATING REVENUES (EXPENSES) (IN THOUSANDS)

	FY 2024	FY 2023	From 2023 to 2024 Increase (Decrease)	% Change
Passenger facility charges	**$ 49,200**	$ 46,755	$ 2,445	5.2%
Customer facility charges	**35,913**	34,375	1,538	4.5%
Quieter Home Program, net	**(1,845)**	(2,051)	206	10.0%
Other interest income	**10,198**	11,145	(947)	(8.5%)
Investment income (loss)	**129,223**	50,882	78,341	154.0%
Interest expense, net	**(164,933)**	(127,464)	(37,470)	(29.4%)
Other nonoperating income (expenses)	**(3,490)**	(1,654)	(1,835)	(111.0%)
Nonoperating revenues (expenses), net	**$ 54,265**	$ 11,987	$ 42,278	352.7%

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Passenger facility charges	$ 46,755	$ 40,394	$ 6,361	15.7%
Customer facility charges	34,375	30,333	4,041	13.3%
Federal Relief Grants	-	78,922	(78,922)	(100.0%)
Quieter Home Program, net	(2,051)	(2,541)	490	19.3%
Other interest income	11,145	11,893	(748)	(6.3%)
Investment income (loss)	50,882	(48,884)	99,766	204.1%
Interest expense, net	(127,464)	(109,675)	(17,789)	(16.2%)
Other nonoperating income (expenses)	(1,654)	(13,316)	11,661	87.6%
Nonoperating revenues (expenses), net	$ 11,987	$ (12,874)	$ 24,861	193.1%

Passenger Facility Charges (PFCs) were established by Congress in 1990 as part of the Aviation Safety and Capacity Expansion Act of 1990. The Airport Authority collects a $4.50 PFC from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a $0.11 administration fee.

Customer Facility Charges (CFCs) are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies utilizing the consolidated rental car facility remit to the Airport Authority collection of the fee monthly. The current CFC fee is $9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is $3.41 per day, up to five days for rental car transactions.

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP) which awards grants for certain eligible Airport Authority expenditures. The $1.8 million of expenses represents the authority's cost, net of the grant funds utilized in FY24. From inception through the end of fiscal year 2024, the Airport Authority has spent $302.9 million and received reimbursement for $247.8 million.

Other interest income includes interest earned on lease receivables and notes receivable. For June 30, 2024, and 2023 other interest income was $10.2 million and $11.1 million, respectively.

Investment income (loss) is derived from interest earned by the Airport Authority on investments and

includes unrealized gain (loss) on investments. For June 30, 2024, and 2023 Investment income was a gain of $129.2 million and $50.9 million, respectively.

Interest expense includes interest paid and accrued on bonds, variable debt, and leases. For June 30, 2024, and 2023 interest expense was $164.9 million and $127.5 million, respectively. The increase is due to the issuance of new bonds in October 2023 which increase year on year interest by $36.9 million.

Other nonoperating income (expense) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

Fiscal Year 2024 compared to 2023: Nonoperating revenues (net) increased by $42.3 million or 352.7 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $2.4 million or 5.2 percent, and CFCs increased by $1.5 million or 4.5 percent. Investment income increased by $78.3 million or 154.0 percent. Increased balances in bond funds due to issuance of new debt in October 2023 generated an additional $15.6 million in interest earnings while increases in yields on investments added an additional $16.7 million. Interest expense increased by $37.5 million or 29.4 percent due to the issuance of new bonds in October 2023. Unrealized gains on investments increased by $46.0 million during the fiscal year. Other nonoperating expenses increased by $1.8 million or 111.0 percent, primarily due to the loss on disposal of capital assets.

Fiscal Year 2023 compared to 2022: Nonoperating revenues (net) increased by $24.9 million or 193.1 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $6.4 million or 15.7 percent, and CFCs increased by $4.0 million or 13.3 percent. Investment income increased by $99.8 million or 204.1 percent. The increase is due to the movement of unrealized gain/loss on investments of $72.9 million as the increase in market yields moderated significantly resulting in an unrealized gain in fiscal year 2023 of $11.7 million compared to an unrealized loss of $61.3 million in fiscal year 2022. Increased interest rates and higher investment balances accounted for the $26.8 million of additional interest revenue in fiscal year 2023. Other nonoperating expenses decreased by $11.7 million or 87.6 percent, as there was no capital asset disposal loss reported this year.

FEDERAL GRANT CONTRIBUTIONS (IN THOUSANDS)

			From 2023 to 2024	
	FY 2024	FY 2023	Increase (Decrease)	% Change
Federal grants	**$ 128,361**	$ 52,287	$ 76,074	145.5%

			From 2022 to 2023	
	FY 2023	FY 2022	Increase (Decrease)	% Change
Federal grants	$ 52,287	$ 12,958	$ 39,329	303.5%

Federal Grant Contributions: are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. In fiscal year 2024, federal grant contributions increased by $76.1 million, or 145.5 percent compared to fiscal year 2023, due to an increase in grant awards and substantial New Terminal 1 construction activities funded by federal grants.

ASSETS, LIABILITIES AND NET POSITION (IN THOUSANDS)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2024, 2023 and 2022, is as follows:

	FY 2024	FY 2023	FY 2022
Assets and Deferred Outflows of Resources			
Current assets	**$ 690,779**	$ 620,539	$ 491,098
Capital and lease assets, net	**3,661,260**	2,795,855	2,284,111
Noncurrent assets	**2,337,189**	2,140,122	2,719,699
Total assets	**6,689,229**	5,556,516	5,494,907
Deferred outflows of resources	**21,788**	18,040	22,390
Total assets & deferred outflows of resources	**6,711,017**	5,574,556	5,517,297
Liabilities and Deferred Inflows of Resources			
Current liabilities	**313,079**	280,701	250,171
Long-term liabilities	**4,733,096**	3,871,111	3,947,346
Total liabilities	**5,046,175**	4,151,812	4,197,517
Deferred inflows of resources	**363,611**	389,565	405,712
Total liabilities & deferred inflows of resources	**5,409,785**	4,541,377	4,603,229
Net Position			
Net investment in capital assets	**473,181**	320,779	410,960
Restricted	**266,992**	228,233	172,638
Unrestricted	**561,058**	484,167	330,470
Total net position	**$ 1,301,232**	$ 1,033,179	$ 914,068

FINANCIAL HIGHLIGHTS 2022 - 2024 (CONTINUED)

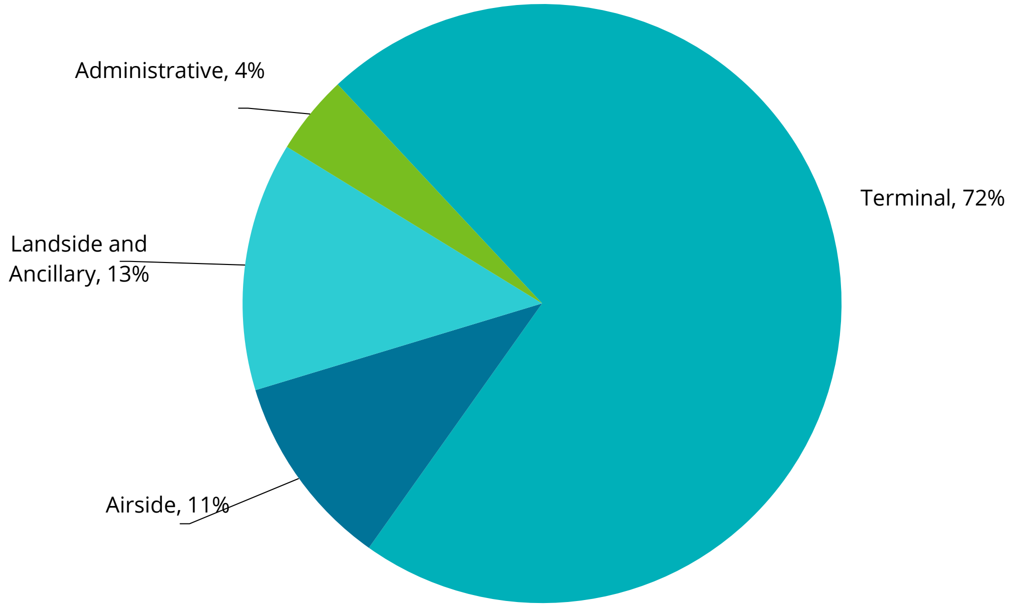
As of June 30, 2024, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,301.2 million. This reflects a $268.0 million or 25.9 percent increase in net position from June 30, 2023. The Airport Authority uses capital and lease assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital and lease assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net position of $561.1 million as of June 30, 2024, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2024, 2023, and 2022, management has designated unrestricted funds in the amount of $104.9 million, $16.0 million, and $16.2 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-insurance, and operating contingency.

CAPITAL PROGRAM

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security and refurbishment, environmental remediation, terminal upgrades, and landside development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit.

The current Capital Program, which includes projects through 2027, consists of $450.0 million for airside projects, $557.8 million for landside and ancillary projects, $3.1 billion for terminal projects, which includes the replacement of Terminal 1, and $184.0 million for administrative projects.

CAPITAL PROGRAM PROJECTS BY TYPE



Additional information of the Airport Authority's capital and lease assets can be found in Note 5 of the financial statements.

CAPITAL FINANCING AND DEBT MANAGEMENT

On February 19, 2014, the Airport Authority issued $305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $14.9 million and $15.2 million, respectively, including accrued interest of $7.4 million and $7.6 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2024, and 2023 was $269.0 million and $275.7 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the Federal Inspecition Facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund and pay the cost of issuance of the subordinate Series 2017 Bonds.

The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of $48.4 million, which is being amortized over the life of the bonds.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $13.1 million and $13.3 million, respectively, including accrued interest of $6.5 million and $6.7 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2024, and 2023 was $261.0 million and $266.6 million, respectively.

On December 11, 2019, the Airport Authority issued $338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and $124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund $34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2017 Bonds.

The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of $96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $21.6 million and $21.9 million,

FINANCIAL HIGHLIGHTS 2022 -2024 (CONTINUED)

respectively, including accrued interest of $10.8 million and $10.9 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2024, and 2023 was $448.5 million and $454.6 million, respectively.

The Airport Authority issued $241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B bonds and pay the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of $49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $9.7 million and $10.6 million, respectively, including accrued interest of $4.9 million and $5.4 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2024, and 2023 was $197.2 million and $212.5 million, respectively.

On December 8, 2021, the Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance The New Terminal 1 development at SDIA, fund a portion of the interest accruing on the Series 2021 Bonds, fund the subordinate reserve fund, pay the costs of issuance of the Series 2021 Bonds and to refund the 2013 Series A and B bonds.

The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $80.8 million and $82.0 million, respectively, including accrued interest of $40.1 million and $41.0 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2024, and 2023 was $1,875.1 million and $1,932.0 million, respectively.

On October 25, 2023, the Airport Authority issued $1,061.98 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

Interest for the fiscal year ended June 30, 2024, amounted to $36.9 million, including accrued interest of $27 million. The principal balance on the Series 2023 Bonds as of June 30, 2024, was $1,061.98 million.

Interest expense on the Series 2014 2017, 2019, 2020, 2021, and 2023 for the fiscal years ended June 30, 2024, and 2023 of $177.0 million and $143.0 million, respectively, was offset by bond premium amortization of $25.9 million and $26.7 million, respectively.

The Airport Authority leases properties from various third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2024, and 2023, were $228.0 million and $229.1 million, respectively.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement for a term of three years. On July 11, 2024, the Board approved an additional three year continuation of the agreement. The Airport Authority is authorized to issue up to $200.0 million in Subordinate Revolving Obligations. At the end of fiscal years 2024 and 2023, the Airport Authority had $0.0 million and $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding, respectively. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Additional information of the Airport Authority's long-term debt can be found in Note 6 to the financial statements.

The SDIA's PFC program was established in 1994, and currently authorizes the imposition of a $4.50 fee on enplaning passengers. There are currently four active applications which provide the Airport Authority to impose and use PFC revenue through May 1, 2040.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately $54.6 million in grant awards for the federal fiscal year ended September 30, 2024, as compared to $89.3 million for 2023. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at www.san.org

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

Assets and Deferred Outflows of Resources	2024	2023
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	$ 11,395,394	$ 26,108,388
Investments (Note 2)	223,398,504	306,328,513
Tenant receivables, net	22,481,275	20,872,111
Grants receivable	66,093,693	19,163,746
Lease receivables, current portion (Note 3)	12,684,623	21,579,230
Partnership lease receivables, current portion (Note 3)	3,224,507	3,281,883
Note receivable, current portion (Note 4)	5,091,865	4,926,819
Other current assets	20,976,288	17,351,605
Investments designated for specific capital projects and other commitments (Note 2)	88,297,854	163,794
Total unrestricted current assets	453,644,002	419,776,089
Restricted investments with trustees (Notes 2 and 6)	237,135,154	200,762,984
Total current assets	690,779,156	620,539,073
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted investments not with trustees (Note 2)	262,690,274	202,552,633
Restricted investments with trustees (Note 2)	1,545,446,754	1,335,189,801
Passenger facility charges receivable (Note 1)	7,555,400	7,035,361
Customer facility charges receivable (Note 1)	3,602,772	3,169,514
Total restricted assets	1,819,295,200	1,547,947,309
Other noncurrent assets:		
Investments, noncurrent (Note 2)	87,179,043	184,760,091
Lease receivables, long-term portion (Note 3)	133,775,926	146,460,548
Partnership lease receivables, long-term portion (Note 3)	124,677,025	135,261,080
Note receivable, long-term portion (Note 4)	19,359,409	24,451,275
Investments designated for specific capital projects and other commitments (Note 2)	150,962,139	98,838,891
Other noncurrent assets	1,940,600	2,403,167
Total other noncurrent assets	517,894,142	592,175,051
Capital and lease assets (Note 5):		
Land, land improvements and nondepreciable assets/leases	182,113,981	182,279,198
Buildings and structures	1,946,874,381	1,884,157,140
Lease assets	240,922,204	238,768,276
Machinery and equipment	145,684,582	139,202,241
Runways, roads and parking lots	623,926,792	630,577,748
Construction in progress	1,978,692,850	1,145,357,693
Total capital and lease assets	5,118,214,790	4,220,342,295
Less accumulated depreciation and amortization	(1,456,954,783)	(1,424,487,252)
Capital and lease assets, net	3,661,260,007	2,795,855,043
Total noncurrent assets	5,998,449,349	4,935,977,403
Total assets	6,689,228,505	5,556,516,476
Deferred outflows of resources:		
Pensions (Note 7 and 8)	15,675,611	12,162,436
OPEB (Note 11)	6,112,831	5,877,459
Total deferred outflows of resources	21,788,442	18,039,895
Total assets and deferred outflows of resources	6,711,016,947	5,574,556,372

See Notes to Financial Statements. (continued)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

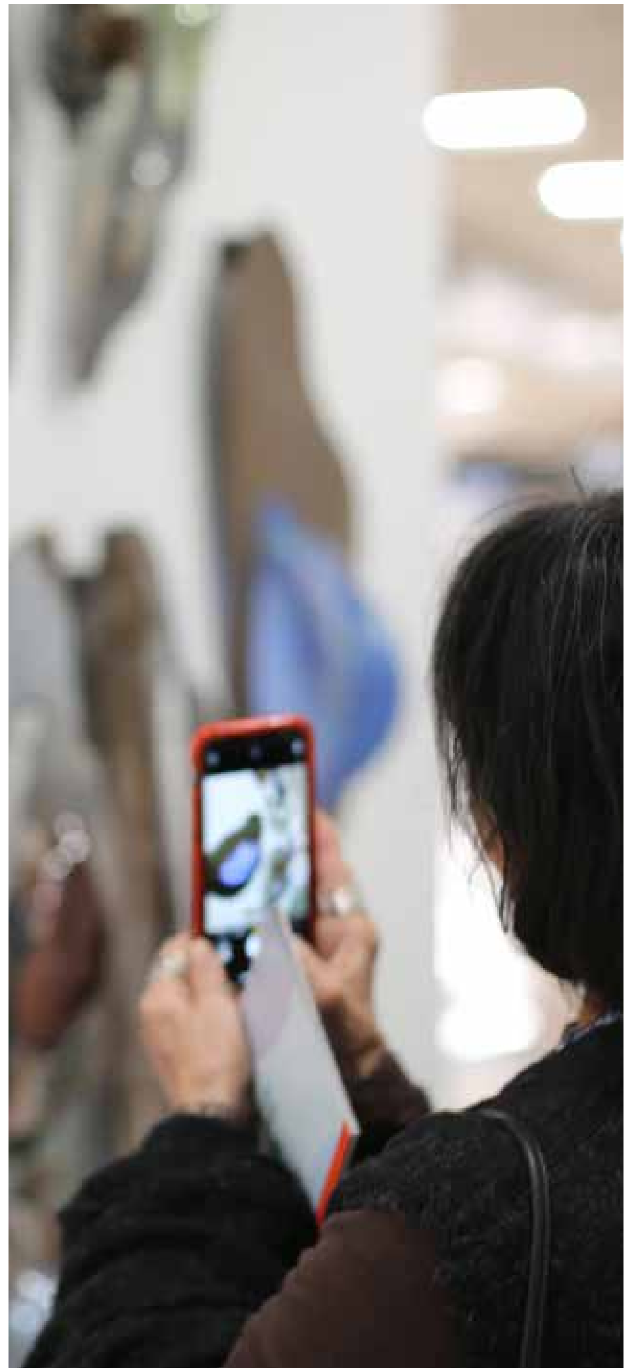
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

Liabilities, Deferred Inflows of Resources and Net Position	2024	2023
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	11,855,823	3,699,871
Accrued liabilities	40,269,823	51,830,325
Compensated absences, current portion (Note 6)	3,979,522	3,750,891
Other current liabilities	15,771,809	16,591,374
Lease and subscription liabilities, current portion (Note 6)	3,641,649	3,677,515
Long-term debt, current portion (Note 6)	424,940	387,928
Total payable from unrestricted assets	75,943,566	79,937,904
Payable from restricted assets:		
Accounts payable	6,543,110	9,179,789
Accrued liabilities	83,970,013	69,749,979
Long-term debt, current portion (Note 6)	49,775,000	50,055,000
Accrued interest on variable rate debt and bonds (Note 6)	96,847,031	71,778,216
Total payable from restricted assets	237,135,154	200,762,984
Total current liabilities	313,078,720	280,700,888
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	1,294,194	1,343,480
Other noncurrent liabilities	1,529,455	647,536
Lease and subscription liabilities, long-term portion (Note 6)	224,363,516	225,503,027
Long-term debt, net of current portion (Note 6)	4,494,329,905	3,635,975,207
Net pension liability (Note 7 and 8)	11,205,430	7,197,809
Net OPEB liability (Note 11)	373,345	444,406
Total long-term liabilities	4,733,095,845	3,871,111,466
Total liabilities	5,046,174,565	4,151,812,354
Deferred inflows of resources		
Pensions (Note 7 and 8)	2,579,580	4,749,968
OPEB (Note 11)	2,252,387	1,653,747
Gain on refunding	17,621,969	9,440,839
Leases (Note 3)	130,610,304	147,922,470
Partnership leases (Note 3)	210,546,494	225,797,623
Total deferred inflows of resources	363,610,733	389,564,647
Total liabilities and deferred inflows of resources	5,409,785,298	4,541,377,001
Net Position		
Net investment in capital assets	473,181,264	320,779,139
Restricted:		
Debt Service	46,534,895	67,075,020
Construction	195,355,745	141,003,071
Operation and maintenance expenses	22,879,023	17,932,678
Small business bond guarantee	2,222,300	2,222,300
Total restricted net position	266,991,964	228,233,070
Unrestricted net position	561,058,421	484,167,162
Total net position	$ 1,301,231,649	$ 1,033,179,370

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023



	2024	2023
Operating revenues:		
Airline revenue:		
Landing fees	**$ 53,872,890**	$ 44,741,469
Aircraft parking fees	**13,612,115**	11,188,756
Building rentals	**145,169,422**	129,743,693
Other aviation revenue	**8,565,776**	7,123,044
Concession revenue	**79,546,483**	75,558,792
Parking and ground transportation revenue	**72,483,690**	65,414,598
Ground and non-airline terminal rentals	**23,415,604**	23,257,118
Other operating revenue	**3,222,526**	3,734,823
Total operating revenues	**399,888,507**	360,762,294
Operating expenses before depreciation and amortization:		
Salaries and benefits (Notes 6, 7, 8 and 9)	**57,443,969**	51,230,961
Contractual services	**52,444,843**	45,580,643
Safety and security	**36,777,849**	33,042,629
Space rental	**466,604**	313,483
Utilities	**19,518,127**	17,567,259
Maintenance	**14,125,325**	16,417,015
Equipment and systems	**544,183**	921,761
Materials and supplies	**649,954**	660,733
Insurance	**2,313,614**	1,996,788
Employee development and support	**731,129**	681,446
Business development	**2,279,873**	1,916,108
Equipment rentals and repairs	**4,992,262**	4,010,388
Total operating expenses before depreciation and amortization	**192,287,734**	174,339,213
Income from operations before depreciation and amortization	**207,600,774**	186,423,081
Depreciation and amortization expense	**122,174,556**	131,586,318
Operating income	**$ 85,426,218**	$ 54,836,763

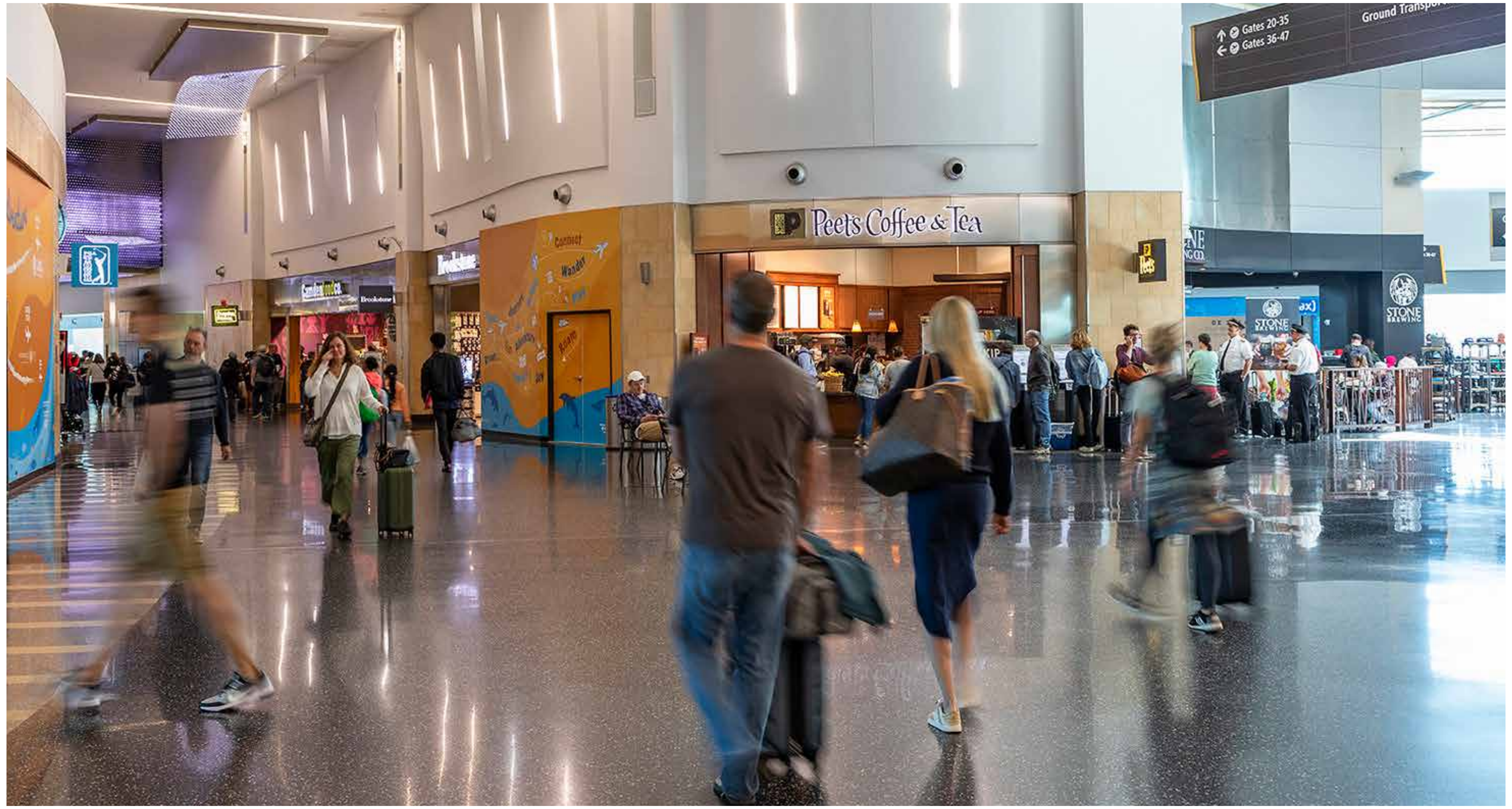
See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Nonoperating revenues (expenses):		
Passenger facility charges	**$ 49,199,510**	$ 46,754,727
Customer facility charges	**35,912,592**	34,374,844
Quieter Home Program grant revenue (Note 1)	**19,519,516**	19,023,947
Quieter Home Program expenses (Note 1)	**(21,364,762)**	(21,075,144)
Other Interest Income	**10,198,358**	11,145,007
Investment income (loss)	**129,222,692**	50,881,687
Interest expense (Note 6)	**(164,933,379)**	(127,463,755)
Other revenues (expenses), net	**(3,489,563)**	(1,654,133)
Nonoperating revenues (expenses), net	**54,264,964**	11,987,180
Income before capital contributions	**139,691,182**	66,823,943
Capital contributions (Note 1)	**128,361,097**	52,287,087
Change in net position	**268,052,278**	119,111,030
Net position, beginning of year, as restated	**1,033,179,370**	914,068,340
Net position, end of year	**$ 1,301,231,649**	$ 1,033,179,370

See Notes to Financial Statements.



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from customers	$ 393,894,618	$ 362,504,812
Payments to suppliers	(141,632,160)	(131,131,930)
Payments to employees	(60,061,473)	(54,368,079)
Other receipts (payments)	3,681,991	5,334,097
Net cash provided by operating activities	**195,882,976**	182,338,900
Cash Flows From Noncapital Financing Activities		
Other nonoperating receipts (payments)	1,322,229	(1,410,930)
Settlement receipts (payments)	266,041	(243,203)
Quieter Home Program grant receipts	18,552,759	20,850,254
Quieter Home Program payments	(21,364,762)	(21,075,144)
Net cash used in noncapital financing activities	**(1,223,733)**	(1,879,024)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(980,192,079)	(597,490,633)
Other interest income	10,198,358	11,145,007
Federal grants received (excluding Quieter Home Program)	82,397,907	56,758,390
Proceeds from passenger facility charges	48,679,470	43,904,820
Proceeds from customer facility charges	35,479,334	34,090,188
Payment of principal on bonds and commercial paper	(50,055,000)	(40,360,000)
Proceeds from issuance of Series 2023 Bonds	934,421,739	-
Payment on note payable	(387,927)	(354,139)
Interest and debt fees paid	(157,550,535)	(160,704,536)
Net cash used in capital and related financing activities	**(77,008,734)**	(653,010,901)
Cash Flows From Investing Activities		
Sales and maturities of investments	3,225,914,153	1,766,632,823
Purchases of investments	(3,434,769,079)	(1,322,506,966)
Interest received on investments and note receivable	71,564,604	39,205,993
Principal payments received on notes receivable	4,926,819	4,766,887
Net cash provided by (used in) investing activities	**(132,363,503)**	488,098,736
Net decrease in cash and cash equivalents	**(14,712,994)**	15,547,711
Cash and cash equivalents, beginning of year	26,108,388	10,560,677
Cash and cash equivalents, end of year	$ 11,395,394	$ 26,108,388

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS, (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 85,426,218	$ 54,836,763
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	122,174,556	131,586,318
Change in pensions/OPEB liability/asset	3,936,560	18,621,297
Change in deferred outflows related to pensions/OPEB	(3,748,547)	4,350,147
Change in deferred inflows related to pensions/OPEB	(1,571,748)	(25,755,740)
Change in deferred inflows related to leases	(17,312,167)	(20,141,904)
Change in deferred inflows related to partnership leases	(15,251,130)	6,116,521
Changes in assets and liabilities:		
Receivables, net	(1,609,164)	1,912,709
Other assets	(3,162,116)	(5,463,173)
Accounts payable	8,155,952	(3,626,258)
Accrued liabilities	(11,560,502)	5,858,235
Compensated absences	179,344	40,293
Lease receivables	32,220,662	15,500,666
Other liabilities	(1,994,941)	(1,496,975)
Net cash provided by operating activities	$ **195,882,976**	$ 182,338,900
Noncash investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	$ 90,513,123	$ 78,929,768
Capital assets (and related deferred inflow) contributed by operator	-	24,136,838
Unrealized gain (loss) on investments	57,658,088	11,675,694
Noncash Investing activites related to Series 2023 Bond Issuance		
Series 2023 principal additions	(136,399,915)	-
Series 2023A bond discount recorded	9,890,516	-
Series 2023B bond premium recorded	(2,867,254)	-
Refunding of Series 2021C bond principal	40,435,000	-
Deferred refunding gain on Series 2021C bond principal	8,841,654	-
Refunding of revolving letter of credit	80,100,000	-

See Notes to Financial Statements.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY:
The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the San Diego County Regional Airport Authority Act (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of January 1, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:
The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

USE OF ESTIMATES:
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS:
For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

INVESTMENTS:
Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

TENANT RECEIVABLES:
Tenant receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

FEDERAL GRANTS:
Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AIRPORT IMPROVEMENT PROGRAM (AIP):
Grants are authorized and disbursed by the FAA under the Airway Improvement Act of 1982, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. As of June 30, 2024, and 2023, the Airport Authority recovered $128.4 million and $52.3 million, respectively, for approved capital projects; and $19.5 million and $19.0 million, respectively, for the Quieter Home Program.

PASSENGER FACILITY CHARGES (PFC):
The PFC program is authorized by the Aviation Safety and Capacity Expansion Act of 1990 (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2024, and 2023, accrued PFC receivables totaled $7.6 million and $7.0 million respectively, and there were $158.4 million and $105.6 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2024, and 2023, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from $3.00 to $4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use $1.2 billion in PFC revenue through April 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through April 2040. In accordance with the Aviation Investment Reform Act (AIR-21), airports imposing a $4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 75 percent.

CUSTOMER FACILITY CHARGES (CFC):
The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a $10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is $9.00 per day for a maximum of five days. As of June 30, 2024, and 2023, accrued CFC receivables totaled $3.6 million and $3.2 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2024, and 2023, were $25.8 million, and $25.1 million, respectively.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:
In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB– These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.

- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.

- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

- Leases and Partnership Leases – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease.

CAPITAL, LEASE, AND SUBSCRIPTION ASSETS:
Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs associated with the construction of capital assets. Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater.

Lease and subscription based technology assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease or subscription liability, 2) lease or subscription payments made at or before the commencement of the term, less any incentives received from the vendor at or before the commencement of the term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Lease and subscription assets are amortized on a straight-line basis over the shorter of the term or useful life of the underlying asset.

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Land improvements	30-40
Runways, roadways and parking lots	
Lighting, security and minor improvements	3-10
Airfield and parking lots and improvements	12-25
Drainage systems, gas lines, pedestrian bridges	30
Roadways, bridges and infrastructure	40-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades and remodels	3-10
Baggage handling systems, HVAC, structural improvements, fuel and storage facility	12-20
Buildings and smart curb improvements	25-50
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	3-10
Communication and electronic systems	3-20
Works of art	15-30

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. The Airport Authority no longer capitalizes interest due to the adoption of GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* that eliminated the requirement to capitalize interest.

CAPITAL ASSET IMPAIRMENT:
The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

RETENTIONS PAYABLE:
The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

COMPENSATED ABSENCES:
All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

BOND DISCOUNTS, PREMIUMS, AND ISSUANCE COSTS:
Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

AIRPORT AUTHORITY NET POSITION:
Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position as of June 30, 2024, and 2023 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2024	2023
Operating contingency	**$ 2,000,000**	$ 2,000,000
Insurance contingency	**14,559,942**	13,839,942
Capital projects and other commitments	**88,297,854**	163,794
Total designated net position	**$ 104,857,796**	$ 16,003,736

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

REVENUE AND EXPENSE RECOGNITION:
Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

CONCENTRATIONS:
A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

The five largest airlines in terms of enplaned passengers are as follows:

	2024	2023
Southwest Airlines	**32.8%**	35.3%
Alaska Airlines	**16.2%**	16.4%
United Airlines	**13.0%**	12.3%
Delta Airlines	**12.8%**	12.2%
American Airlines	**11.8%**	10.8%

DEFINED BENEFIT PENSION PLAN:
The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through SDCERS. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OTHER POSTEMPLOYMENT BENEFIT PLAN:
The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ACCOUNTING PRONOUNCEMENTS ADOPTED:
The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2024:

GASB Statement No. 99, *Omnibus 2022,* effective for the Airport Authority's year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the Airport Authority's year ending June 30, 2024.

ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED:
GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

GASB Statement No. 101, *Compensated Absences,* effective for the Airport Authority's year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*, effective for the Airport Authority's year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*, effective for the Airport Authority's year ending June 30, 2026.

RECLASSIFICATIONS:
Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassifications had no effect on the changes in net position.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS

SUMMARY OF CASH, CASH EQUIVALENTS AND INVESTMENTS:

Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30:

	2024	2023
Unrestricted and Undesignated:		
Cash and cash equivalents	$ 11,395,394	$ 26,108,388
Current investments	223,398,504	306,328,513
Noncurrent investments	87,179,043	184,760,091
Total unrestricted and undesignated	321,972,941	517,196,992
Designated for specific capital projects and other commitments:		
Current investments	88,297,854	163,794
Noncurrent investments	150,962,139	98,838,891
Total designated	239,259,992	99,002,685
Restricted:		
Current investments, with trustees	237,135,154	200,762,984
Noncurrent investments, not with trustees	262,690,274	202,552,633
Noncurrent investments, with trustees	1,545,446,754	1,335,189,801
Total restricted investments	2,045,272,182	1,738,505,419
Total cash, cash equivalents and investments	$ 2,606,505,115	$ 2,354,705,095

The components of restricted cash, cash equivalents and investments at June 30, are summarized below:

	2024	2023
Restricted investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	$ 47,991,378	$ 46,342,596
Operation and maintenance subaccount	22,879,023	17,932,678
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	76,270,401	69,675,274
Passenger facility charges unapplied	158,418,961	105,594,340
Customer facility charges unapplied	25,778,612	25,203,857
Small business development bond guarantee	2,222,300	2,222,300
2013 Series debt service account	171	167
2013 Series debt service reserve fund	26	63
2014 Renew and Replace	16,653,598	14,281,747
2014 Rolling coverage fund	7,565,169	7,312,430
2014 Series debt service account	14,622,861	14,280,456
2014 Series debt service reserve fund	23,184,057	22,286,987
2017 Series debt service account	12,684,639	12,458,985
2017 Series debt service reserve fund	15,350,424	14,937,220
2019 Series CAP Interest Fund	57	(48,285)
2019 Series Construction Fund	17,164,583	24,931,842
2019 Series Debt Services Account	17,612,795	17,330,104
2019 Series Debt Services Reserve Fund	30,578,906	29,650,952
2020 Series Debt Services Account	21,421,030	20,904,314
2020 Series Debt Services Reserve Fund	31,916,591	30,538,478
2021 Series CAP Interest Fund	103,154,587	167,474,239
2021 Series Construction Fund	370,387,083	1,025,900,425
2021 Series Debt Services Reserve Fund	112,347,764	110,509,757
2021 Series Revolving Construction Fund	0	1,017,524
2021 Series Debt Services Account	20,655,558	22,042,241
2023 Series CAP Interest Fund	81,799,209	-
2023 Series Construction Fund	808,385,736	-
2023 Series Cost of Issuance	71,481	-
2023 Series Debt Services Reserve Fund	74,032,088	-
2023 Series Debt Services Account	2,993,492	-
Total restricted investments	$ 2,045,272,182	$ 1,738,505,419

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

INVESTMENTS AUTHORIZED IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 53601 AND UNDER THE PROVISIONS OF THE AIRPORT AUTHORITY'S INVESTMENT POLICY:

The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Non-U.S. Securities	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$75 million
San Diego County Investment Pool	N/A	N/A	None	$75 million
Local Government Investment Pool	N/A	N/A	None	$75 million
U.S. State and California agency	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None
Asset-Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Pass-through Securities	5 years	AA	10 Percent	5 percent
Collaterallized Mortgage Obligation	5 years	AA	10 Percent	5 percent

* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

INVESTMENT IN STATE AND COUNTY INVESTMENT POOLS:

The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), the Investment Trust of California (CalTRUST), and the San Diego County Investment Pool (SDCIP). The Airport Authority's investments in these pools are reported in the accompanying financial statements at fair value based on the Airport Authority's pro rata share of the net asset value (in accordance with GASB Statement No. 72) provided by the respective pools for the entire pool portfolio (in relation to the net asset value of that portfolio). The balance available for withdrawal is based on the accounting records maintained by each pool. None of these funds are subject to significant withdrawal restrictions, limitations on redemptions, there are no redemption notice periods, nor are there any unfunded commitments.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS: Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

INVESTMENTS IN MONEY MARKET MUTUAL FUNDS: The Authority invests in various money market mutual funds. The money market mutual funds are valued at amortized cost. There are no limitations or restrictions on withdrawals for these funds.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	None	None
Negotiable certificates of deposit	None	AAA/Aaa	None	None
Long term and Medium-term notes	None	ratings	None	None
Money market mutual funds	None	ratings	None	None
Municipal bonds	None	ratings	None	None
Repurchase agreements	None	BBB*	None	None
Investment agreements	None	N/A	None	None
Local Agency Investment Fund	None	N/A	None	None
San Diego County Investment Pool	None	N/A	None	None
Deposit accounts	None	N/A	None	None

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

INVESTMENTS HELD BY TRUSTEE:
The Airport Authority has monies held by trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

DISCLOSURES RELATED TO INTEREST RATE RISK:
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

CUSTODIAL CREDIT RISK (DEPOSITS):
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first $250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

CUSTODIAL CREDIT RISK (INVESTMENTS):
Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

DISCLOSURES RELATED TO CREDIT RISK:
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30 are presented in the following tables:

	2024				
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 311,471,011	$ 63,462,205	$ 97,054,062	$ 150,954,744	AAA
U.S. Agency securities	209,476,365	69,574,423	23,747,826	116,154,116	AAA
Non-U.S. Securities	19,480,989	5,438,488	-	14,042,501	AAA
Medium-term notes	16,740,227	6,880,166	4,876,023	4,984,038	AAA
Medium-term notes	14,909,481	-	1,987,371	12,922,110	AA
Medium-term notes	25,295,528	11,688,296	6,687,262	6,919,971	AA-
Medium-term notes	39,977,746	9,342,545	10,414,148	20,221,053	A+
Medium-term notes	15,597,331	13,732,011	-	1,865,320	A
Negotiable Certificates of deposit	2,223,000	2,223,000	-	-	Not rated
Money market mutual funds	515,656,295	515,656,295	-	-	AAA
Local Agency Investment Fund	69,182,101	69,182,101	-	-	Not rated
San Diego County Investment Pool	165,233,413	165,233,413	-	-	AAA
San Diego County Inv. Pool-Treasury	1,147,318,734	1,147,318,734	-	-	AAA
CalTrust Fund	43,283,361	43,283,361	-	-	AA
Total investments subject to credit and interest rate risk:	2,595,845,583	2,123,015,039	144,766,692	328,063,852	
Total Investments	$ 2,595,845,583				

NOTE 2.

CASH, CASH EQUIVALENTS
& INVESTMENTS (CONTINUED)

	2023				
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 305,723,741	$ 39,870,579	$ 61,119,416	$ 204,733,746	AA+
U.S. Agency securities	154,823,563	56,917,351	67,553,552	30,352,660	AA+
U.S. Agency securities	15,421,257	11,719,819	-	3,701,438	A-1+
U.S. Agency securities	7,293,225	-	2,358,375	4,934,850	Not rated
Non-U.S. Securities	9,902,300	-	9,902,300	-	AAA
Non-U.S. Securities	10,310,335	-	10,310,335	-	A
Medium-term notes	4,812,950	-	-	4,812,950	AAA
Medium-term notes	4,897,650	4,897,650	-	-	AA+
Medium-term notes	19,603,915	9,872,900	-	9,731,015	AA
Medium-term notes	6,968,290	6,968,290	-	-	AA-
Medium-term notes	29,170,415	11,405,815	12,018,100	5,746,500	A+
Medium-term notes	47,398,205	20,054,835	11,425,350	15,918,020	A
Medium-term notes	6,585,190	4,793,650	-	1,791,540	A-
Municipal Bonds	2,458,450	-	-	2,458,450	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	303,965,395	303,965,395	-	-	AAA
Local Agency Investment Fund	302,888,305	302,888,305	-	-	Not rated
San Diego County Investment Pool	285,514,584	285,514,584	-	-	AAA
San Diego County Inv. Pool-Treasury	767,276,409	767,276,409	-	-	AAA
CalTrust Fund	16,835,121	16,835,121	-	-	AA
CalTrust Fund	16,220,619	16,220,619	-	-	A+
Total investments subject to credit and interest rate risk:	2,320,292,218	1,861,423,622	174,687,428	284,181,168	
Total Investments	$ 2,320,292,218				

CONCENTRATION OF CREDIT RISK:
The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2024, and 2023.

FOREIGN CURRENCY RISK:
The Airport Authority's investment policy does not allow investments in foreign securities.

FAIR VALUE OF ASSETS:
The Airport Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are observable other inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and 2023:

June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	$ 311,471,011	$ -	$ 311,471,011	$ -
U.S. Agency securities	209,476,365	-	209,476,365	-
Non-U.S. Securities	19,480,989	-	19,480,989	-
Negotiable certificates of deposit	2,223,000	-	2,223,000	-
Medium-term notes	112,520,313	-	112,520,313	-
Total investments by fair value level	655,171,678	$ -	$ 655,171,678	$ -
Investments measured at amortized cost				
Money market mutual funds	515,656,295			
Investments measured at net asset value				
CalTrust Fund	43,283,361			
Local Agency Investment Fund	69,182,101			
San Diego County Investment Pool	165,233,413			
San Diego County Inv. Pool-Treasury	1,147,318,734			
Total investments	$ 2,595,845,583			

June 30, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	$ 305,723,741	$ 300,833,941	$ 4,889,800	$ -
U.S. agency securities	177,538,044	94,277,252	83,260,793	-
Non-U.S. Securities	20,212,635	4,934,250	15,278,385	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	2,458,450	-	2,458,450	-
Medium-term notes	119,436,615	67,113,975	52,322,640	-
Total investments by fair value level	627,591,785	$ 467,159,417	$ 160,432,368	$ -
Investments measured at amortized cost				
Money market mutual funds	303,965,395			
Investments measured at net asset value				
CalTrust Fund	33,055,740			
Local Agency Investment Fund	302,888,305			
San Diego County Investment Pool	285,514,584			
San Diego County Inv. Pool-Treasury	767,276,409			
Total investments	$ 2,320,292,218			

NOTE 3.

LEASES & PUBLIC-PRIVATE PARTNERSHIPS

LEASE RECEIVABLE

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2024 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2024, there are 62 terminal food services and retail concession locations open.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to land rent, the rental car operators will also pay facility rent.

Various other leasing arrangements are in place for Airport Authority owned buildings, ground, and support spaces. Payments for these leases are generally based on total square footage being leased and an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The Airport Authority reports lease receivables with a carrying amount of $146.5 million and $168.0 million as of June 30, 2024, and 2023, respectively, and a deferred inflow of resources in the amount of $130.6 million and $147.9 million as of June 30, 2024, and 2023, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years present value of payments ended June 30, 2024, and 2023, was $22.3 million and $25.8 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of $9.2 million and $13.4 million, for the years ended June 30, 2024, and 2023, respectively, for variable payments not previously included in the measurement of the lease receivable.

NOTE 3.

LEASES & PUBLIC-PRIVATE PARTNERSHIPS(CONTINUED)

The following is a schedule by year of minimum payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2024:

Years Ending June 30,	Principal	Interest	Total
2025	$ 12,684,623	$ 4,406,985	$ 17,091,608
2026	11,804,674	4,167,455	15,972,129
2027	10,934,570	3,931,931	14,866,501
2028	8,373,048	3,747,767	12,120,815
2029	6,596,018	3,583,190	10,179,208
2030 - 2034	27,696,533	15,382,717	43,079,250
2035 - 2039	24,743,529	10,827,387	35,570,916
2040 - 2044	29,950,909	5,620,007	35,570,916
2044 - 2046	13,676,645	551,722	14,228,367
Total	$ 146,460,549	$ 52,219,161	$ 198,679,710

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

REGULATED LEASES

The Airport Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB 87, and therefore are only subject to the disclosure requirements. The terms of the regulated leases expire 2024 through 2033.

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. Under the terms of the AOLA, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport. The AOLA also includes signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees, and charges, except for the Federal Inspection Services (FIS) fee, which all airlines pay the same rate for use of the immigration and customs facilities. Signatory carriers are required to pay a minimum amount each year ($500,000 for passenger carriers, and $250,000 for cargo carriers). The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a $350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2024, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use. As of June 30, 2023, 45 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,070 square feet of the 443,194 square feet of airline designated space was subject to exclusive use.

The Airline Support Building (ASB) is an Airport Authority facility leased by carriers to process belly cargo. A portion of the lease payments increase annually based on CPI. Substantially all buildings and improvements in these leases are for the exclusive use of the four airline tenants.

The Airport Authority recognized fixed revenue under regulated lease contracts of $10.7 million and $10.6 million for the fiscal years ended June 30, 2024, and 2023, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were $217.2 million and $182.5 million, for the years ended June 30, 2024, and 2023, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2024:

Years Ending June 30,	Total Future
2025	$ 9,106,836
2026	9,380,430
2027	9,664,364
2028	9,959,095
2029	10,265,101
2030 - 2034	6,085,214
Total	$ 54,461,040

PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

The Airport Authority has entered into various noncancelable, public-private partnership (PPP) arrangements that meet the definition of a service concession arrangement in which the operators will operate and maintain the Airport Authority's assets for terms of which expire 2049 through 2050. At the end of the arrangements, operations will be transferred to the Airport Authority. The measurement of the related partnership lease receivable is based on the present value of future payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator. Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure PPP receivables.

Signature Flight Support is the exclusive lessee of the Fixed Base Operator (FBO) leasehold at SDIA, with their lease expiring April 30, 2049. Ground rent at the FBO increases annually based on the Consumer Price Index (CPI) but cannot drop below the base rent escalation. Substantially all buildings and improvements in this lease are for exclusive use of this tenant and transfer to the Airport Authority at the end of the agreement.

SAN Fuel Company, LLC has a 30-year lease agreement to operate and maintain the fuel facilities at SDIA, which expires May 31, 2050. In addition, the agreement provides for the construction of fuel storage tanks, airlines fueling operations facility (AFO) and a hydrant fuel system for Terminals 1 and 2. Construction of the fuel storage tanks and AFO were completed in fiscal year 2023. The hydrant fuel system will be completed and placed into service upon the completion of the New Terminal 1. All assets constructed are owned by the Airport Authority. Payments for the ground portion of this lease increase every five years, starting in 2025, based on CPI. Substantially all buildings and improvements in this lease are for the exclusive use of this tenant.

The Airport Authority reports partnership leases receivable with a carrying amount of $127.9 million and $138.5 million as of June 30, 2024, and 2023, respectively, and a deferred inflow of resources in the amount of $210.5 million and $225.8 million as of June 30, 2024, and 2023, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under the PPP arrangements during fiscal years ended June 30, 2024, and 2023, was $9.5 million and $10.1 million, respectively, which includes both PPP revenue and interest. There are no variable payments not previously included in the measurement of the PPP receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2024:

Years Ending June 30,	Principal	Interest	Total
2025	$ 3,224,507	$ 4,499,877	$ 7,724,384
2026	3,341,161	4,383,223	7,724,384
2027	3,462,035	4,262,349	7,724,384
2028	3,587,282	4,137,102	7,724,384
2029	3,717,060	4,007,324	7,724,384
2030 - 2034	20,702,371	17,919,547	38,621,918
2035 - 2039	24,728,080	13,893,838	38,621,918
2040 - 2044	29,536,614	9,085,304	38,621,918
2045 - 2049	34,242,877	3,343,256	37,586,133
2049 - 2050	1,359,545	24,316	1,383,861
Total	$ 127,901,532	$ 65,556,136	$ 193,457,668

The The Authority monitors changes in circumstances that would require a remeasurement of its partnership leases and will remeasure the partnership lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the receivable.

NOTE 4.

NOTE RECEIVABLE

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a $50.0 million unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2024, and 2023, the balance of the note receivable was $19.7 million and $22.3 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of $13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2024, and 2023, the balance of the note receivable was $4.8 million and $7.1 million, respectively.

The required principal payments owed from the District and ASB notes receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	ASB	District	Total
2025	$ 2,360,158	$ 2,731,707	$ 5,091,866
2026	2,429,662	2,832,535	5,262,197
2027	-	2,937,084	2,937,084
2028	-	3,045,492	3,045,492
2029	-	3,157,901	3,157,901
2030 - 2031	-	4,956,737	4,956,737
Total	$ 4,789,820	$ 19,661,455	$ 24,451,275

NOTE 5.

CAPITAL & LEASE ASSETS

The following tables show the increases and decreases in capital and right-to-use lease assets, and their associated accumulated depreciation for the years ending June, 30, 2024 and 2023.

The decreases in assets and the associated accumulated depreciation are the result of the disposal of assets in preparation for the construction of the New Terminal 1. Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2024 and 2023 amounted to $117.2 million and $126.6 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to $5.0 million each year. In both years, $1.6 million of depreciation expense was charged to capital improvement projects in accordance with GASB 87.

	Balance at July 1, 2023	Increases	Decreases	**Balance at June 30, 2024**
Nondepreciable assets and leases:				
Land	$ 22,167,594		$ -	**$ 22,167,594**
Construction in progress	1,145,357,693	990,972,834	(157,637,677)	**1,978,692,850**
Intangible asset	440,000	-	-	**440,000**
Total nondepreciable assets and leases	1,167,965,287	990,972,834	(157,637,677)	**2,001,300,444**
Depreciable assets and leases:				
Land improvements	160,111,604		(165,216)	**159,946,387**
Land improvements - right-to-use lease assets	238,768,276	2,618,306	(464,378)	**240,922,204**
Buildings and structures	1,883,717,140	136,875,206	(74,157,966)	**1,946,434,381**
Machinery and equipment	139,202,241	12,839,918	(6,357,577)	**145,684,582**
Runways, roads and parking lots	630,577,748	9,111,899	(15,762,854)	**623,926,792**
Total capital and lease assets being depreciated/amortized	3,052,377,008	161,445,329	(96,907,991)	**3,116,914,345**
Less accumulated depreciation and amortization for:				
Land improvements	(57,537,607)	(6,080,531)	165,216	**(63,452,922)**
Building and structures	(911,278,157)	(77,095,334)	73,525,709	**(914,847,782)**
Right-to-use lease assets	(17,945,010)	(6,531,429)	185,751	**(24,290,688)**
Machinery and equipment	(98,563,939)	(9,392,758)	6,357,157	**(101,599,540)**
Runways, roads and parking lots	(339,162,538)	(24,645,744)	11,044,430	**(352,763,851)**
Total accumulated depreciation and amortization	(1,424,487,252)	(123,745,795)	91,278,264	**(1,456,954,783)**
Total capital and lease assets being depreciated/amortized, net	1,627,889,756	37,699,534	(5,629,727)	**1,659,959,562**
Capital and lease assets, net	$ 2,795,855,043	$ 1,028,672,368	$ (163,267,404)	**$ 3,661,260,007**

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Construction in progress	578,124,720	621,296,376	(54,063,403)	1,145,357,693
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	600,732,314	621,296,376	(54,063,403)	1,167,965,287
Depreciable assets and leases:				
Land improvements	160,111,604	-	-	160,111,604
Land improvements - right-to-use lease assets	238,768,276	-	-	238,768,276
Buildings and structures	1,823,029,725	63,901,385	(3,213,969)	1,883,717,140
Machinery and equipment	124,708,399	14,506,699	(12,858)	139,202,241
Runways, roads and parking lots	637,019,738	-	(6,441,991)	630,577,748
Total capital and lease assets being depreciated/amortized	2,983,637,742	78,408,084	(9,668,818)	3,052,377,008
Less accumulated depreciation and amortization for:				
Land improvements	(50,707,793)	(6,829,814)	-	(57,537,607)
Building and structures	(832,118,062)	(82,396,336)	3,236,241	(911,278,157)
Right-to-use lease assets	(11,368,837)	(6,576,174)	-	(17,945,010)
Machinery and equipment	(87,898,380)	(10,678,418)	12,858	(98,563,939)
Runways, roads and parking lots	(318,166,349)	(26,681,289)	5,685,100	(339,162,538)
Total accumulated depreciation and amortization	(1,300,259,420)	(133,162,031)	8,934,199	(1,424,487,252)
Total capital and lease assets being depreciated/amortized, net	1,683,378,321	(54,753,948)	(734,618)	1,627,889,756
Capital and lease assets, net	$ 2,284,110,636	$ 566,542,428	$ (54,798,021)	$ 2,795,855,043

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

NOTE 6.

LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2024, and 2023:

	Principal Balance at June 30, 2023	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2024**	Due Within One Year
Variable rate debt - Direct borrowing					
Revolving LOC	$ 80,100,000	$ -	$ (80,100,000)	**$ -**	$ -
Total variable rate debt	80,100,000	-	(80,100,000)	**-**	-
Bonds payable - Other:					
Series 2014 Bonds	275,685,000	-	(6,670,000)	**269,015,000**	7,045,000
Series 2017 Bonds	266,595,000	-	(5,585,000)	**261,010,000**	5,865,000
Series 2019 Bonds	454,585,000	-	(6,095,000)	**448,490,000**	6,400,000
Series 2020 Bonds	212,475,000	-	(15,240,000)	**197,235,000**	16,005,000
Series 2021 Bonds	1,931,985,000	-	(56,900,000)	**1,875,085,000**	12,225,000
Series 2023 Bonds	-	1,061,980,000	-	**1,061,980,000**	2,235,000
Bond premiums, net	459,468,592	291,193	(33,181,555)	**426,578,230**	-
Total bonds payable	3,600,793,592	1,062,271,193	(123,671,555)	**4,539,393,230**	49,775,000
Lease Liabilities	229,180,542	2,618,306	(3,793,683)	**228,005,166**	3,641,649
Note Payable - Direct borrowing					
CRDC	5,524,543	-	(387,927)	**5,136,616**	424,940
Total debt obligations	3,686,418,135	1,062,271,193	(204,159,483)	**4,544,529,846**	50,199,940
Compensated absences	5,094,372	4,158,865	(3,979,522)	**5,273,715**	3,979,522
Total long-term liabilities	$ 3,691,512,507	$ 1,066,430,059	$ (208,139,004)	**$ 4,549,803,561**	$ 54,179,462

	Principal Balance at June 30, 2022	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2023	Due Within One Year
Variable rate debt - Direct borrowing					
Revolving LOC	$ 80,100,000	$ -	$ -	$ 80,100,000	$ -
Total variable rate debt	80,100,000	-	-	80,100,000	-
Bonds payable - Other:					
Series 2014 Bonds	282,005,000	-	(6,320,000)	275,685,000	6,670,000
Series 2017 Bonds	271,915,000	-	(5,320,000)	266,595,000	5,585,000
Series 2019 Bonds	459,025,000	-	(4,440,000)	454,585,000	6,095,000
Series 2020 Bonds	226,995,000	-	(14,520,000)	212,475,000	15,240,000
Series 2021 Bonds	1,941,745,000	-	(9,760,000)	1,931,985,000	16,465,000
Bond premiums	486,158,691	-	(26,690,100)	459,468,592	-
Total bonds payable	3,667,843,691	-	(67,050,100)	3,600,793,592	50,055,000
Lease Liabilities	232,766,866	-	(3,586,324)	229,180,542	3,677,515
Note Payable - Direct borrowing					
CRDC	5,878,682	-	(354,139)	5,524,543	387,928
Total debt obligations	3,753,822,373	-	(67,404,238)	3,686,418,135	50,442,928
Compensated absences	5,054,078	3,791,186	(3,750,893)	5,094,372	3,750,891
Total long-term liabilities	$ 3,758,876,452	$ 3,791,186	$ (71,155,131)	$ 3,691,512,507	$ 54,193,819

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

SENIOR LIEN SERIES 2023 BONDS:
On October 25, 2023, the Airport Authority issued $1,062.0 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

The Series 2023 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent. The Series B bonds were structured as private activity and AMT term bonds that bear interest at rates ranging from 5.0 percent to 5.25 percent. The Series A and Series B bonds were issued at a premium of $2.9 million and a discount of $9.9 million, respectively. The premium and discount is amortized over the life of the bonds. The interest on the Series 2023 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal year ended June 30, 2024, amounted to $36.9 million, including accrued interest of $27.0 million. The principal on the Series 2023 Bonds as of June 30, 2024, was $1,062.0 million.

The required debt service payments for the Series 2023 Bonds for the years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 2,235,000	$ 53,990,538	$ 56,225,538
2026	2,865,000	53,863,038	56,728,038
2027	-	53,791,413	53,791,413
2028	-	53,791,413	53,791,413
2029	14,450,000	53,430,163	67,880,163
2030 - 2034	87,910,000	255,004,063	342,914,063
2035 - 2039	111,535,000	229,397,863	340,932,863
2040 - 2044	153,370,000	196,364,813	349,734,813
2045 - 2049	176,245,000	154,670,688	330,915,688
2050 - 2054	224,925,000	104,762,688	329,687,688
2055 - 2059	288,445,000	39,316,981	327,761,981
	$ 1,061,980,000	$ 1,248,383,656	$ 2,310,363,656

October The senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2023 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2023 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books. For the fiscal year ended June 30, 2024, the amount held by the trustee was $967.3 million which included the July 1 payment a debt service reserve fund, construction fund, and a capitalized interest fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2024 and 2023 was $76.3 million and $69.7 million, respectively. The public ratings of the Series 2023 Bonds as of June 30, 2024, are A1/AA- by Moody's Investors Service and Fitch Ratings.

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE LIEN SERIES 2017 BONDS:
The Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the the Terminal 2 Parking Plaza and the FIS facility, fund a portion of the interest accruing on the Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of $48.4 million which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $13.1 million and $13.3 million, respectively, including accrued interest of $6.5 million and $6.7 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2024, and 2023 was $261.0 million and $266.6 million, respectively.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 5,865,000	$ 12,903,875	$ 18,768,875
2026	6,155,000	12,603,375	18,758,375
2027	6,465,000	12,287,875	18,752,875
2028	6,790,000	11,956,500	18,746,500
2029	7,130,000	11,608,500	18,738,500
2030-2034	41,365,000	52,182,375	93,547,375
2035-2039	52,785,000	40,469,375	93,254,375
2040-2044	67,380,000	25,520,000	92,900,000
2045-2048	67,075,000	6,911,625	73,986,625
	$ 261,010,000	$ 186,443,500	$ 447,453,500

SUBORDINATE LIEN SERIES 2019 BONDS:
The Airport Authority issued $338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and $124.9 million of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund $34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of $96.9 million which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $21.6 million and $21.9 million, respectively, including accrued interest of $10.8 million and $10.9 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2024, and 2023 was $448.5 million and $454.6 million, respectively.

The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 6,400,000	$ 21,594,350	$ 27,994,350
2026	5,615,000	21,274,350	26,889,350
2027	5,895,000	20,993,600	26,888,600
2028	6,195,000	20,698,850	26,893,850
2029	6,500,000	20,389,100	26,889,100
2030-2034	71,220,000	95,172,250	166,392,250
2035-2039	145,565,000	69,342,550	214,907,550
2040-2044	107,560,000	35,201,850	142,761,850
2045-2049	76,000,000	16,088,800	92,088,800
2050	17,540,000	877,000	18,417,000
	$ 448,490,000	$ 321,632,700	$ 770,122,700

SUBORDINATE LIEN SERIES 2020 BONDS:
The Airport Authority issued $241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of $49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $9.7 million and $10.6 million, respectively, including accrued interest of $4.9 million and $5.4 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2024, and 2023 was $197.2 million and $212.5 million, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 16,005,000	$ 9,861,750	$ 25,866,750
2026	11,275,000	9,061,500	20,336,500
2027	11,830,000	8,497,750	20,327,750
2028	12,425,000	7,906,250	20,331,250
2029	13,050,000	7,285,000	20,335,000
2030-2034	65,860,000	26,378,000	92,238,000
2035-2039	46,680,000	11,812,500	58,492,500
2040-2041	20,110,000	1,520,750	21,630,750
	$ 197,235,000	$ 82,323,500	$ 279,558,500

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE LIEN SERIES 2021 BONDS:
The Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue and Revenue Refunding Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2021 Bonds, fund the Series 2013 Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2021 Bonds. The Series 2021A and B Bonds are structured as serial bonds that bear interest rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057. The Series A and B bonds were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. The 2021C Series participated in a tender offer as part of the 2023 Series issuance. A total of $40.4 million par value 2021C were tendered. As a result of the refunding, the Airport Authority reduced its total debt service requirements by $40.4 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and the new debt) of approximately $3.1 million. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $80.8 million and $82.0 million, respectively, including accrued interest of $40.1 million and $41.0 million, respectively.
The principal balance on the Series 2021 Bonds as of June 30, 2024, and 2023 was $1,875.1 million and $1,932.0 million, respectively.

The required debt service payments for the Series 2021 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 12,225,000	$ 80,776,815	$ 93,001,815
2026	13,005,000	80,623,540	93,628,540
2027	10,310,000	80,278,592	90,588,592
2028	10,830,000	79,750,092	90,580,092
2029	11,375,000	79,194,967	90,569,967
2030-2034	99,075,000	384,871,534	483,946,534
2035-2039	177,210,000	354,859,768	532,069,768
2040-2044	320,340,000	310,695,290	631,035,290
2045-2049	327,705,000	243,062,350	570,767,350
2050-2054	486,915,000	155,785,875	642,700,875
2054-2057	406,095,000	28,818,625	434,913,625
	$ 1,875,085,000	$ 1,878,717,448	$ 3,753,802,448

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019, 2020 and 2021 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. On June 30, 2024, and 2023, the amount held by the trustee was $753.3 million and $1,477.6 million, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series Bonds as of June 30, 2023, are A/A2/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

For the year ended June 30, 2024, the net revenues pledged for senior and subordinate lien debt service was $285.2 million compared to the net debt service (senior and subordinate lien principal and interest) of $102.8 million. At June 30, 2024, the remaining principal and interest payments required to repay the bonds through 2058 totaled $7,561.3 million.

SENIOR LIEN SPECIAL FACILITIES REVENUE BONDS, SERIES 2014:
The On February 19, 2014, the Airport Authority issued $305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of $0.6 million, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2024, and 2023 amounted to $14.9 million and $15.2 million, respectively, including accrued interest of $7.4 million and $7.6 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2024, and 2023 was $269.0 million and $275.7 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2024, and 2023, the amount held by the trustee was $62.0 million and $58.2 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2024, are A-/A3 by Standard & Poor's and Moody's Investors Service.

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ 7,045,000	$ 14,677,074	$ 21,722,074
2026	7,440,000	14,271,928	21,711,928
2027	7,855,000	13,844,127	21,699,127
2028	8,295,000	13,392,412	21,687,412
2029	8,760,000	12,915,383	21,675,383
2030-2034	51,720,000	56,433,452	108,153,452
2035-2039	67,890,000	39,804,447	107,694,447
2040-2044	89,135,000	17,999,292	107,134,292
2045	20,875,000	521,875	21,396,875
	$ 269,015,000	$ 183,859,990	$ 452,874,990

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 Bonds for fiscal years ended June 30, 2024, and June 30, 2023, of $177.0 million and $143.1 million, respectively, was offset by bond premium amortization of $ 25.9 million in fiscal year 2024 and $26.7 million in fiscal year 2023.

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE SHORT-TERM DEBT PROGRAM:
On July 19, 2021, The Airport Authority and Bank of America entered into a Revolving Credit Agreement which is authorized up to $200.0 million in Subordinate Revolving Obligations. At the end of fiscal year 2023 the Airport Authority had $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. During fiscal year 2024 the Airport Authority issued the 2023 Series Bonds, which included repayment of the outstanding balance of the Subordinate Revolving Obligation

On July 11, 2024, The Airport Authority and Bank of America entered into an amended Revolving Obligation agreement. The revolving credit agreement is for the term of three years and authorized the Airport Authority to issue up to $200.0 million in Subordinate Revolving Obligations. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT:
In fiscal year 2024, the Airport Authority maintained a $200.0 million line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2024, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2024, and 2023:

	June 30, 2024		June 30, 2023	
	Used	Unused	Used	Unused
Revolving line of credit	$ -	$200,000,000	$80,100,000	$119,900,000
Line of credit	$ -	2,000,000	$ -	2,000,000
	$ -	$ 202,000,000	$ 80,100,000	$ 121,900,000

EVENT OF DEFAULT:
In In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.0 to 7.0 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a $2.2 million Treasury bond.

Excluding general airport revenue bonds, special facility bonds, and leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

NOTE PAYABLE

RECEIVING DISTRIBUTION CENTER LEASE:
The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a note payable and requires monthly lease payments of $73.1 thousand. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, and the net present value of the future lease payments on June 30, 2024:

Years Ending June 30,	Amount
2025	$ 877,298
2026	877,298
2027	877,298
2028	877,298
2029-2032	3,874,732
Total Lease Payments	7,383,924
Less amount representing interest	(2,247,308)
Present value of future lease payments	$ 5,136,616

LEASE LIABILITIES

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2024, and 2023, were $228.0 million and $228.9 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	3,641,649	8,557,866	12,199,516
2026	2,829,863	8,466,532	11,296,394
2027	2,645,398	8,379,303	11,024,701
2028	2,701,099	8,289,721	10,990,820
2029	2,427,028	8,199,071	10,626,099
2030-2034	13,725,080	39,532,558	53,257,638
2035-2039	16,794,244	36,700,828	53,495,072
2040-2044	19,025,458	33,306,539	52,331,996
2045-2049	22,159,268	29,435,079	51,594,347
2050-2054	26,905,124	24,760,327	51,665,452
2055-2059	32,659,884	19,083,783	51,743,667
2060-2064	39,637,317	12,192,387	51,829,703
2065-2069	42,853,755	3,869,622	46,723,377
	$228,005,166	$240,773,615	$468,778,782

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability

NOTE 7.

DEFINED BENEFIT PLAN

INTRODUCTION:
The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of and for the years ended June 30, 2024, and 2023:

	Defined Benefit Plan GASB 68	Preservation of Benefits Trust Plan GASB 73	Total
Balances as of and for the year ended 6/30/2024			
Pension expense (income)	$ 6,535,764	$ (175,608)	$ 6,360,156
Net pension liability	10,244,143	961,287	11,205,430
Deferred outflows of resources	15,525,408	150,203	15,675,611
Deferred inflows of resources	1,540,346	1,039,236	2,579,582
Balances as of and for the year ended 6/30/2023			
Pension expense	$ 5,000,713	$ 56,102	$ 5,056,815
Net pension liability	5,583,686	1,614,123	7,197,809
Deferred outflows of resources	11,810,016	352,421	12,162,437
Deferred inflows of resources	3,967,393	782,576	4,749,969

PLAN DESCRIPTION:
The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003, through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District, and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at www.sdcers.org.

BENEFITS PROVIDED:
The Airport Authority provides retirement, disability, and death benefits. There are two types of participants, the classic participants and the PEPRA participants. A classic participant means any member who is not a PEPRA participant. A PEPRA participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous twenty-six bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRA participant's benefit is calculated by using monthly salary amounts based on the highest thirty-six consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRA participants begins at age 52 with five years of service.

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age.

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

As of the measurement dates June 30, 2023, and June 30, 2022, Plan membership was as follows:

	2023	2022
Active employees	364	353
Inactive employees entitled to but not yet receiving benefits	196	182
Inactive employees or beneficiaries currently receiving benefits	199	187
Total	759	722

CONTRIBUTIONS:
SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2024, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2023, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2024, and 2023, employees contributed $3.7 million and $3.3 million, respectively, and the Airport Authority contributed $7.9 million and $7.7 million, respectively, to the Plan.

Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set." The offset is equal to 7.0 percent or 8.5 percent of the general classic members' base compensation and 9.6 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

NET PENSION LIABILITY (ASSET):
The Airport Authority's net pension liability as of June 30, 2024, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2024, is measured as of June 30, 2023. The annual valuation used is as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follows.

ACTUARIAL ASSUMPTIONS:
The total pension liability in the June 30, 2023 and June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return (1)	6.50%	6.50%
Inflation Rate	3.05%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase (2)	3.05%, plus merit component	3.05%, plus merit component
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate (3)	2.0% - 16.0%	2.0% - 16.0%
Disability rate (4)	0.01% - 0.20%	0.01% - 0.20%
Mortality (5)	0.02% - 13.54%	0.02% - 13.54%

(1) Net of investment expense
(2) Merit component based on years of service ranging from 5.0% to 0.50%
(3) Based on years of service
(4) Based on age
(5) All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study Further details about the actuarial assumptions can be found in the SDCERS June 30, 2020 and June 30, 2019 actuarial reports.

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

DISCOUNT RATE:
For the June 30, 2023 and June 30, 2022 actuarial valuations, the discount rates used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams.

Best estimates of geometric long-term real rates and nominal rates of return for each major asset class as of June 30, 2023 are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	19.0%	5.0%	7.5%
International equity	12.0%	5.8%	8.0%
Global equity	8.0%	5.5%	7.9%
Domestic fixed income	22.0%	1.7%	4.0%
Return-Seeking Fixed Income	5.0%	4.6%	7.0%
Real estate	11.0%	3.3%	5.6%
Private equity	10.0%	7.8%	10.3%
Infrastructure	3.0%	4.8%	7.2%
Opportunity fund	10.0%	4.9%	7.3%
	100.0%		

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY (ASSET):

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2024, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2023	$ 268,067,970	$ 262,484,284	$ 5,583,686
Changes for the year:			
Service cost	7,147,242	-	7,147,242
Interest on total pension liability	17,355,715	-	17,355,715
Difference between expected and actual experience	4,182,916	-	4,182,916
Changes in assumptions	-	-	-
Employer contributions	-	7,742,583	(7,742,583)
Member contributions	-	3,494,204	(3,494,204)
Net investment income	-	13,293,511	(13,293,511)
Benefit payments	(9,295,008)	(9,295,008)	-
Administrative expense	-	(504,882)	504,882
Net changes	19,390,865	14,730,408	4,660,457
Balances as of June 30, 2024	$ 287,458,835	$ 277,214,692	$ 10,244,143

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of June 30, 2022	$ 254,465,897	$ 263,460,943	$ (8,995,046)
Changes for the year:			
Service cost	6,980,223	-	6,980,223
Interest on total pension liability	16,489,161	-	16,489,161
Difference between expected and actual experience	(1,288,936)	-	(1,288,936)
Changes in assumptions	-	-	-
Employer contributions	-	9,181,680	(9,181,680)
Member contributions	-	3,070,398	(3,070,398)
Net investment income	-	(4,188,463)	4,188,463
Benefit payments	(8,578,375)	(8,578,375)	-
Administrative expense	-	(461,899)	461,899
Net changes	13,602,073	(976,659)	14,578,732
Balances as of June 30, 2023	$ 268,067,970	$ 262,484,284	$ 5,583,686

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO DISCOUNT RATE CHANGES:

The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2024:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 326,286,970	$ 287,458,835	$ 255,610,311
Plan fiduciary net position	277,214,692	277,214,692	277,214,692
Net pension liability (asset)	$ 49,072,278	$ 10,244,143	$ (21,604,381)
Plan fiduciary net position as a percentage of the total pension liability	85.0%	96.4%	108.5%

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN:

For the years ended June 30, 2024 and June 30, 2023, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of $6.5 million and $5.0 million, respectively. At June 30, 2024 and June 30, 2023, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,322,361	$ 1,540,346
Net difference between projected and actual earnings	2,910,962	-
Changes in assumptions	1,353,401	-
Employer contributions made subsequent to June 30, 2023 measurement date	7,938,684	-
Total	$ 15,525,408	$ 1,540,346

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 370,346	$ 2,877,993
Net difference between projected and actual earnings	-	1,089,400
Changes in assumptions	3,776,149	-
Employer contributions made subsequent to June 30, 2022 measurement date	7,663,521	-
Total	$ 11,810,016	$ 3,967,393

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

The deferred outflows of resources at June 30, 2024 and June 30, 2023 resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal year 2025, and an increase to the net pension asset in fiscal year 2024.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2024, will be recognized in pension expense as follows:

Years ended June 30,		
2025	$	1,644,678
2026		(2,515,828)
2027		6,139,504
2028		778,024
	$	6,046,378

NOTE 8.

PRESERVATION OF BENEFITS TRUST PLAN

PRESERVATION OF BENEFITS TRUST PLAN (POB) DESCRIPTION:

The Airport Authority's single-employer defined benefit pension plan established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in Note 7.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

BENEFITS PROVIDED:

Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2024, and June 30, 2023, were $9.1 thousand and $20.6 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS. There are no assets accumulated in trust for this plan.

As of the measurement dates of June 30, 2023, and 2022, Plan membership was as follows:

	2023	2022
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	1	1
Total	3	3

TOTAL PENSION LIABILITY:

The Airport Authority's total pension liability as of June 30, 2024, and June 30, 2023, was $961 thousand and $1.6 million, respectively. The pension liability as of June 30, 2024, is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

NOTE 8.

PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

ACTUARIAL ASSUMPTIONS:

The total pension liability in the June 30, 2024, and June 30, 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2024	June 30, 2023
Valuation date	June 30, 2023	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.65%	3.54%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases [1]	3.05%, plus merit component	3.05%, plus merit component

[1] Merit component based on years of service ranging from 5.0% to 0.50%

CHANGES IN THE TOTAL PENSION LIABILITY:

Changes in the total pension liability through the year ended June 30, 2024, was as follows:

Balances as of June 30, 2023	$	1,614,123
Changes for the year:		
Service cost		39,567
Interest on total pension liability		57,310
Difference between expected and actual exper		(702,599)
Changes in assumptions		(17,243)
Benefit payments		(29,871)
Net changes		(652,836)
Balances as of June 30, 2024	$	961,287

Changes in the total pension liability through the year ended June 30, 2023, was as follows:

Balances as of June 30, 2022	$	2,373,440
Changes for the year:		
Service cost		68,342
Interest on total pension liability		51,359
Difference between expected and actual exper		(381,597)
Changes in assumptions		(437,754)
Benefit payments		(59,667)
Net changes		(759,317)
Balances as of June 30, 2023	$	1,614,123

NOTE 8.

PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO DISCOUNT RATE CHANGES:
The following presents the resulting total pension liability calculated using the discount rate of 3.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2024:

	1% Decrease 2.65%	Current Rate 3.65%	1% Increase 4.65%
Total pension liability	$ 1,131,084	$ 961,287	$ 818,821

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE POB PENSION EXPENSE (INCOME) AND...
For the year ended June 30, 2024, and 2023, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of $(175.6) thousand and $56.1 thousand. At June 30, 2024 and June 30, 2023, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 807,428
Changes in assumptions	141,140	231,808
Employer contributions subsequent to June 30, 2023 measurement date	9,063	-
Total	$ 150,203	$ 1,039,236

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,168	$ 439,310
Changes in assumptions	299,670	343,267
Employer contributions subsequent to June 30, 2022 measurement date	20,583	-
Total	$ 352,421	$ 782,577

The deferred outflows of resources, at June 30, 2024, and June 30, 2023, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2025 and 2024, respectively.

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

Years ended June 30,	
2025	$ (298,654)
2026	(419,483)
2027	(179,959)
	$ (898,096)

The Authority contributes to the San Diego Regional Airport Authority 401(a) Plan. The 401(a) Plan is a defined contribution pension plan for all eligible employees who are hired on or after January 1, 2024 who do not participate in the Authority's defined benefit pension plan. The benefits are administered by a trustee selected by the Authority.

Benefit terms, including contribution requirements, for the 401(a) Plan are established, and may be amended, by the Board of Directors. For each employee in the plan, the Authority is required to contribute 8 percent of eligible annual salary to an individual employee account. Employees become vested in employer contributions and earnings on employer contributions after completion of three years of creditable service with the Authority. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of the plan, all contributed amounts and income attributable to the investment of the contributed amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets held in the 401(a) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

For the years ended June 30, 2024, and 2023, employees contributed $8.5 thousand and $0, respectively, and the Airport Authority contributed $17.5 thousand and $0, respectively, to the Plan.

NOTE 9.

DEFINED CONTRIBUTION PENSION PLAN

NOTE 10.

EMPLOYEE'S DEFERRED COMPENSATION PLAN

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457, (457(b) Plan). The Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution.

Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets to be held in the 457 plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

NOTE 11.

OTHER POSTEMPLOYMENT BENIFITS

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

PLAN DESCRIPTION:
As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2024, CalPERS managed $502.9 billion in assets for nearly 2,900 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

FUNDING POLICY:
CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. During the fiscal years ended June 30, 2024, and 2023, the Airport Authority's contributions were $1.1 million and $1.0 million, respectively.

A measurement date of June 30, 2023, and 2022, was used for the June 30, 2024, and June 30, 2023 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2023, and June 30, 2022, respectively.

Membership in the OPEB by membership class at June 30, 2023, and 2022, is as follows:

	2023	2022
Active employees	112	120
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	110	101
Total	222	221

NOTE 11.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS:
The total OPEB liability in the June 30, 2023 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Dates	June 30, 2023	June 30, 2021
Contribution Policy	Authority contributes full ADC	Authority contributes full ADC
Inflation	2.50%	2.50%
Projected salary increase	2.75%	2.75%
Investment rate of return	5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust	5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
Actuarial cost method	Entry Age Normal Level Percent of Pay	Entry Age Normal Level Percent of Pay
Asset valuation method	Market value of assets	Market value of assets
Retirement age	SDCERS 2015-2022 Experience Study	SDCERS 2015-2019 Experience Study
Mortality	CalPERS 2000-2019 Experience Study	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 8.5% for next year, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for next year, decreasing to an ultimate rate of 3.45% in 2076	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare - 4.6% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation of Future Retirees	90%	90%
Spousal Assumption for Future Retirees	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Global Equity	23%	4.56%
Long US Treasuries	11%	0.29%
Mortgage-Backed Securities	11%	0.49%
Investment Grade Corporates	9%	1.56%
High Yeild	9%	3.00%
Sovereigns	11%	2.76%
TIPS	9%	-0.08%
Comodities	3%	1.22%
REITs	14%	4.06%
	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.25%

NOTE 11.

OTHER POSTEMPLOYMENT BENEFITS

DISCOUNT RATE:

The discount rate used to measure the net OPEB liability (asset) at June 30, 2024, and June 30, 2023, was 5.25 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

CHANGES IN THE NET OPEB LIABILITY (ASSET):

Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2023	$ 30,537,516	$ 30,093,110	$ 444,406
Changes for the year:			
Service cost	517,853	-	517,853
Interest on total OPEB liability	1,604,101	-	1,604,101
Difference between expected and actual experience	(2,744,688)	-	(2,744,688)
Changes in assumptions	2,019,463	-	2,019,463
Employer contributions	-	1,002,148	(1,002,148)
Member contributions	-	-	-
Net investment income	-	474,185	(474,185)
Benefit payments	(1,002,148)	(1,002,148)	-
Administrative expense	-	(8,543)	8,543
Net changes	394,581	465,642	(71,061)
Balances as of June 30, 2024	$ 30,932,097	$ 30,558,752	$ 373,345

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2022	$ 29,372,019	$ 33,729,495	$ (4,357,476)
Changes for the year:			
Service cost	570,006	-	570,006
Interest on total OPEB liability	1,546,979	-	1,546,979
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	951,488	(951,488)
Member contributions	-	-	-
Net investment income	-	(3,627,823)	3,627,823
Benefit payments	(951,488)	(951,488)	-
Administrative expense	-	(8,562)	8,562
Net changes	1,165,497	(3,636,385)	4,801,882
Balances as of June 30, 2023	$ 30,537,516	$ 30,093,110	$ 444,406

SENSITIVITY OF THE NET OPEB LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE AND HEALTH CARE COST TREND RATES:

The net OPEB liability (asset) of the Airport Authority has been calculated using a discount rate of 5.25 percent. The following presents the net OPEB liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease 4.25%	Current Rate 5.25%	1% Increase 6.25%
Net OPEB liability (asset)	$ 4,721,575	$ 373,345	$ (3,209,164)

The net OPEB liability (asset) of the Airport Authority has been calculated using health care cost trend rates of 8.5 percent decreasing to 3.45 percent in 2076 and thereafter for non-Medicare and 6.3 percent decreasing to 4.0 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	$ (3,288,713)	$ 373,345	$ 4,807,790

NOTE 11.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

NOTE 11.

OTHER POSTEMPLOYMENT BENIFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE OPEB:
For the years ended June 30, 2024, and 2023, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of $1.4 million and $0.9 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 3,089,144	$ -
Net difference between expected and actual experience	-	2,252,387
Changes in assumptions	1,924,189	-
Employer contributions made subsequent to June 30, 2023 measurement date	1,099,493	-
Total	$ 6,112,826	$ 2,252,387

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 2,917,281	$ -
Net difference between expected and actual experience	-	1,580,826
Changes in assumptions	1,958,025	72,921
Employer contributions made subsequent to June 30, 2022 measurement date	1,002,148	-
Total	$ 5,877,454	$ 1,653,747

The deferred outflows of resources at June 30, 2024, and June 30, 2023, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2025 and 2024, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2025	$ 732,834
2026	506,241
2027	1,300,776
2028	221,095
	$ 2,760,946

NOTE 12.

RISK MANAGEMENT

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

COMMERCIALLY ISSUED INSURANCE:

- The Airport Authority maintains a minimum of $500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of $750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

SELF-INSURANCE:
Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2024, and 2023, the Airport Authority has designated $14.6 million and $13.8 million, respectively, from its net position, as an insurance contingency.

A $2.0 million reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

LOSS PREVENTION:
The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2024, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

NOTE 13.

COMMITMENTS AND CONTINGENCIES

COMMITMENTS:
As of June 30, 2024, and 2023, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

The Airport Authority has funds which have been classified as current assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. $19.0 June 30, 2024, and 2023, these funds totaled approximately $88.3 million and $164 thousand, respectively, and are classified on the accompanying statements of net position as investments designated for specific capital projects and other commitments.

As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a Police Services Agreement, and a Communications Services Agreement with the District, which described the services that the Airport Authority could purchase and the manner of calculating the payments for such services. The largest amount that became payable under any of these agreements is under the Police Services Agreement, which is for Harbor Police services. The district provides monthly billings to the Airport Authority, with payment generally due 30 days after the date of the invoice, and provision of appropriate supporting documentation. During the years ended June 30, 2024, and 2023, the Airport Authority expensed $22.3 million, and $20.5 million, respectively for these services.

In fiscal year 2019, the Board approved $38 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2024, $36.0 million had been spent and the contract was completed in fiscal year 2024.

In fiscal year 2023, the Board approved $70.0 million contract with Ace Parking III, LLC for airport shuttle services. As of June 30, 2024, $16.2 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2022, the Board approved a $103.0 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management, and maintenance of the shuttle vehicles. As of June 30, 2024, $22.3 million has been spent and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2019, the Board approved a $19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support and consulting services. In fiscal year 2020, the board approved additional $134.8 million. As of June 30, 2024, $109.4 million has been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2021, the Board approved an $80.0 million contract with Turner-Flatiron, A Joint Venture for the design-build of a terminal and roadways. In fiscal year 2022, the Board approved additional $2.5 billion. As of June 30, 2024, $1.48 billion had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2020, the Board approved a $35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2024, $29.3 million had been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2022, the Board approved a $19.4 million contract with SOLPAC Construction Inc. dba Soltek Pacific Construction to construct Solid and Liquid waste facilities. In fiscal year 2023, the board approved additional $633 thousand. As of June 30, 2024, $19.0 million had been spent and the contract was completed in fiscal year 2024.

In fiscal year 2021 the Board approved a $97.6 million contract with Sundt Construction for the design-build of the administration building. As of June 30, 2024, $96.3 million had been spent and the contract was completed in fiscal year 2024.

CONTINGENCIES:
As of June 30, 2024, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSETS) AND RELATED RATIOS
Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)
Defined Benefit Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	**$ 7,147,242**	$ 6,980,223	$ 7,970,646	$ 7,857,035	$ 7,632,696	$ 7,390,428	$ 6,996,180	$ 6,205,263	$ 6,154,579	$ 6,099,481
Interest (includes interest on service cost)	**17,355,715**	16,489,161	15,693,834	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610	9,327,538	8,465,485
Differences between expected and actual experience	**4,182,916**	(1,288,936)	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	**-**	-	-	6,767,000	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	**(9,295,008)**	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)	(2,482,523)	(2,913,221)
Net change in total pension liability	**19,390,865**	13,602,073	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	**268,067,970**	254,465,897	241,862,071	218,788,911	204,875,918	185,541,212	161,951,893	140,197,048	126,851,793	115,200,048
Total pension liability - ending	**$ 287,458,835**	$ 268,067,970	$ 254,465,897	$ 241,862,071	$ 218,788,911	$ 204,875,918	$ 185,541,212	$ 161,951,893	$ 140,197,048	$ 126,851,793
Plan Fiduciary Net Position:										
Contributions - employer	**$ 7,742,583**	$ 9,181,680	$ 8,596,163	$ 8,424,834	$ 7,848,712	$ 7,318,546	$ 5,480,984	$ 4,047,780	$ 3,897,545	$ 3,924,988
Contributions - employee	**3,494,204**	3,070,398	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	**13,293,511**	(4,188,463)	53,140,343	390,013	12,086,349	14,036,710	19,480,875	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	**(9,295,008)**	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	**(504,882)**	(461,899)	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	**14,730,408**	(976,659)	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	**262,484,284**	263,460,943	207,843,276	202,827,408	186,502,637	166,797,759	143,840,411	138,516,287	130,203,134	108,456,250
Plan fiduciary net position - ending	**$ 277,214,692**	$ 262,484,284	$ 263,460,943	$ 207,843,276	$ 202,827,408	$ 186,502,637	$ 166,797,759	$ 143,840,411	$ 138,516,287	$ 130,203,134
Net pension liability (asset) - ending	**$ 10,244,143**	$ 5,583,686	$ (8,995,046)	$ 34,018,795	$ 15,961,503	$ 18,373,281	$ 18,743,453	$ 18,111,482	$ 1,680,761	$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	**96.44%**	97.92%	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	**$ 32,528,943**	$ 30,809,714	$ 33,328,788	$ 32,828,449	$ 31,584,841	$ 31,628,301	$ 31,131,795	$ 29,189,357	$ 27,955,455	$ 26,380,323
Net pension liability as a percentage of covered payroll	**31.49%**	18.12%	(26.99%)	103.63%	50.54%	58.09%	60.21%	62.05%	6.01%	(12.70%)

Notes to Required Supplementary Information for the Year Ended June 30, 2024

Significant Assumption Changes: The following were significant changes in assumption for the year presented in the schedule above.
2021 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated.
2019 – The discount rate was reduced from 6.75% to 6.50%.
2018 – The discount rate was reduced from 7.00% to 6.75%.
2017 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated. Additionally, the discount rate was reduced from 7.125% to 7.0%, and the wage inflation assumption was reduced 0.125% bringing it down to 3.05%.

Changes of benefit terms: There were no significant changes of benefit terms for the plan years shown.

SCHEDULE OF CONTRIBUTIONS (PENSIONS)
Last 10 Fiscal Years (in Thousands)
Defined Benefit Plan

	2024	2023	2022	2021	2020
Actuarially determined contribution	**$ 4,960**	$ 4,944	$ 6,570	$ 6,125	$ 6,159
Contributions in relation to the actuarially determined contribution	**7,939**	7,664	9,102	8,522	8,356
Contribution deficiency (excess)	**$ (2,979)**	$ (2,720)	$ (2,532)	$ (2,397)	$ (2,197)
Covered payroll	**$ 37,283**	$ 32,529	$ 30,810	$ 33,329	$ 32,828
Contributions as a percentage of covered payroll	**21.29%**	23.56%	29.54%	25.57%	25.45%

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 5,740	$ 5,416	$ 3,765	$ 3,666	$ 3,823
Contributions in relation to the actuarially determined contribution	7,783	7,247	5,421	3,948	3,823
Contribution deficiency (excess)	$ (2,043)	$ (1,831)	$ (1,656)	$ (282)	$ -
Covered payroll	$ 31,585	$ 31,628	$ 31,132	$ 29,189	$ 27,955
Contributions as a percentage of covered payroll	24.64%	22.91%	17.41%	13.53%	13.68%

* This schedule is presented for the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 8 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)
Preservation of Benefits Trust Plan

	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service cost	**$ 39,567**	$ 68,342	$ 88,557	$ 55,276	$ 49,343	$ 51,774	$ 60,994	$ 29,270
Interest cost	**57,310**	51,359	54,559	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	**(702,599)**	(381,597)	(195,545)	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	**(17,243)**	(437,754)	22,116	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	**(29,871)**	(59,667)	(41,662)	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	**(652,836)**	(759,317)	(71,975)	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	**1,614,123**	2,373,440	2,445,415	1,767,232	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	**$ 961,287**	$ 1,614,123	$ 2,373,440	$ 2,445,415	$ 1,767,232	$ 1,656,062	$ 1,479,005	$ 1,209,124
Covered employee payroll	**$32,528,943**	$ 30,809,714	$ 33,328,788	$ 32,828,449	$ 31,584,841	$ 31,628,301	$ 31,131,795	$ 29,189,357
Net Pension Liability as a percentage of payroll	**2.96%**	5.24%	7.12%	7.45%	5.60%	5.24%	4.75%	4.14%

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 74, this schedule will only present information from the years that are available.

SCHEDULE OF CONTRIBUTIONS (PENSIONS)
LAST 7 FISCAL YEARS (IN THOUSANDS)
Preservation of Benefits Trust Plan

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	**9**	21	52	43	41	45	57
Contribution deficiency (excess)	**$ (9)**	$ (21)	$ (52)	$ (43)	$ (41)	$ (45)	$ (57)
Covered payroll	**$ 37,283**	$ 32,529	$ 30,810	$ 33,329	$ 32,828	$ 31,585	$ 31,628
Contributions as a percentage of covered employee payroll	**0.02%**	0.06%	0.17%	0.13%	0.13%	0.14%	0.18%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from the years that are available.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
Last 7 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)
Other Postemployment Benefits

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	**$ 517,853**	$ 570,006	$ 446,233	$ 501,198	$ 449,596	$ 436,501	$ 411,052
Interest cost	**1,604,101**	1,546,979	1,829,473	1,739,459	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	**(2,744,688)**	-	(3,669,756)	-	(169,582)	-	-
Changes of Assumptions	**2,019,463**	-	4,568,725	-	(1,531,369)	-	766,830
Benefit Payments	**(1,002,148)**	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	**394,581**	1,165,497	2,255,213	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	**30,537,516**	29,372,019	27,116,806	25,660,994	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	**$ 30,932,097**	$ 30,537,516	$ 29,372,019	$ 27,116,806	$ 25,660,994	$ 25,804,494	$ 24,217,840
Plan Fiduciary Net Position							
Contributions—Employer	**$ 1,002,148**	$ 951,488	$ 919,462	$ 784,845	$ 775,225	$ 622,425	$ 2,012,419
Net Investment Income	**474,185**	(3,627,823)	4,973,926	982,113	1,604,058	1,896,351	2,175,582
Benefit Payments	**(1,002,148)**	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Administrative Expense	**(8,543)**	(8,562)	(10,452)	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	**465,642**	(3,636,385)	4,963,474	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	**30,093,110**	33,729,495	28,766,021	27,797,488	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	**$ 30,558,752**	$ 30,093,110	$ 33,729,495	$ 28,766,021	$ 27,797,488	$ 26,199,041	$ 24,315,258
Net OPEB Liability (Asset)	**$ 373,345**	$ 444,406	$ (4,357,476)	$ (1,649,215)	$ (2,136,494)	$ (394,547)	$ (97,418)
Net Position as a percentage of OPEB liability	**98.79%**	98.54%	114.84%	106.08%	108.33%	101.53%	100.40%
Covered employee payroll	**$ 14,296,047**	$ 14,493,921	$ 12,786,000	$ 14,608,940	$ 13,869,000	$ 16,625,857	$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	**2.61%**	3.07%	(34.08%)	(11.29%)	(15.40%)	(2.37%)	(0.60%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net OPEB liability (asset). Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.

Significant Assumption Changes: The following were significant changes in assumption for the year presented in the schedule above.
Notes to Required Supplementary Information for the Year Ended June 30, 2024
2024 – Medical trend assumptions increased 2.0% to 8.5% for non-Medicare, and 1.85% to 7.5% for Medicare.
2022 - The discount rate and long-term expected rate of return on assets were reduced from 6.75% to 5.25%.
2020 - Reduction of the discount rate from 7.28% to 6.75%. The addition of a DROP assumption and other changes due to change in actuary and systems.
2018 - Increase in future plan participation assumption. Changes in spouse assumption. Update to the mortality assumption.

Changes of benefit terms: There were no significant changes of benefit terms for the plan years shown.

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS (IN THOUSANDS)
Other Postemployment Benefits

	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 581**	$ 264	$ 326	$ 365	$ 427	$ 486
Contributions in relation to the actuarially determined contribution	**1,099**	1,002	951	919	785	339
Contribution deficiency (excess)	**$ (518)**	$ (738)	$ (625)	$ (554)	$ (358)	$ 147
Covered employee payroll	**$ 13,260**	$ 14,296	$ 14,494	$ 12,786	$ 14,609	$ 13,869
Contributions as a percentage of covered employee payroll	**8.29%**	7.01%	6.56%	7.19%	5.37%	2.44%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for the annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.

STATISTICAL SECTION

This part of the Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends Data – These tables contain trend information to help the reader understand how the Airport Authority's financial performance and well-being have changed over time.

• Authority operating revenues and O&M expenses	Exhibit S-1
• Authority net position by component	Exhibit S-2
• Authority changes in net position	Exhibit S-3
• Authority largest sources of revenue	Exhibit S-4

Revenue Capacity – These tables contain information to help the reader assess the Airport Authority's most significant revenue sources.

• Authority landing fee rate	Exhibit S-5
• Terminal rates billed to airlines	Exhibit S-6
• Airline cost per enplaned passenger	Exhibit S-7

Operating Information – These tables are intended to provide contextual information about the Airport Authority's operations and resources in order for readers to understand and assess its economic condition.

• Authority employee head count	Exhibit S-8
• Aircraft operations	Exhibit S-9
• Aircraft landed weight	Exhibit S-10
• Aircraft landed weight by airline	Exhibit S-11
• Passenger enplanements	Exhibit S-12
• Enplanement market share by airline by fiscal year	Exhibit S-13
• Capital assets	Exhibit S-14

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the Airport Authority's financial activities take place.

• Selected employers in San Diego County	Exhibit S-15
• Labor force, employment and unemployment rates	Exhibit S-16

Debt Capacity – These tables present information to help the reader assess the affordability of the Airport Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

• Debt service coverage	Exhibit S-17
• Debt services coverage – Series 2014 CFC Bonds	Exhibit S-18
• Debt per enplaned passenger	Exhibit S-19

EXHIBIT S-1
AUTHORITY REVENUES AND O&M EXPENSES ($000)

Fiscal Years Ended June 30,

Operating Revenues	2024	2023	2022 [4]	2021	2020	2019	2018	2017	2016	2015
Airline revenue										
Landing fees	**$ 53,873**	$ 44,741	$ 35,354	$ 34,046	$ 33,242	$ 24,816	$ 23,900	$ 24,612	$ 23,985	$ 21,390
Aircraft parking fees	**13,612**	11,189	8,856	8,542	8,354	3,471	3,236	2,927	2,701	2,716
Building rentals	**145,169**	129,744	97,047	83,090	82,453	70,912	62,241	56,575	53,536	48,153
Security surcharge	**-**	-	-	-	-	33,559	32,303	29,468	29,223	25,180
Other aviation revenue	**8,566**	7,123	6,518	8,192	7,789	1,596	1,477	2,799	2,760	4,893
Concession revenue	**79,546**	75,559	88,138	41,801	57,243	71,256	65,610	61,256	29,249	52,496
Parking and ground transportation revenue	**72,484**	65,415	57,076	27,447	50,751	62,818	53,254	49,407	75,131	41,632
Ground rentals	**23,416**	23,257	19,651	19,809	21,386	22,810	22,109	20,053	16,226	13,074
Other operating revenue	**3,223**	3,735	2,999	1,680	1,818	2,441	1,949	1,750	1,183	971
Total Operating Revenues	**$ 399,889**	$ 360,762	$ 315,640	$ 224,606	$ 263,036	$ 293,679	$ 266,079	$ 248,847	$ 233,994	$ 210,505

Operating Expenses Before Depreciation	2024	2023	2022 [4]	2021	2020	2019	2018	2017	2016	2015
Salaries and benefits	**$ 57,444**	$ 51,231	$ 46,373	$ 52,922	$ 51,667	$ 49,578	$ 47,866	$ 46,874	$ 42,025	$ 39,211
Contractual services	**52,445**	45,581	34,491	24,977	37,694	49,903	45,249	44,372	38,215	32,422
Safety and security	**36,778**	33,043	34,191	35,086	29,457	31,397	30,733	28,422	28,721	23,464
Space rental	**467**	313	839	64	10,207	10,191	10,190	10,190	10,367	10,433
Utilities	**19,518**	17,567	14,193	11,730	12,748	13,194	12,509	10,736	11,480	10,152
Maintenance	**14,125**	16,417	10,747	9,111	11,584	13,436	12,603	14,270	14,122	14,516
Equipment and systems	**544**	922	340	425	336	375	598	506	708	1,805
Materials and supplies	**650**	661	496	450	651	656	655	611	536	519
Insurance	**2,314**	1,997	1,741	1,519	1,308	1,200	1,098	956	949	1,145
Employee development and support	**731**	681	537	442	967	1,045	1,248	1,347	1,242	1,136
Business development	**2,280**	1,916	1,781	209	2,033	2,630	3,246	2,347	2,390	2,493
Equipment rentals and repairs	**4,992**	4,010	3,472	3,380	3,598	3,614	3,124	3,095	2,852	2,951
Total operating expenses before depreciation and amortization	**$ 192,288**	$ 174,339	$ 149,201	$ 140,313	$ 162,250	$ 177,219	$ 169,119	$ 163,725,529	$ 153,608,455	$ 140,249,709

EXHIBIT S-2
AUTHORITY NET POSITION BY COMPONENT ($000)

Fiscal Years Ended June 30,

	2024	2023	2022 [4]	2021 [3]	2020	2019	2018 [2]	2017	2016 [1]	2015
Net investment in capital assets	**$ 473,181**	$ 320,779	$ 410,960	$ 325,062	$ 266,213	$ 281,491	$ 294,937	$ 263,952	$ 310,339	$ 316,250
Other restricted net position	**266,992**	228,233	172,638	192,484	211,329	246,508	230,954	225,088	214,533	215,968
Unrestricted net position	**561,058**	484,167	330,470	372,011	407,524	325,303	284,034	294,133	251,076	210,522
Total net position	**$ 1,301,232**	$ 1,033,179	$ 914,068	$ 889,557	$ 885,066	$ 853,302	$ 809,925	$ 783,173	$ 775,949	$ 742,740

[1] Amounts for 2016 were restated as per GASB 68

[2] Amounts for 2018 were restated as per GASB 75

[3] Amounts for 2021 were restated as per GASB 87

[4] Amounts for 2022 were restated as per GASB 94 & 96

EXHIBIT S-3
AUTHORITY CHANGES IN NET POSITION ($000)

Fiscal Years Ended June 30,

	2024	2023	2022 [4]	2021 [3]	2020	2019	2018 [2]	2017	2016 [1]	2015
Operating revenues:										
Airline revenue:										
Landing fees	**$ 53,873**	$ 44,741	$ 35,354	$ 34,046	$ 33,242	$ 24,816	$ 23,900	$ 24,612	$ 23,985	$ 21,390
Aircraft parking fees	**13,612**	11,189	8,856	8,542	8,354	3,471	3,236	2,927	2,701	2,716
Building rentals	**145,169**	129,744	97,047	83,090	82,453	70,912	62,241	56,575	53,536	48,153
Security surcharge	**-**	-	-	-	-	33,559	32,303	29,468	29,223	25,180
Other aviation revenue	**8,566**	7,123	6,518	8,192	7,789	1,596	1,477	2,799	2,760	4,893
Concession revenue	**79,546**	75,559	88,138	41,801	57,243	71,256	65,610	61,256	56,274	52,496
Parking and ground transportation revenue	**72,484**	65,415	57,076	27,447	50,751	62,818	53,254	49,407	48,106	41,632
Ground rentals	**23,416**	23,257	19,651	19,809	21,386	22,810	22,109	20,053	16,226	13,074
Other operating revenue	**3,223**	3,735	2,999	1,680	1,818	2,441	1,949	1,750	1,183	971
Total operating revenues	**399,889**	360,762	315,640	224,606	263,036	293,679	266,079	248,847	233,994	210,505
Operating expenses before depreciation and										
Salaries and benefits	**57,444**	51,231	46,373	52,922	51,667	49,578	47,866	46,874	42,025	39,211
Contractual services	**52,445**	45,581	34,491	24,977	37,694	49,903	45,249	44,372	38,215	32,422
Safety and security	**36,778**	33,043	34,191	35,086	29,457	31,397	30,733	28,422	28,721	23,465
Space rental	**467**	313	839	64	10,207	10,191	10,190	10,190	10,367	10,433
Utilities	**19,518**	17,567	14,193	11,730	12,748	13,194	12,509	10,736	11,480	10,152
Maintenance	**14,125**	16,417	10,747	9,111	11,584	13,436	12,603	14,270	14,122	14,516
Equipment and systems	**544**	922	340	425	336	375	598	506	708	1,805
Materials and supplies	**650**	661	496	450	651	656	655	611	536	519
Insurance	**2,314**	1,997	1,741	1,519	1,308	1,200	1,098	956	949	1,145
Employee development and support	**731**	681	537	442	967	1,045	1,248	1,347	1,242	1,136
Business development	**2,280**	1,916	1,781	209	2,033	2,630	3,246	2,347	2,390	2,493
Equipment rentals and repairs	**4,992**	4,010	3,472	3,380	3,598	3,614	3,124	3,095	2,852	2,951
Total operating expenses before and amortization	**192,288**	174,339	149,201	140,313	162,250	177,219	169,119	163,726	153,607	140,248
Income from operations before and amortization	**207,601**	186,423	166,438	84,293	100,786	116,460	96,960	85,121	80,387	70,257
Depreciation and amortization expense	**122,175**	131,586	142,012	137,496	131,587	124,329	105,532	95,229	87,821	81,887
Operating income (loss)	**85,426**	54,837	24,427	(53,202)	(30,801)	(7,869)	(8,572)	(10,108)	(7,434)	(11,630)
Nonoperating revenues (expenses):										
Passenger facility charges	**49,200**	46,755	40,394	22,110	34,393	49,198	46,953	42,200	40,258	38,517
Customer facility charges	**35,913**	34,375	30,333	15,755	30,240	41,918	41,036	36,528	33,208	32,465
CARES Act/ACRGP Act Grants	**-**	-	78,922	77,219	36,895	-	-	-	-	-
Quieter Home Program, net	**(1,845)**	(2,051)	(2,541)	(3,233)	(3,295)	(3,192)	(2,747)	(785)	(3,698)	(2,811)
Joint Studies Program	**-**	-	-	-	-	(99)	(114)	-	(101)	(145)
Other interest income	**10,198**	11,145	11,893	6,748	-	-	-	-	-	-
Investment income	**129,223**	50,882	(48,884)	2,495	32,430	25,533	9,426	5,689	5,999	5,747
Interest expense	**(164,933)**	(127,464)	(109,675)	(76,628)	(73,612)	(74,501)	(68,411)	(58,179)	(50,636)	(55,187)
Build America Bonds Rebate	**-**	-	-	-	-	4,686	4,666	4,651	4,656	4,631
Other revenues (expenses), net	**(3,490)**	(1,654)	(13,316)	(705)	1,442	(510)	(9,281)	(14,676)	2,247	1,367
Nonoperating revenue, net	**54,265**	11,987	(12,873)	43,761	58,493	43,033	21,528	15,428	31,933	24,584
Income before capital grant contributions	**139,691**	66,824	11,554	(9,441)	27,692	35,164	12,956	5,320	24,499	12,954
Capital grant contributions	**128,361**	52,287	12,958	13,932	4,072	8,213	13,079	1,904	10,477	10,765
Change in net position	**268,052**	119,111	24,512	4,491	31,764	43,377	26,035	7,224	34,976	23,719
Prior Period Adjustment	**-**	-	-	-	-	-	717	-	(1,767)	(7,993)
Net position, beginning of year	**1,033,180**	914,069	889,557	885,066	853,302	809,925	783,173	775,949	742,740	727,016
Net position, end of year	**$ 1,301,232**	$ 1,033,180	$ 914,069	$ 889,557	$ 885,066	$ 853,302	$ 809,925	$ 783,173	$ 775,949	$ 742,742

[1] Amounts for 2016 were restated as per GASB 68

[2] Amounts for 2018 were restated as per GASB 75

[3] Amounts for 2021 were restated as per GASB 87

[4] Amounts for 2022 were restated as per GASB 94 & 96

EXHIBIT S-4
AUTHORITY LARGEST SOURCES OF REVENUE ($000)

Fiscal Years Ended June 30,

Tenant	2024	2023	2022	2021 [3]	2020	2019	2018 [2]	2017	2016 [1]	2015
Southwest Airlines	**$ 63,381,322**	$ 59,517,741	$ 46,676,116	$ 32,981,547	$ 44,940,626	$ 42,358,547	$ 38,403,919	$ 35,960,638	$ 33,838,686	$ 33,107,335
Alaska Airlines [5]	**33,254,784**	29,361,297	25,229,826	19,163,465	20,633,199	17,436,299	16,352,834	11,705,334	10,612,367	9,712,564
United Airlines	**30,941,701**	26,967,634	19,809,053	16,629,587	20,204,377	18,335,068	17,520,412	16,227,363	14,518,119	15,687,045
Delta Airlines	**30,211,588**	28,222,722	23,051,398	16,637,440	22,063,736	18,367,799	17,007,240	16,123,110	14,418,056	13,560,515
American Airlines [4]	**25,639,648**	21,754,057	19,653,281	17,009,804	17,150,267	17,073,172	16,581,217	17,075,112	15,321,505	15,888,023
Enterprise Rent-A-Car	**14,533,959**	14,532,491	12,725,271	5,913,051	12,238,158	12,779,605	12,285,652	11,188,393	9,451,127	7,998,222
Avis Rent-A-Car [6]	**14,508,788**	15,715,254	14,247,125	4,666,097	8,446,736	-	-	-	-	-
Uber Technologies, Inc	**11,974,153**	11,222,131	6,805,565	-	-	-	-	-	-	-
Hertz Rent-A-Car	**11,416,582**	12,587,839	11,065,293	5,303,020	10,829,239	11,538,847	11,017,486	11,142,905	8,225,179	6,236,082

[1] Amounts for 2016 were restated as per GASB 68

[2] Amounts for 2018 were restated as per GASB 75

[3] Amounts for 2021 were restated as per GASB 87

[4] On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. Data for US Airways and American Airlines have been combined in this table.

[5] Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Data for Alaska Airlines and Virgin America have been combined in this table.

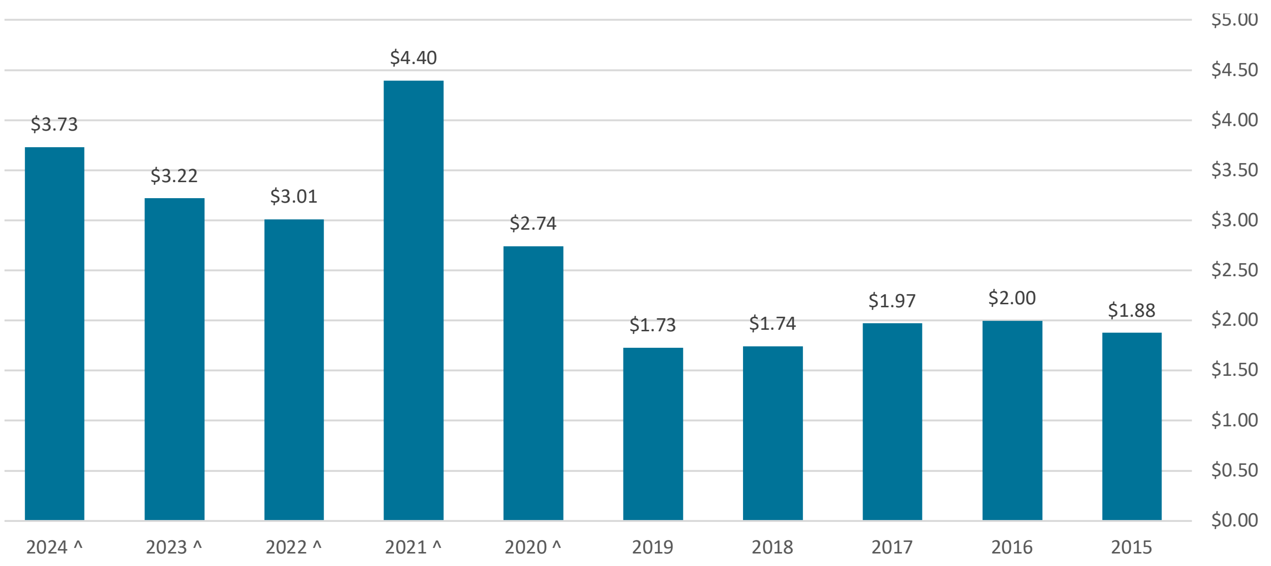
[6] On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC aquiring all agreemts at SAN. Data for BW-Budget and Avis have been combined on this table.

Note: Amounts depicted in this exhibit reflect principal and interest payments for leases subject to GASB Statement No.87, leases outside the scope of the standard reflect revenue

EXHIBIT S-5
AUTHORITY LANDING FEE RATE ($ PER 1,000 LBS)

Fiscal Years Ended June 30,

AUTHORITY LANDING FEE RATE



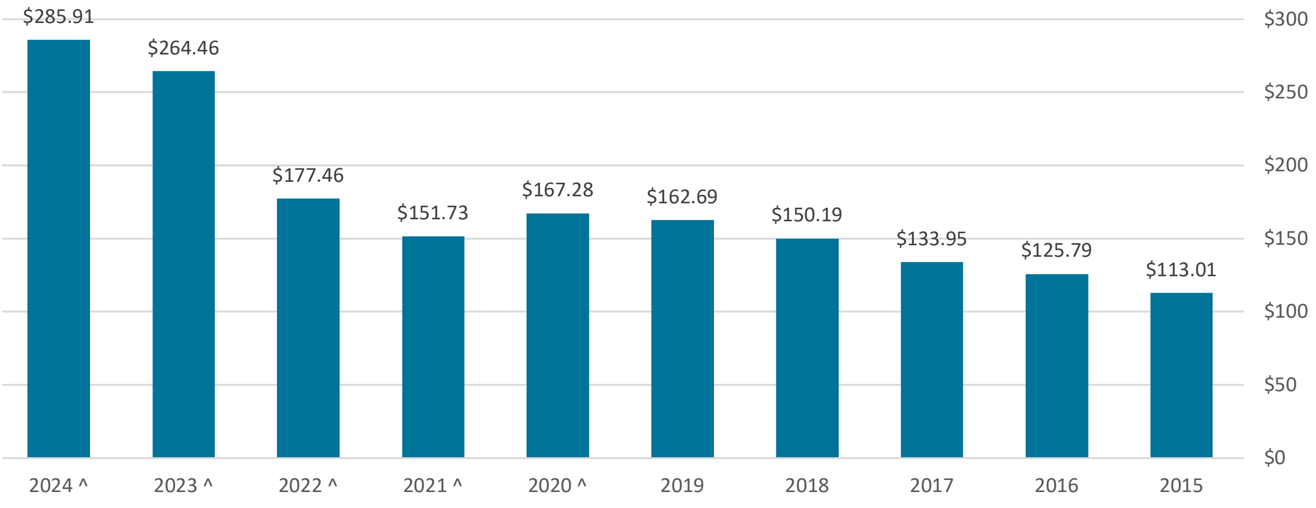
*Signatury Rate

Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

EXHIBIT S-6
TERMINAL RATES BILLED TO AIRLINES

Fiscal Years Ended June 30,

TERMINAL RATE PER SQUARE FOOT



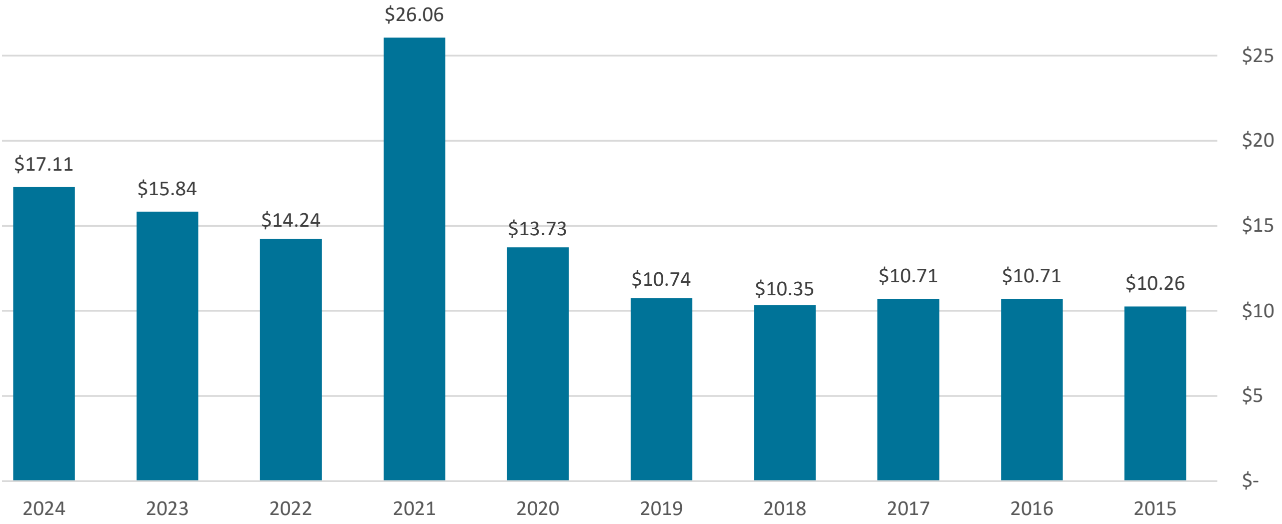
*Signatury Rate

Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

Fiscal Years Ended June 30,

COST PER ENPLANED PASSENGER

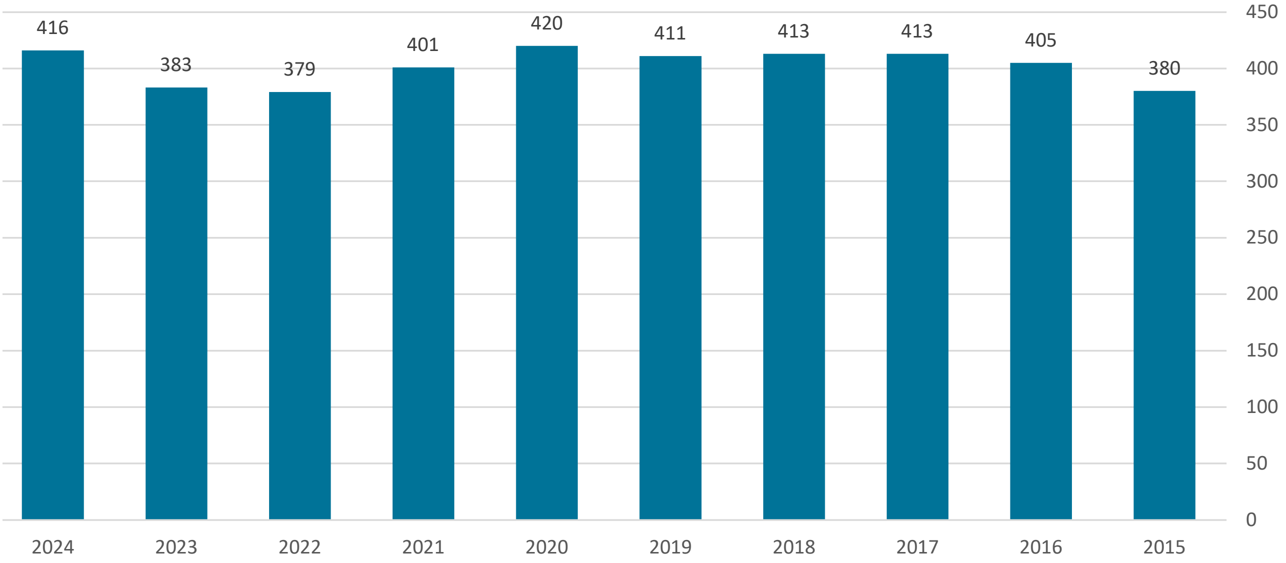
Fiscal Year	Enplaned Passengers (in thousands)	Cost per Enplaned Passenger
2015	9,713	$10.26
2016	10,206	$10.71
2017	10,596	$10.71
2018	11,732	$10.35
2019	12,356	$10.74
2020	9,235	$13.73
2021	4.861	$26.06
2022	9.953	$14.24
2023	11.868	$15.84
2024	**12.467**	**$17.28**



Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

Fiscal Years Ended June 30,

AUTHORITY EMPLOYEE HEAD COUNT



The Airport Authority does not have part-time employees. This chart reflects the average number of employees for the fiscal years shown above.

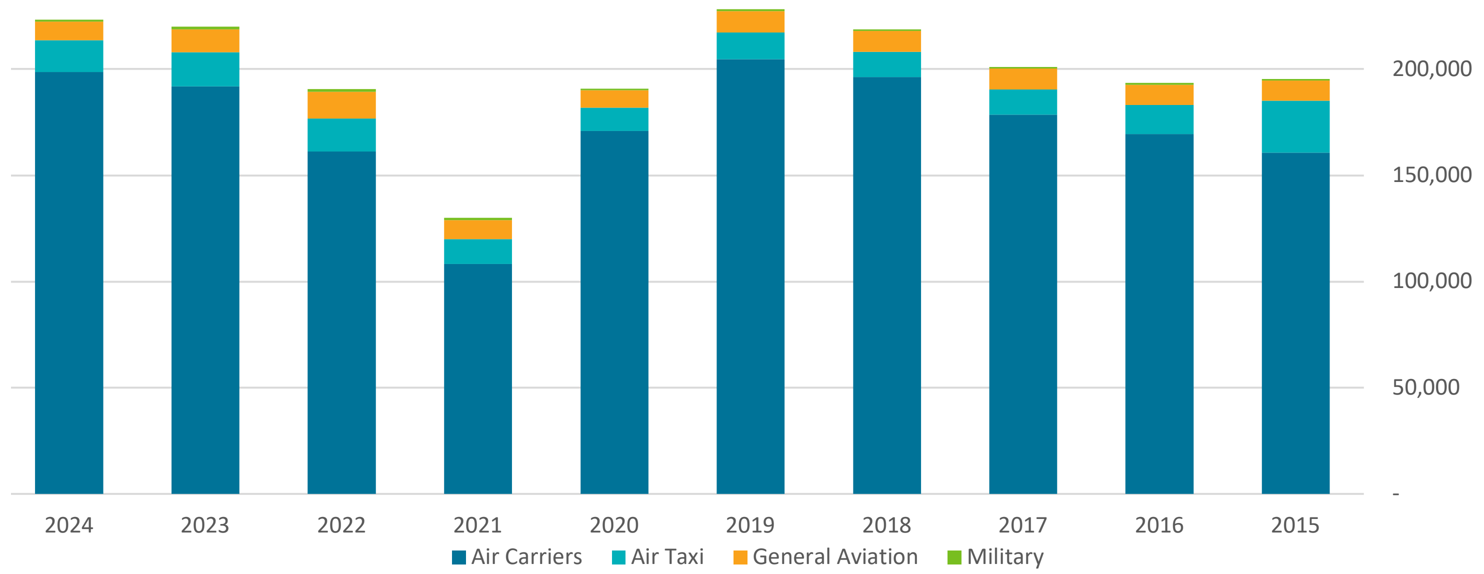
EXHIBIT S-9
AIRCRAFT OPERATIONS (TAKEOFFS & LANDINGS)

Fiscal Years Ended June 30,

Fiscal Year	Air Carriers	Air Taxi	General Aviation	Military	Total
2015	160,726	24,336	9,534	669	195,265
2016	169,365	13,741	9,439	906	193,451
2017	178,579	11,899	9,719	814	201,011
2018	196,253	11,903	9,816	699	218,671
2019	204,627	12,539	10,167	759	228,092
2020	170,757	10,990	8,174	825	190,746
2021	108,240	11,844	8,835	1,098	130,017
2022	161,150	15,547	12,611	1,177	190,485
2023	191,751	16,144	10,699	1,351	219,945
2024	**198,749**	**14,794**	**8,819**	**891**	**223,253**

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only)

AIRCRAFT OPERATIONS

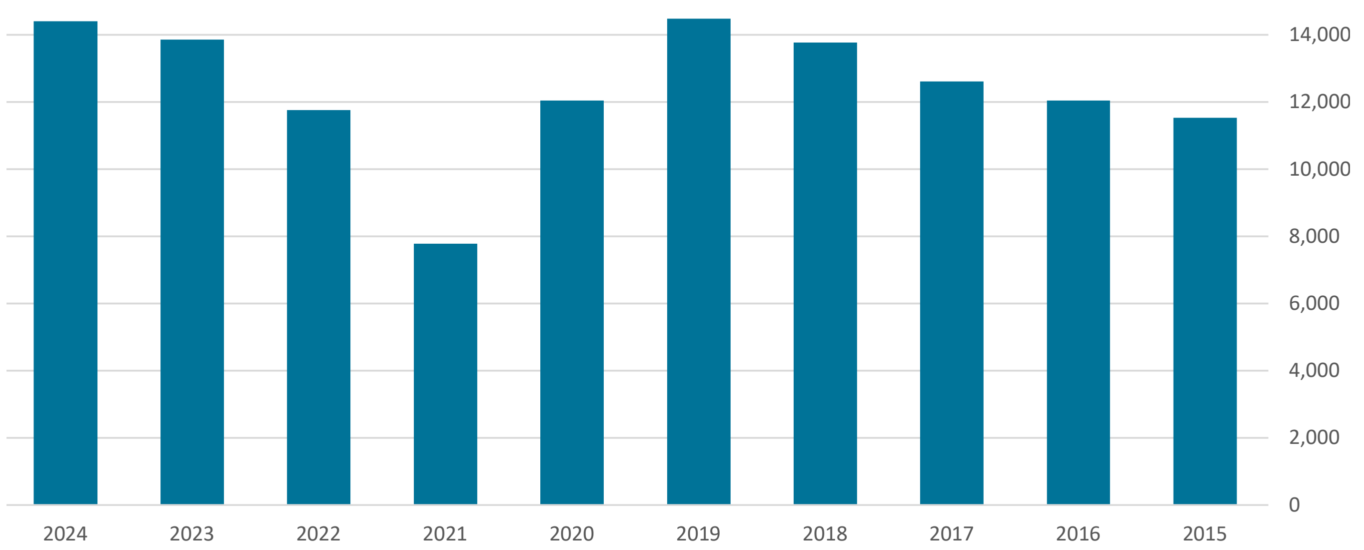


Aircraft Operations are the takeoffs and landings at SDIA.
They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10
AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)

Fiscal Years Ended June 30,

AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)



Source: San Diego Regional Airport Authority

Landed Weight is the maximum gross certificated landed weight in one million pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the airport.

EXHIBIT S-11
AIRCRAFT LANDED WEIGHTS BY AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

Airline	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Southwest Airlines	4,758,859	5,001,008	3,688,292	2,277,011	4,422,096	5,180,064	4,924,451	4,470,104	4,257,162	4,214,314
Delta Airlines	1,573,722	1,516,632	1,497,160	1,049,374	1,221,773	1,389,312	1,183,702	1,175,285	1,153,074	1,077,103
American Airlines [2]	1,498,180	1,317,772	1,238,946	917,691	1,201,659	1,415,134	1,471,318	1,428,538	1,467,922	1,359,911
Alaska Airlines [3]	1,504,134	1,410,162	1,196,955	769,364	1,162,582	1,411,255	1,131,807	999,875	924,310	888,065
United Airlines [1]	1,664,205	1,450,512	1,260,134	694,980	1,201,192	1,566,148	1,492,873	1,355,185	1,250,500	1,227,974
Skywest Airlines	844,860	755,828	709,412	504,012	481,705	637,117	627,038	465,023	359,197	408,608
Federal Express	321,999	405,893	476,195	466,734	394,288	375,807	388,782	390,716	444,038	384,686
Frontier Airlines	434,930	311,884	264,830	199,836	204,924	247,145	232,794	167,590	115,238	153,880
JetBlue Airlines	313,015	316,168	292,311	171,957	260,940	281,715	293,160	244,364	199,232	193,848
Horizon Air- Alaska Airlines	80,100	41,325	166,950	145,050	146,100	82,650	100,303	54,799	60,268	88,241
United Parcel	139,418	137,094	138,064	138,926	146,624	138,860	143,678	146,778	135,318	127,660
Spirit Airlines	319,139	288,873	165,464	125,589	230,911	331,366	328,424	286,162	351,977	296,925
Hawaiian Airlines	205,340	209,839	211,844	122,574	155,345	237,560	161,486	147,568	147,406	146,284
ABX Air	0	272	6,068	83,216	42,542	-	-	-	-	42,666
Allegiant	38,475	75,345	53,883	38,889	19,387	31,927	47,516	57,227	17,403	7,053
Subtotal	**13,696,376**	**13,238,607**	**11,366,508**	**7,705,202**	**11,292,068**	**13,326,060**	**12,527,333**	**11,389,213**	**10,883,044**	**10,617,218**
All Others	705,033	620,449	397,577	74,326	761,012	1,155,169	1,242,613	1,226,855	1,165,098	906,502
Total	**14,401,408**	**13,859,056**	**11,764,084**	**7,779,528**	**12,053,080**	**14,481,229**	**13,769,945**	**12,616,068**	**12,048,142**	**11,523,720**
Annual % Change	3.9%	17.8%	51.2%	-35.5%	-16.8%	5.2%	9.1%	4.7%	4.6%	3.0%

Source: San Diego County Regional Airport Authority

[1] United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

[2] US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

[3] Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

EXHIBIT S-11
AIRCRAFT LANDED WEIGHTS BY AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

Airline	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Southwest Airlines	33.0%	36.1%	31.4%	29.3%	36.7%	35.8%	35.8%	35.4%	35.3%	36.6%
Delta Airlines	10.9%	10.9%	12.7%	13.5%	10.1%	9.6%	8.6%	9.3%	9.6%	9.3%
American Airlines [2]	10.4%	9.5%	10.5%	11.8%	10.0%	9.8%	10.7%	11.3%	12.2%	11.8%
Alaska Airlines [3]	10.4%	10.2%	10.2%	9.9%	9.6%	9.7%	8.2%	7.9%	7.7%	7.7%
United Airlines [1]	11.6%	10.5%	10.7%	8.9%	10.0%	10.8%	10.8%	10.7%	10.4%	10.7%
Skywest Airlines	5.9%	5.5%	6.0%	6.5%	4.0%	4.4%	4.6%	3.7%	3.0%	3.5%
Federal Express	2.2%	2.9%	4.0%	6.0%	3.3%	2.6%	2.8%	3.1%	3.7%	3.3%
Frontier Airlines	3.0%	2.3%	2.3%	2.6%	1.7%	1.7%	1.7%	1.5%	1.0%	1.3%
JetBlue Airlines	2.2%	2.3%	2.5%	2.2%	2.2%	1.9%	2.1%	1.9%	1.7%	1.7%
Horizon Air- Alaska Airlines	0.6%	0.3%	1.4%	1.9%	1.2%	0.6%	0.7%	0.4%	0.5%	0.8%
United Parcel	1.0%	1.0%	1.2%	1.8%	1.2%	1.0%	1.0%	1.2%	1.1%	1.1%
Spirit Airlines	2.2%	2.1%	1.4%	1.6%	1.9%	2.3%	2.4%	2.3%	2.9%	2.6%
Hawaiian Airlines	1.4%	1.5%	1.8%	1.6%	1.3%	1.6%	1.2%	1.2%	1.2%	1.3%
ABX Air	0.0%	0.0%	0.1%	1.1%	0.4%	-	-	-	-	0.4%
Allegiant	0.3%	0.5%	0.5%	0.5%	0.2%	0.2%	0.3%	0.5%	0.2%	0.1%
Subtotal	**95.1%**	**95.5%**	**96.6%**	**99.0%**	**93.7%**	**92.0%**	**91.0%**	**90.3%**	**90.3%**	**92.1%**
All Others	4.9%	4.5%	3.4%	1.0%	6.3%	8.0%	9.0%	9.7%	9.7%	7.9%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

EXHIBIT S-12
PASSENGER ENPLANEMENTS

Fiscal Years Ended June 30,

FiscalYear	Enplaned Passengers	% Change SAN	% Change US Average *
2015	9,713,066	6.9 %	3.7 %
2016	10,206,222	5.1 %	5.4 %
2017	10,596,483	3.8 %	3.4 %
2018	11,731,833	10.7 %	4.3 %
2019	12,356,286	5.3 %	4.3 %
2020	9,235,459	(25.3)%	(25.9)%
2021	4,860,931	(47.4)%	(41.5)%
2022	9,953,162	104.8 %	91.8 %
2023	11,867,569	19.2 %	16.8 %
2024	**12,467,114**	**5.1 %**	**8.1 %**

* Source: U.S. Department of Transportation T-100

PASSENGER ENPLANEMENTS

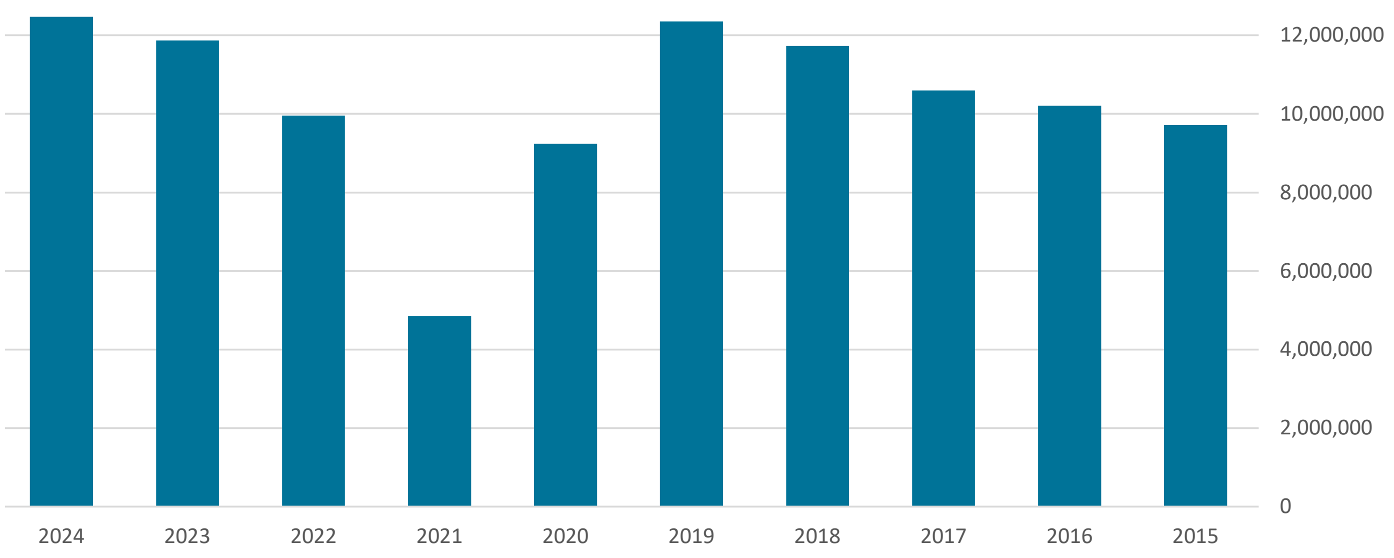


EXHIBIT S-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

Air Carrier	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Air Canada	**150,385**	135,080	43,376	-	90,425	130,404	110,684	93,274	48,985	41,175
Alaska Airlines [1]	**1,409,363**	1,350,550	1,099,999	474,179	976,326	1,253,433	1,031,537	918,841	902,705	871,775
Allegiant Airlines	**40,984**	75,959	49,355	22,391	13,162	30,750	44,934	49,480	16,825	7,406
American Airlines [2]	**1,469,523**	1,282,356	1,238,336	767,833	1,050,613	1,339,334	1,366,634	1,339,489	1,369,003	747,493
Breeze Airways	**13,276**	-	-	-	-	-	-	-	-	-
British Airways	**112,146**	91,914	41,417	-	57,998	83,492	82,543	90,200	89,723	84,263
Condor	**-**	-	-	-	-	-	7,815	3,902	-	-
Delta Air Lines	**1,500,480**	1,411,595	1,215,201	567,589	1,058,188	1,336,885	1,126,873	1,088,647	1,061,889	992,498
Edelweiss	**-**	-	-	-	2,317	6,271	6,990	1,215	-	-
Frontier Airlines	**449,549**	349,379	272,802	180,181	201,280	277,320	254,760	180,235	118,990	150,595
Hawaiian Airlines	**141,924**	148,305	133,525	61,754	102,759	149,744	108,971	107,776	102,462	96,963
Japan Airlines	**32,670**	31,380	12,784	1,027	43,596	66,688	62,034	59,916	59,647	59,372
JetBlue Airways	**273,590**	285,079	249,217	90,332	195,279	230,909	248,325	224,700	182,605	178,590
Lufthansa	**46,227**	47,928	13,695	-	34,654	49,974	13,037	-	-	-
Southwest Airlines	**4,086,618**	4,190,108	3,393,713	1,627,594	3,474,860	4,656,029	4,457,984	3,967,487	3,840,455	3,736,688
Spirit Airlines	**323,698**	303,804	168,192	111,604	225,279	323,623	318,201	287,208	327,183	252,219
Sun Country Airlines	**47,605**	41,618	35,962	23,461	37,073	40,167	41,466	40,109	34,886	28,732
Swoop, Inc.	**-**	543	3,637	-	-	-	-	-	-	-
United Airlines [3]	**1,556,765**	1,412,222	1,256,748	552,709	1,043,393	1,481,166	1,405,663	1,266,055	1,165,565	1,113,510
US Airways [2]	**-**	-	-	-	-	-	-	-	-	523,034
Virgin America [1]	**-**	-	-	-	-	-	183,672	212,158	211,075	175,973
Volaris	**-**	-	-	-	-	-	-	3,948	21,343	20,004
WestJet	**42,592**	32,290	11,836	-	28,905	42,939	39,285	41,043	34,516	33,723
Total Air Carrier	**11,697,395**	**11,190,110**	**9,239,795**	**4,480,654**	**8,636,107**	**11,499,128**	**10,911,408**	**9,975,683**	**9,587,857**	**9,114,013**
Regional										
Compass	**-**	-	-	-	161,113	296,091	251,066	195,126	249,723	140,012
Horizon Air	**70,064**	35,578	137,421	89,894	107,373	64,135	82,131	53,517	64,758	83,764
Skywest Airlines	**699,655**	641,881	575,946	290,383	330,866	496,932	487,228	372,157	301,592	371,979
Other	**-**	-	-	-	-	-	-	-	2,292	3,298
Total Regional	**769,719**	**677,459**	**713,367**	**380,277**	**599,352**	**857,158**	**820,425**	**620,800**	**618,365**	**599,053**
Total Passengers	**12,467,114**	**11,867,569**	**9,953,162**	**4,860,931**	**9,235,459**	**12,356,286**	**11,731,833**	**10,596,483**	**10,206,222**	**9,713,066**

Source: San Diego County Regional Airport Authority

[1] Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

[2] US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

[3] United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

EXHIBIT S-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

Air Carrier	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Air Canada	**1.3%**	1.2%	0.4%	0.0%	1.0%	1.1%	0.9%	0.9%	0.5%	0.4%
Alaska Airlines [1]	**12.0%**	12.1%	11.1%	9.8%	10.6%	10.1%	8.8%	8.7%	8.8%	9.0%
Allegiant Airlines	**0.4%**	0.7%	0.5%	0.5%	0.1%	0.2%	0.4%	0.5%	0.2%	0.1%
American Airlines [2]	**12.6%**	11.5%	12.4%	15.8%	11.4%	10.8%	11.6%	12.6%	13.4%	7.7%
Breeze Airways	**0.1%**	0.0%	0.0%	0.0%	0.0%	0.0%				
British Airways	**1.0%**	0.8%	0	-	0.6%	0.7%	0.7%	0.9%	0.9%	0.9%
Condor	**0.0%**	0.0%	-	-	-	-	0.1%	-	-	-
Delta Air Lines	**12.8%**	12.6%	12.2%	11.7%	11.5%	10.8%	9.6%	10.3%	10.4%	10.2%
Edelweiss	**0.0%**	0.0%	-	-	0.0%	0.1%	0.1%	-	-	-
Frontier Airlines	**3.8%**	3.1%	2.7%	3.7%	2.2%	2.2%	2.2%	1.7%	1.2%	1.6%
Hawaiian Airlines	**1.2%**	1.3%	1.3%	1.3%	1.1%	1.2%	0.9%	1.0%	1.0%	1.0%
Japan Airlines	**0.3%**	0.3%	1	-	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%
JetBlue Airways	**2.3%**	2.5%	2.5%	1.9%	2.1%	1.9%	2.1%	2.1%	1.8%	1.8%
Lufthansa	**0.4%**	0.4%	0	-	0.4%	0.4%	0.1%	-	-	-
Southwest Airlines	**34.9%**	37.4%	34.1%	33.5%	37.6%	37.7%	38.0%	37.4%	37.6%	38.5%
Spirit Airlines	**2.8%**	2.7%	1.7%	2.3%	2.4%	2.6%	2.7%	2.7%	3.2%	2.6%
Sun Country Airlines	**0.4%**	0.4%	0.4%	0.5%	0.4%	0.3%	0.4%	0.4%	0.3%	0.3%
Swoop, Inc.	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
United Airlines [3]	**13.3%**	12.6%	12.6%	11.4%	11.3%	12.0%	12.0%	11.9%	11.4%	11.5%
US Airways [2]	**0.0%**	0.0%	0.0%	-	-	-	-	-	-	5.4%
Virgin America [1]	**0.0%**	0.0%	0.0%	-	-	-	1.6%	2.0%	2.1%	1.8%
Volaris	**0.0%**	0.0%	0.0%	-	-	-	-	-	0.2%	0.2%
WestJet	**0.4%**	0.3%	0.1%	-	0.3%	0.3%	0.3%	0.4%	0.3%	0.3%
Total Air Carrier	**93.8%**	**94.3%**	**92.8%**	**92.2%**	**93.5%**	**93.1%**	**93.0%**	**94.1%**	**93.9%**	**93.8%**
Regional										
Compass	**-**	-	-	-	1.7%	2.4%	2.1%	1.8%	1.9%	1.4%
Horizon Air	**0**	0.3%	1.4%	1.8%	1.2%	0.5%	0.7%	0.5%	0.6%	0.9%
Skywest Airlines	**0**	5.4%	5.8%	6.0%	3.6%	4.0%	4.2%	3.5%	3.0%	3.8%
Other	**-**	-	-	-	-	-	-	-	-	-
Total Regional	**6.2%**	**5.7%**	**7.2%**	**7.8%**	**6.5%**	**6.9%**	**7.0%**	**5.9%**	**6.1%**	**6.2%**
Total Passengers	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

EXHIBIT S-14
CAPITAL ASSETS

San Diego International Airport	
Number of runways	1
Length of runway (feet)	9,401 feet
Number of gates	47
Remote aircraft parking positions	28
Terminal rentable square footage	587,683
Airport Land Area	661 acres
On airport parking spaces (public)	3,507
Off airport parking spaces (public)	-

The parking spaces shown above are controlled and operated by the Airport Authority and reported on a weighted average basis.

The terminal rentable square footage is a weighted average figure that reflects square footage changes due to construction or remodeling.

EXHIBIT S-15
SELECTED EMPLOYERS IN SAN DIEGO COUNTY

Organization	Location	Industry
32nd St Naval Station	San Diego	Federal Government
Collins Aerospace	Chula Vista	National Security
General Dynamics Nassco	San Diego	Aircraft Components-Manufacturers
Illumina Inc	San Diego	Biotechnology Products & Services
Kaiser Permanente Vandever Med	San Diego	Physicians & Surgeons
MCCS MCRD SN DIEGO-MRNECORPS	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Naval Medical Ctr San Diego	San Diego	Hospitals
Page One Seo	San Diego	Mental Health Services
Rady Children's Hospital	San Diego	Hospitals
San Diego Community College	San Diego	Junior-Community College-Tech Institutes
San Diego County Sheriff	Santee	Police Departments
Scripps Mercy Hospital	San Diego	Hospitals
Scripps Research Institute	La Jolla	Laboratories-Research & Development
San Diego Gas & Electric	San Diego	Gas Companies
Seaworld San Diego	San Diego	Amusement & Theme Parks
Sharp Grossmont Hospital	La Mesa	Hospitals
Sharp Grossmont Rehab Ctr	La Mesa	Vocational Rehabilitation Services
Sharp Mary Birch Hospital	San Diego	Hospitals
Sharp Memorial Hospital	San Diego	Hospitals
Sony Electronics Inc	San Diego	Electronic Equipment & Supplies-Retail
UCSD-Neural Computation	La Jolla	University-College Dept/Facility/Office
University of California	La Jolla	University-College Dept/Facility/Office
University-California San Diego	La Jolla	Schools-Universities & Colleges Academic
VA San Diego Healthcare System	San Diego	Hospitals

Sources: America's Labor Market Information System (ALIMS) Employer Database, 2024 2nd Edition
This list is not exhaustive. Employment levels are estimates.

EXHIBIT S-16
LABOR FORCE, EMPLOYMENT, & UNEMPLOYMENT RATES

Year	Labor Force	Employment	Unemployment	Unemployment Rate SD County	Unemployment Rate State
2015	1,548,000	1,464,600	83,500	5.4%	6.1%
2016	1,560,600	1,482,400	78,200	5.0%	5.3%
2017	1,568,800	1,501,500	67,300	4.3%	4.7%
2018	1,578,100	1,521,500	56,600	3.6%	4.2%
2019	1,571,000	1,517,800	53,200	3.4%	4.0%
2020	1,553,000	1,346,200	206,800	13.3%	14.0%
2021	1,540,200	1,427,100	113,100	7.3%	7.6%
2022	1,571,300	1,516,700	54,600	3.5%	4.4%
2023	1,587,600	1,526,100	61,500	3.9%	5.0%
2024	**1,581,400**	**1,510,700**	**70,800**	**4.5%**	**5.2%**

Source: California Employment Development Department Labor Market Information Division Unemployment Rate and Labor Force, not seasonally adjusted.

EXHIBIT S-17
DEBT SERVICE COVERAGE

Fiscal Years Ended June 30,

Senior Bonds	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues [1]	**$ 478,883,956**	$ 409,432,063	$ 324,096,640	$ 227,573,518	$ 280,572,989	$ 306,683,097	$ 276,983,726	$ 255,540,858	$ 238,640,326	$ 214,770,544
Operating and Maintenance Expenses	**(189,012,370)**	(177,921,959)	(96,134,968)	(88,039,540)	(136,297,647)	(165,925,555)	(157,246,523)	(154,455,699)	(151,327,220)	(142,781,639)
Net Revenues [2]	**$ 289,871,586**	$ 231,510,103	$ 227,961,672	$ 139,533,978	$ 144,275,342	$ 140,757,542	$ 119,737,204	$ 101,085,159	$ 87,313,106	$ 71,988,905
Senior Bond Debt Service [3]										
Principal	**$ 2,235,000**	$ -	$ 3,635,598	$ 8,315,000	$ 7,925,000	$ 2,320,000	$ 2,240,000	$ 2,155,000	$ 2,090,000	$ 2,030,000
Interest	**979,238**	-	7,195,563	17,685,100	18,081,350	18,174,150	18,263,750	18,349,950	18,414,600	18,034,575
PFCs used to pay debt service	**-**	-	(4,691,941)	(11,172,249)	(11,260,741)	(9,544,261)	(9,547,482)	(9,548,626)	(9,490,326)	(8,669,966)
Federal Relief used to pay debt service	**-**	-	(1,539,286)	(3,406,934)	(6,501,585)	-	-	-	-	-
Total Debt Service for the Senior Bond	**$ 3,214,238**	$ -	$ 4,599,934	$ 11,420,918	$ 8,244,024	$ 10,949,889	$ 10,956,268	$ 10,956,324	$ 11,014,274	$ 11,394,609
Senior Bonds Debt Service Coverage	**-**	-	49.56	12.22	17.50	12.85	10.93	9.23	7.93	6.32
Subordinate Debt										
Subordinate Net Revenues [2]	**$ 286,657,348**	$ 231,510,103	$ 223,361,738	$ 128,113,061	$ 136,031,318	$ 129,807,653	$ 108,780,936	$ 90,128,835	$ 76,298,832	$ 60,594,296
Subordinate Annual Debt Service [4]										
Principal	**$ 40,495,000**	$ 43,385,000	$ 34,040,000	$ 22,315,000	$ 17,745,000	$ 15,895,000	$ 14,830,000	$ 9,430,000	$ 9,000,000	$ 8,665,000
Interest	**59,106,383**	56,052,373	48,876,516	41,720,733	39,404,449	37,917,500	37,197,656	26,085,029	26,495,600	26,853,179
Variable Rate Debt [5]			-	-	1,894,813	7,497,649	7,335,123	7,000,066	6,760,189	6,736,945
PFCs used to pay debt service	**-**	-	(25,313,393)	(8,833,085)	(18,744,592)	(20,461,072)	(20,457,851)	(20,456,707)	(20,331,674)	(21,554,245)
Federal Relief used to pay debt service	**-**	-	(16,460,714)	(22,593,066)	(14,313,843)	-	-	-	-	-
Total Subordinate Annual Debt Service	**$ 99,601,383**	$ 99,437,373	$ 41,142,409	$ 32,609,582	$ 25,985,827	$ 40,849,077	$ 38,904,928	$ 22,058,389	$ 21,864,115	$ 20,700,879
Subordinate Obligations Debt Service Coverage	**2.88**	2.33	5.43	3.93	5.23	3.18	2.80	4.09	3.48	2.93
Aggregate Debt										
Aggregate Net Revenues	**$ 289,871,586**	$ 231,510,103	$ 227,961,672	$ 139,533,978	$ 144,275,342	$ 140,757,542	$ 119,737,204	$ 101,085,159	$ 87,313,106	$ 71,988,905
Aggregate Annual Debt Service										
Principal	**$ 42,730,000**	43,385,000	37,675,598	30,630,000	25,670,000	18,215,000	17,070,000	11,585,000	11,090,000	10,695,000
Interest	**60,085,621**	56,052,373	56,072,079	59,405,833	57,485,799	56,091,650	55,461,406	44,434,979	44,910,200	44,887,754
Variable Rate Debt [5]	**-**	-	-	-	1,894,813	7,497,649	7,335,123	7,000,066	6,760,189	6,736,945
PFC Funds Applied to Debt Service	**-**	-	(30,005,334)	(20,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(29,822,000)	(30,224,211)
CARES Act used to pay debt service	**-**	-	(18,000,000)	(26,000,000)	(20,815,428)	-	-	-	-	-
Total Annual Debt Service	**$ 102,815,621**	$ 99,437,373	$ 45,742,343	$ 44,030,500	$ 34,229,851	$ 51,798,966	$ 49,861,196	$ 33,014,712	$ 32,938,389	$ 32,095,488
Aggregate Obligations Debt Service Coverage	**2.82**	2.33	4.98	3.17	4.21	2.72	2.40	3.06	2.65	2.24
Aggregate Net Revenues (Including PFC, BAB Subsidy and CARES Act Grant)	**$ 289,871,586**	$ 231,510,103	$ 275,967,006	$ 185,539,311	$ 197,185,501	$ 175,449,049	$ 154,408,727	$ 135,721,711	$ 121,791,304	$ 106,844,335
Total Annual Debt Service (Excluding PFC, BAB Subsidy and CARES Act Grant)	**$ 102,815,621**	99,437,373	93,747,677	90,035,833	87,140,009	86,490,473	84,532,719	67,651,265	67,416,588	66,950,918
Revenue Method - Debt Service Coverage on Aggregate Debt	**2.82**	2.33	2.94	2.06	2.26	2.03	1.83	2.01	1.81	1.60

[1] Revenues are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture.

[2] Net Revenues and Subordinate Net Revenues are calculated pursuant to the provisions of the Master Senior Indenture and Master Subordinate Indenture, as appropriate.

[3] Debt service with respect to the Senior Bonds is calculated pursuant to the provisions of the Master Senior Indenture.

[4] Subordinate Annual Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.

[5] Includes principal and interest.

[6] Information regarding Subordinate Obligations Debt Service Coverage provided in connection with the first fiscal year for which Subordinate Annual Debt Service was due with respect to the 2010 Bonds. Subordinate Annual Debt Service for prior years consisted of debt service on the Authority's Subordinate Commercial Paper Notes and is not presented for Fiscal Years 2009-2010.

EXHIBIT S-18
DEBT SERVICE COVERAGE - SERIES 2014 CFC BONDS

Fiscal Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CFC Collections	**$ 35,912,592**	$ 34,374,844	$ 30,333,350	$ 15,755,254	$ 30,239,698	$ 41,918,554	$ 41,036,526	$ 36,527,853	$ 33,207,946	$ 32,464,843
Bond Funding Supplemental Consideration				-	-	-	-	-	-	-
Transfers from CFC Stabilization Fund			14,357	9,540,452	3,563,874	-	-	-	-	-
Interest Earnings[1]	**2,061,329**	1,405,285	324,938	855,813	1,502,382	1,544,474	919,740	466,134	332,761	295,726
Total Amounts Available	**37,973,921**	35,780,128	30,672,645	26,151,519	35,305,954	43,463,028	41,956,266	36,993,987	33,540,707	32,760,569
Rolling Coverage Fund Balance[2]	**6,575,737**	6,575,173	6,576,235	6,575,382	6,575,637	6,575,894	6,576,363	4,902,363	2,451,182	-
Total Amounts Available, plus Rolling Coverage Fund Balance	**$ 44,549,658**	$ 42,355,301	$ 37,248,880	$ 32,726,901	$ 41,881,591	$ 50,038,922	$ 48,532,629	$ 41,896,350	$ 35,991,889	$ 27,749,195
Series 2014 Debt Service Requirements	**21,930,783**	21,930,783	21,930,783	21,917,940	21,918,789	21,919,646	21,921,210	16,341,210	8,170,605	-
Coverage excluding Rolling Coverage Fund	**1.73**	1.63	1.40	1.19	1.61	1.98	1.91	2.26	4.11	N/A
Coverage including Rolling Coverage Fund	**2.03**	1.93	1.70	1.49	1.91	2.28	2.21	2.56	4.41	N/A

[1] Includes earnings on investments in the Senior Reserve Fund, the Rolling Coverage Fund and the CFC Surplus Fund.

[2] Includes amount on deposit in the Rolling Coverage Fund at the beginning of each Fiscal Year, up to an amount not to exceed 30% of the Series 2014 Debt Service Requirements for such Fiscal Year.

EXHIBIT S-19
DEBT PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

Fiscal Year	Outstanding Bond Debt[1]	Outstanding Short-Term Debt	Capital Leases	Total Outstanding Debt	Enplaned Passengers	Debt per Enplaned Passenger
2015	1,317,784,291	38,705,000	7,971,993	1,364,461,284	9,713,066	140.48
2016	1,302,846,043	32,581,000	7,717,734	1,343,144,777	10,206,222	131.60
2017	1,287,602,498	58,998,000	7,442,314	1,354,042,812	10,596,483	127.78
2018	1,609,960,696	20,163,000	7,143,865	1,637,267,561	11,731,833	139.56
2019	1,581,628,919	13,719,000	6,820,351	1,602,168,270	12,356,286	129.66
2020	1,881,208,470	-	6,496,837	1,887,705,307	9,235,459	204.40
2021	1,835,597,883	-	6,201,974	1,841,799,857	4,860,931	378.90
2022	3,667,843,691	80,100,000	5,878,682	3,753,822,373	9,953,162	377.15
2023	3,600,793,592	80,100,000	5,524,543	3,686,418,135	11,867,569	310.63
2024	**4,539,393,230**	**-**	**5,136,616**	**4,544,529,846**	**12,467,114**	**364.52**

[1] Outstanding Bond Debt includes unamortized bond premium

[2] Starting in 2014, Outstanding Bond Debt includes CFC Bond issuance

SAN DIEGO
INTERNATIONAL AIRPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 4

Audit Committee Report

Meeting Date: November 18, 2024

Subject:

Fiscal Year 2025 First Quarter Report from the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee review this item and forward it to the Board with a recommendation for acceptance. ***(Requires five (5) affirmative votes of the Audit Committee.)***

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate the results of internal audit services to the Authority's Audit Committee and executive management quarterly.

The Fiscal Year 2025 First Quarter Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and the results of the OCA during the period July 1, 2024, through September 30, 2024, and includes details on all recommendations completed or in progress during the first quarter of Fiscal Year 2025.

A presentation by the OCA on its first quarter activities will be provided to the Audit Committee on November 18, 2024. Staff requests that the Audit Committee review the Fiscal Year 2025 First Quarter Report and forward the report to the Board for acceptance.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

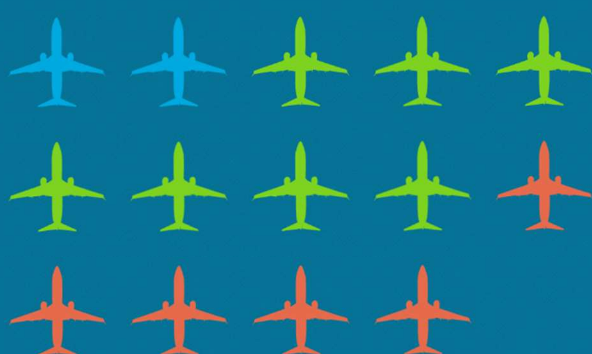
ATTACHMENT A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Office of the Chief Auditor

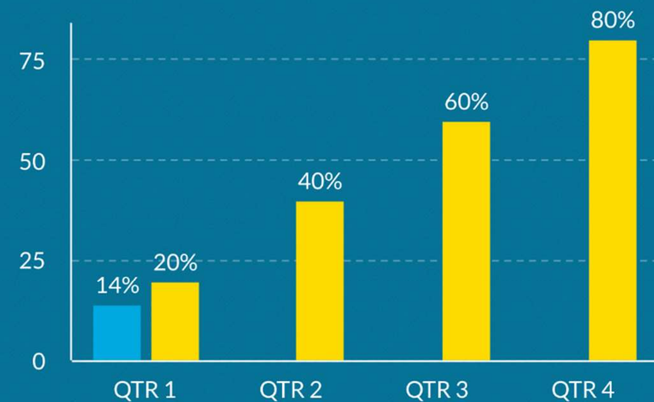
Fiscal Year 2025 1st Quarter Report

Audit Engagement Progress



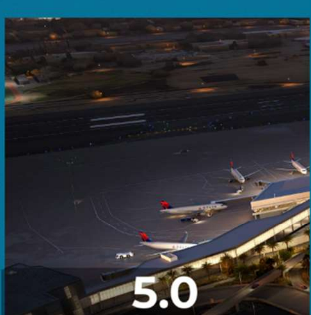
Completed (14.29%) In Progress (50%)
Not Started (35.71%)

Audit Engagements Completed vs. Benchmark & Goal



Completed Benchmark & Goal

By The Numbers



5.0

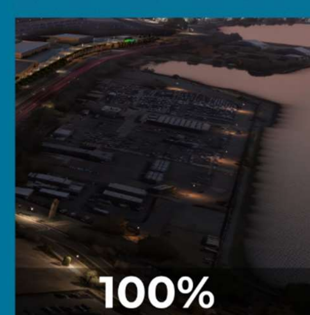
Customer Satisfaction Rating

100%

Engagements Completed Under Budget

80%

Auditor Utilization Percentage



100%

Recommendations Accepted By Management

Fiscal Year 2025

First Quarter Report

Issue Date: November 18, 2024

OFFICE OF THE CHIEF AUDITOR

First Quarter Summary

Executive Summary

During the first quarter the Office of the Chief Auditor (OCA) began work on the Fiscal Year 2025 Audit Plan. As of the end of the quarter, two audit reports were issued, and 7 audits are in process. Additionally, in the first quarter the OCA began preparing for the new Global Internal Audit Standards (GIAS) that are effective in January 2025. The OCA provided a presentation to both executive management and the Audit Committee on the new GIAS.

Performance Measures

For Fiscal Year 2025, five major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1.[1]

Table 1: Status of Performance Measures as of September 30, 2024

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	5.0	4.0
2	Percentage of audit and advisory engagements completed	20%	14%	20%
3	Percentage of recommendations accepted	95%	100%	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	76%	80%	76%
5	Percentage of audit and advisory engagements completed within budget	73%	100%	73%

Customer Satisfaction Rating:

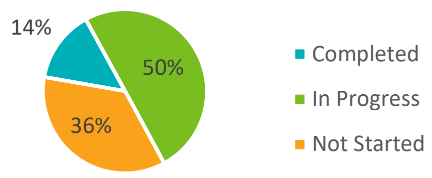
After the completion of an audit or advisory engagement, a survey is sent to the department to obtain customer satisfaction data. The OCAs goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this fiscal year, we have achieved a score of 5.0.

Percentage of Audit and Advisory Engagements Completed:

As of the first quarter, the OCA completed 2 audit engagements, or 14%, of audit and advisory engagements (2/14 = 14%) that are planned to be completed in the Fiscal Year 2025

[1] The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

Figure 1: Status of Audit and Advisory Engagements



Audit Plan.[2] In addition to the two engagements completed, the OCA had 7[3] engagements (50%) in progress as of the end of the first quarter, as shown in Figure 1. The engagements completed in the first quarter are summarized in the upcoming section titled Audit Engagements Issued.

The status of all activities in the Fiscal Year 2025 Audit Plan is included in Appendix A.

Percentage of Recommendations Accepted:

This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations issued. As of the first quarter 100% of all recommendations have been accepted.

Percentage of Staff Time Spent on Audit & Advisory Engagements and General Audit Activities:

This measure tracks the time spent on audit and advisory engagements and general audit activities.[4] The OCAs goal is for staff to spend 76% of their working hours[5] on audit engagements, advisory engagements, and general audit activities. The OCA is currently meeting the goal established, spending 80% of time on audit engagements, advisory engagements, and general audit activities.

Percentage of Audit and Advisory Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audits and advisory engagements. Specifically, audit staff is responsible for the internally prepared budget hours assigned to each audit or advisory engagement. As of the first quarter of Fiscal Year 2025, the OCA completed 100% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal[6].

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[2] The Fiscal Year 2025 Audit Plan has 14 audits and 2 advisory engagements. However, the audits identified as “Tenant Lease Administration and Management – FY2025 Rental Car Companies” and “Accounts Payable Automation” will carry forward into Fiscal Year 2026. This results in 12 audits and 2 advisory engagement (14 total engagements) on the Fiscal Year 2025 Audit Plan to be completed in the fiscal year.

[3] The audits identified as “Tenant Lease Administration and Management – FY2025 Rental Car Companies” and “Accounts Payable Automation” are not counted as they will be carried forward, as anticipated, into Fiscal Year 2026.

[4] Appendix A details all planned activities in these categories for Fiscal Year 2025.

[5] Excludes Time Off (e.g., Holidays, Paid Time off).

[6] The audit “Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs” was a multi-year project. The OCA has increased this budget several times and the original budget was exceeded. However, for this performance measure & audit we only looked at the number of hours in the FY 2025 budget vs the hours utilized.

Audit Engagements Issued

The Office of the Chief Auditor completed two audits during the first quarter. Below is a summary of these engagements.

Tenant Lease Admin. & Management – High Flying Foods Package 7: The objective of this audit was to determine if High Flying Foods accurately reported Gross Receipts and paid Percentage Rents for its concessions contained within Package 7. Audit work determined that High Flying Foods Gross Receipts were 99.9% accurately reported, and Percentage Rents were 99.9% accurately paid. The audit identified one finding and provided three recommendations. All recommendations were accepted by management.

Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs: This audit was completed and provided to management.

General Audit Activities

In addition to performing audit engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required[7] to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.

Risk Assessment and Audit Plan

The OCA is required to submit a formal risked-based internal Audit Plan to the Audit Committee annually. The Risk Assessment & Audit Plan is the culminating result of data gathering, management discussions, surveys, and data analysis. The annual Risk Assessment and Audit Plan is generally initiated during the third quarter of each Fiscal Year. However, informally, the OCA is constantly assessing risk and adjusting the Audit Plan as needed.

Construction Activities

Construction audit activity for the first quarter of Fiscal Year 2025 included continued work on the audit of Small Business Management. The OCA is working with Baker Tilly, the on-call construction audit consultant, to develop the construction audit plan going forward related to the New T1 Terminal & Roadways and Airside projects. The OCA also attended meetings regarding the New T1 terminal and roadways, and the New T1 airside improvements projects. The OCA remains involved with issues identified by ADC and Authority management, providing assistance as requested, and attending meetings specific to all aspects of the Authority's construction activity.

Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics and to identify where in-depth audits should be initiated. The Fiscal Year 2025 Audit Plan has two rental car audits, one of which was identified from the data analytics audit *Fiscal Year 2023 Car Rental Companies.* The OCA is also adding additional rental car companies to the scope of the *Fiscal Year 2024 Car Rental Companies audit.*

The OCA is actively exploring other areas where data analytics could benefit the Authority and the OCA.

[7] Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing.

Fraud, Waste, Abuse, and Ethics Program

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. During the first quarter of Fiscal Year 2025, the OCA received 9 tips/reports that were considered FWA&E related and 8 reports that were not considered FWA&E related[8]. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. During the first quarter of Fiscal Year 2025, one (1) question was received. We appreciate the efforts made by any individual aiming to ensure an ethical decision is reached.

A summary of the tips/reports received in the first quarter is shown in Table 2 below.

Table 2: Hotline Tips/Reports Received in the First Quarter Fiscal Year 2025

Category	Number of Tips / Reports Received	Investigation Initiated by OCA	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Misuse, Misappropriation of Assets	1	1[9]	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	**1**	**1**	**-**
Non – Fraud, Waste, Abuse, & Ethics Tips/Reports			
Human Resources	6	-	-
Business Integrity	2	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	8	-	-
Total Hotline Tips/Reports	**9**	**1**	**-**

Recommendation Follow-up

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The OCA tracks recommendations through regular inquiries made to the audited departments or to the owner of the specific recommendation(s) (See Appendix B). These inquiries allow

[8] Tips/Reports that are Non-FWA&E related are tracked but are not investigated by the OCA. An example of a non-FWA&E related tip/report is a traveler reporting an issue with a water filling station in the terminal. Generally, these tips/reports are forwarded to management to address.

[9] As of the end of the first quarter this tip is still under investigation by the OCA.

the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* as of the first quarter of Fiscal Year 2025, along with the estimated/actual implemetation timeframes based on the audit report issue date. Of the Completed recommendations, none were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, six recommendations were still within the initial timeframe identified for implementation.

In general, the OCA is satisfied with the progress that Authority departments are currently making with the implementation, as based upon our inquiries during the tracking process.

Table 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total[10]
Completed	1	-	3	4
In Progress	5	4	-	9

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP) that includes:

1. Ongoing monitoring (required annually).
2. Internal assessments (required periodically – Next scheduled for FY 2027).
3. External assessments (required every 5 years - Next scheduled for FY 2028).

The OCA completed ongoing monitoring of its Fiscal Year 2024 activities and operations during the first quarter of Fiscal Year 2025. The OCA found no items that would impact audit report quality. Full results are included in the Fiscal Year 2024 OCA Annual Report as part of the September 9, 2024, Audit Committee Meeting materials.

The OCA also provided an update on the Global Internal Audit Standards (GIAS) to both executive management and the Audit Committee. The OCA is preparing for the new GIAS which are effective January 9, 2025.

The OCA continues to monitor its activities and report on performance measures each quarter. Those results are presented in quarterly reports to the Audit Committee.

[10] Recommendation(s) contained in confidential audit reports are not included in Table 3 or in Appendix B. They are tracked separately by the OCA.

Administrative

The activities that reside within the administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Tracking Budget and Expenses

The OCA expenses totaled approximately $290,000 through the end of the first quarter, which represents 20% of the Fiscal Year 2025 budget. No unexpected or large outlays occurred within the department during the first quarter of Fiscal Year 2025. The OCA expects to remain close to budget through the fiscal year-end.

Continuing Professional Development

OCA staff continues to obtain Continuing Professional Education (CPE) credits as required by their various certifications. The OCAs CPE credits are tracked on a calendar year basis. At the end of calendar year 2024 all OCA staff met their respective CPE requirements. In the first quarter, staff attended training on topics that included Airport Parking, Ethics, Fraud, Artificial Intelligence, and Cybersecurity.

Procedural/Supervisory

One Audit Committee meeting took place during the first quarter, which occurred September 9, 2024. The meeting contained all regularly scheduled agenda items, of which the OCA assisted in coordination with the Committee Chair and the Clerk’s Office.

Use of Report

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority’s (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

Board Members
President/Chief Executive Officer
General Counsel
Vice Presidents
Director, Authority Clerk
Director, Government Relations
Assistants specified by Board Members and SDCRAA

Appendix A – Fiscal Year 2025 Audit Plan

#	Activity	Status as of 9/30/2024	Over/ Under Budget
	Audit		
1	Tenant Lease Admin. & Management – FY 2024 Rental Car Companies	In Progress	
2	Tenant Lease Admin. & Management – ABRM Internal Controls	Not Started	
3	Tenant Lease Admin. & Management – ABRM Data Accuracy	Not Started	
4	Tenant Lease Admin. & Management – Sixt	In Progress	
5	Tenant Lease Admin. & Management – FY 2025 Rental Car Companies[11]	In Progress	
6	System Security	In Progress	
7	ARFF Management	Not Started	
8	Accounts Payable Automation[11]	Not Started	
9	Parking Management Contract Administration	Not Started	
10	Tenant Lease Admin. & Management – Hertz	In Progress	
11	Account Provisioning / Deprovisioning	In Progress	
12	Tenant Lease Admin. & Management – High Flying Foods Package 7	Completed	Under
13	Small Business Management	In Progress	
14	Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs	Completed	Under
	To Be Determined – Construction	N/A	
	To Be Determined - Discretionary	N/A	
	Total		
	Advisory		
15	Harbor Police Contract Management	In Progress	
16	Tenant Lease Admin. & Management – New Rental Car Company Reporting	Not Started	
	General Audit		
17	Risk Assessment & Audit Plan	In Progress	
18	Construction Meeting Attendance & Coordination	In Progress	
19	Development of Data Analytics	In Progress	
20	Fraud, Waste, Abuse, and Ethics Program	In Progress	
21	Recommendation Follow-up	In Progress	
22	Quality Assurance & Improvement Program	In Progress	
	Administrative		
23	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
24	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

[11] Audit engagement is not anticipated to be completed in Fiscal Year 2025 and will be carried forward to Fiscal Year 2026.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2024
Completed						
22-11	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority Management should perform a physical inventory of plats throughout Terminal 2, and the New Terminal 1 when completed, to ensure that the reported attributes of space in the E1 Plat Management and GIS Space Manager reports reflect the physical space in the terminals. Any discrepancies should be timely corrected. Additionally, the written procedures referred to in Recommendation #22-8 should include a procedure for the periodic physical inventory of plats in Terminals 1 and 2.	12/1/2022	9/30/2024	Physical inventory for T2 was completed in 2019 however, the adjustments (discrepancies) were not entered into E-1 until 6.30.23. Regarding New T1, plats will be created for each new space and entered into E-1 and GIS. ABRM, has a space module that will be implemented winter of 2025.
24-16	Audit Report 24004 Issued: April 30, 2024 Title: In-Terminal Concession Lease Compliance Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	We recommend that RG&PD implement and document a procedure to guide changing the hours of operation.	9/1/2024	9/30/2024	RGPD has created a written procedure for changing the hours of operations. It has been saved to the department "procedures" folder and will be shared with contract managers.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2024
Completed						
23-28	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV of the overcharge of $2,594 for holiday time for the JV staff. Additionally, we recommend ADC request all holiday policies, and other records as necessary, from each consultant listed above with the total of $4,475 to determine if the Authority's approved labor billing rates already included holiday pay and are duplications. Reimbursement should be requested for duplicate costs.	1/5/2024	8/30/2024	JV processed a credit of $1,414.64 (the remaining unpaid and/or unsupported charges) in the July 2024 pay app.
22-33	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV of the $4,814 overcharge for holiday and paid time-off for the JV staff and the $12,917 overcharge for the consultants to determine the most appropriate method to receive the total incorrectly billed to the Authority.	10/1/2023	8/30/2024	JV processed a credit of $4,216.00 (the remaining unpaid and/or unsupported charges) in the July 2024 pay app.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2024
In Progress						
24-09	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV, and General Counsel if appropriate, to determine the most appropriate way to receive reimbursement of the $1,290,000.	9/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.
24-11	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV to determine the most appropriate way to receive the credits of $144,915 for the unapproved administrative fees and $847,195 for the duplicate coverage.	9/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.
24-12	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should ensure the JV provides adequate documentation prior to paying costs billed.	9/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2024
In Progress						
24-23	Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	RG&PD should educate CRCs on how to accurately report gross revenues, exclusions to gross revenue, Concessionable Revenues, concession fees due, and CFCs/TFCs on the summary reports.	8/15/2024	10/29/2024	On 10.29.24, RG&PD is hosting an in-person rental car workshop that will include local and corporate managers. The agenda will include training on this item.
24-24	Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	RG&PD should educate CRCs on the specific requirements set forth in Section 5.2, including submitting Annual Reports by August 31 of each year, and that the Annual Reports must include an opinion by a CPA.	8/15/2024	10/29/2024	On 10.29.24, RG&PD is hosting an in-person rental car workshop that will include local and corporate managers. The agenda will include training on this item.
24-10	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend ADC seek reimbursement for the audit costs in the amount of $82,413 from the JV.	4/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2024
In Progress						
25-01	Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	We recommend that RG&PD require High Flying Foods to review its accounting or internal control procedures and ensure that Gross Receipts reported by their store/locations are accurate.	10/31/2024	10/31/2024	This recommendation was issued at the end of the first quarter so no follow-up activity was performed. At the time of the report's issuance, RG&PD stated that: RGPD will request High Flying Foods to conduct a comprehensive review of their current accounting and internal control procedures, specifically as they pertain to Elegant Desserts, a single unit location operated under a sublease agreement. To ensure thoroughness and objectivity, this review will be overseen by RGPD.
25-02	Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	We recommend that RG&PD request the Accounting Department to invoice High Flying Foods Package 7 the amount of $1,086 for the underpayment of Percentage Rent.	10/31/2024	10/31/2024	This recommendation was issued at the end of the first quarter so no follow-up activity was performed. At the time of the report's issuance, RG&PD stated that: RGPD will request the Accounting Department to invoice High Flying Foods Package 7 for the amount of $1,086 to rectify the underpayment. This invoice will be issued promptly to ensure that all financial discrepancies are resolved in a timely manner.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2024
In Progress						
25-03	Audit Report 24012 Issued: September 30, 2024 Title: High Flying Foods San Diego Partnership Package #7 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	We recommend that management clarify that discounts provided to Concessionaire employees, Authority employees, military personnel, and others are not included in the calculation of Gross Receipts.	10/31/2024	10/31/2024	This recommendation was issued at the end of the first quarter so no follow-up activity was performed. At the time of the report's issuance, RG&PD stated that: 1. Clarification of gross receipts exclusions in New Terminal 1 (NT1) and future new leases: RGPD will amend the applicable provision in Section 5.1.4.1 to clarify that discounts provided to Concessionaire employees, Authority employees, military personnel, and other eligible groups are not included in the calculation of Gross Receipts. This will be implemented in the forthcoming first amendment to the existing executed NT1 leases and incorporated in the lease template for future concession leases. 2. Clarification of gross receipts exclusions for existing leases: RGPD will issue a formal letter to all existing concessionaires clarifying this provision in Section 4.01. This letter will outline the specific types of discounts that are excluded from Gross Receipts calculations to ensure consistent application across all locations.

ITEM 4

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Fiscal Year 2025 First Quarter Report from the Office of the Chief Auditor

July 1, 2024, through September 30, 2024

Audit Committee Meeting November 18, 2024

Agenda

- Fiscal Year 2025 Performance Measures
- General Audit Activities
  - Recommendation Follow-Up
  - Fraud, Waste, Abuse, & Ethics
- Audit Spotlight: High Flying Foods – Package 7

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Fiscal Year 2025 Performance Measures

Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	5.0	4.0
Percentage of Audit and Advisory Engagements Completed	20%	14%	20%
Percentage of Recommendations Accepted	95%	100%	95%
Percentage of Staff Time Spent on Audit and Advisory Engagements and General Audit Activities	76%	80%	76%
Percentage of Audits and Advisory Engagements Completed within Budget	73%	100%	73%

SAN DIEGO INTERNATIONAL AIRPORT
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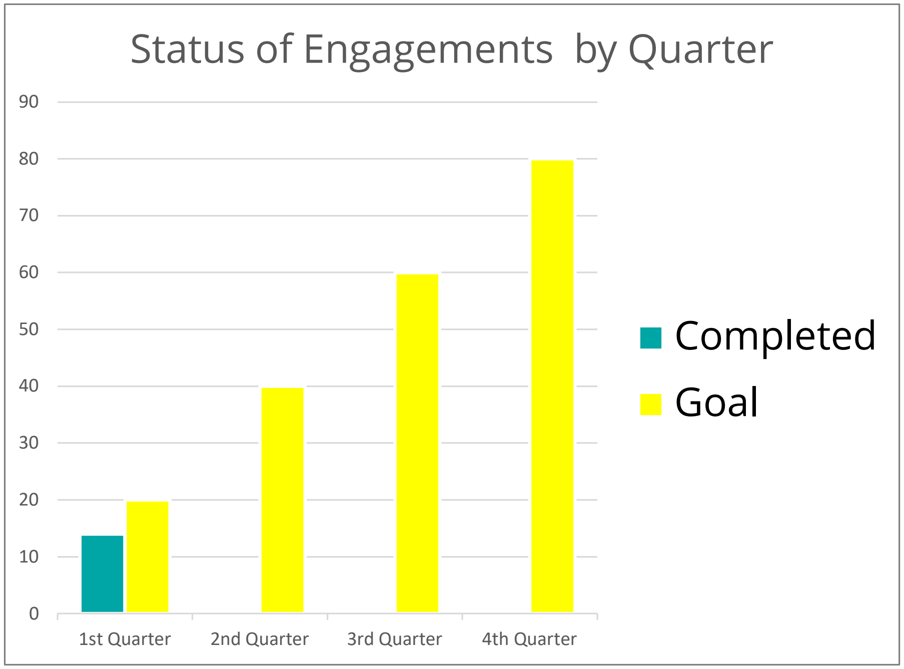
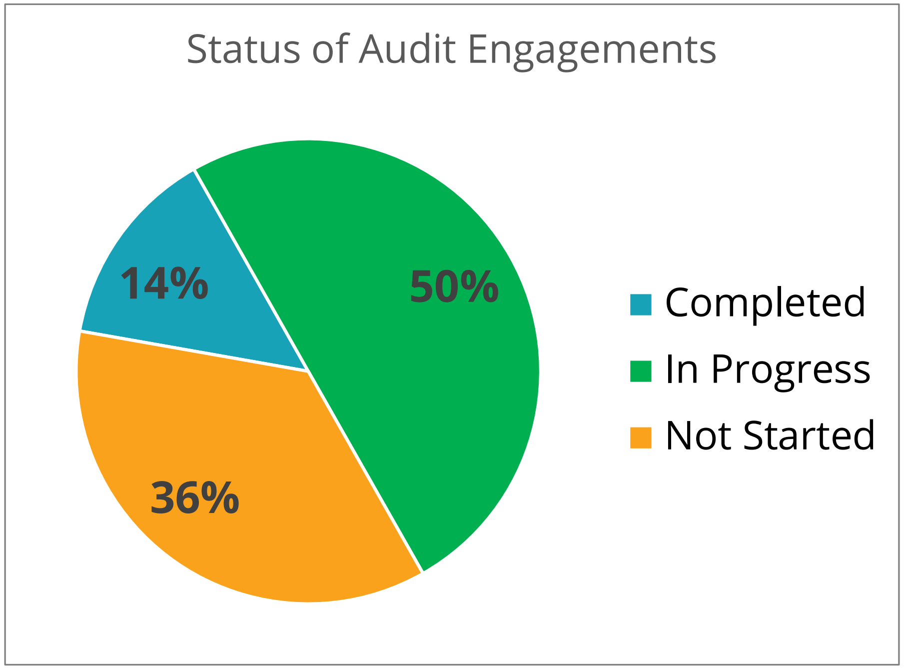
Performance Measures - Additional Details

Percentage of Engagements Completed





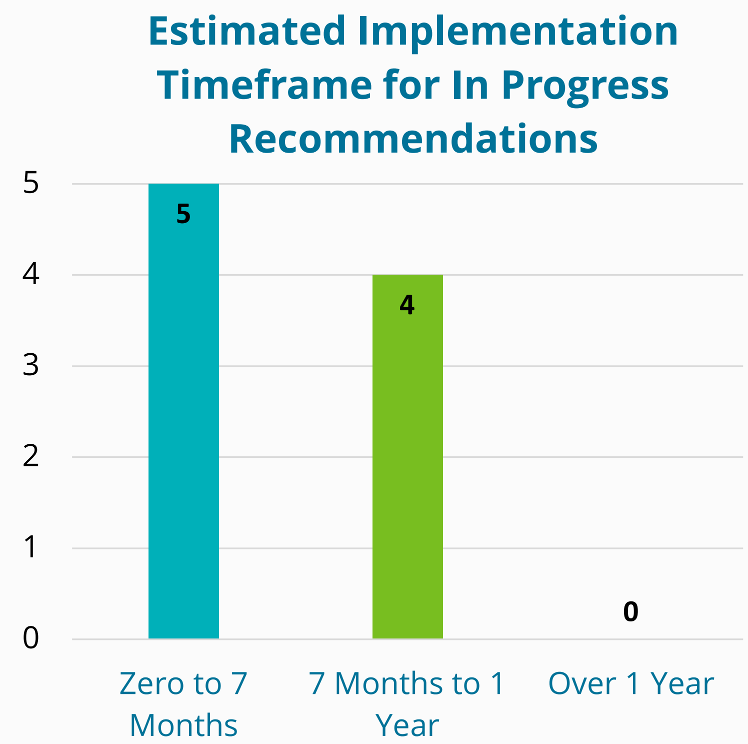
General Audit Activities - Recommendation Follow-Up

Recommendation Follow Up

Status as of September 30, 2024			
Completed	**In Progress**	**Not Accepted**	**Tracked**
4*	**9****	**-**	**13**

* 0 recommendations were completed within the initial timeframe identified for implementation.

** 6 recommendations are still within the initial timeframe identified for implementation.



General Audit Activity - Fraud, Waste, Abuse, & Ethics

Category	Number of Tips / Reports Received as of September 30, 2024	Investigation Initiated by OCA	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Misuse or Misappropriation of Assets	1	1	-*
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	**1**	**1**	**-**

*Under investigation as of September 30, 2024.

SAN DIEGO INTERNATIONAL AIRPORT
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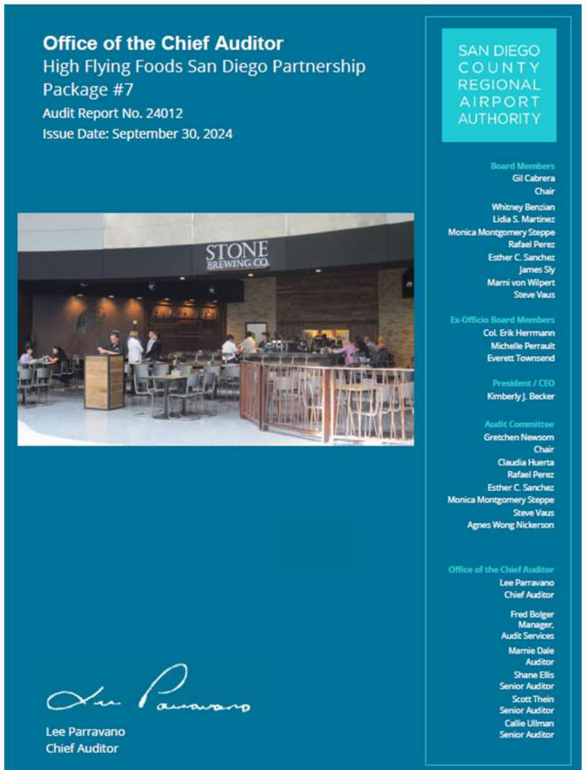
Audit Spotlight - High Flying Foods - Package 7


Office of the Chief Auditor
High Flying Foods San Diego Partnership
Package #7
Audit Report No. 24012
Issue Date: September 30, 2024

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members
Gil Cabrera
Chair
Whitney Benzian
Lidia S. Martinez
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
James Sly
Marni von Wilpert
Steve Vaus

Ex-Officio Board Members
Col. Erik Herrmann
Michelle Perrault
Everett Townsend

President / CEO
Kimberly J. Becker

Audit Committee
Gretchen Newsom
Chair
Claudia Huerta
Rafael Perez
Esther C. Sanchez
Monica Montgomery Steppe
Steve Vaus
Agnes Wong Nickerson

Office of the Chief Auditor
Lee Parravano
Chief Auditor
Fred Bolger
Manager,
Audit Services
Marnie Dale
Auditor
Shane Ellis
Senior Auditor
Scott Thein
Senior Auditor
Callie Ullman
Senior Auditor

Lee Parravano
Chief Auditor

Background

High Flying Foods Package 7 (HHF) has three locations at the San Diego International Airport.

Elegant Desserts

Pannikin

Stone Brewing

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Audit Spotlight - High Flying Foods - Package 7

Background Continued

HHF must pay a minimum rent or Percentage Rent

- 13.5% for food and non-alcohol
- 16% for alcoholic beverages

HHF paid the Authority $2.5M during the audit period.

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Audit Spotlight - High Flying Foods - Package 7

Objective

Determine if HFF accurately reported Gross Receipts and accurately paid rents.

Scope

Audit period of July 1, 2021 – December 31, 2023.

Audit Spotlight - High Flying Foods - Package 7

Conclusion

- Gross Receipts were reported **99.9%** accurately.
- Percentage Rents were **99.9%** accurately paid.

Audit Spotlight - High Flying Foods - Package 7

Findings

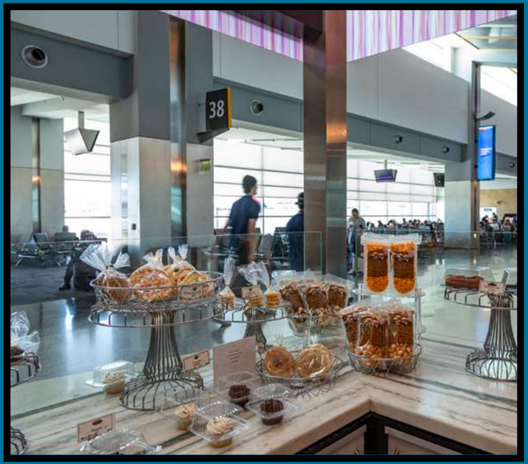
Under Reported Gross Receipts of $21,321 or $3,411 of Percentage Rent.

1. **Calculation Error**

   Elegant Desserts incorrectly reduced Gross Receipts by discounts twice.

2. **Allowable Discounts**

   Contract only identified specific discounts.



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Audit Spotlight - High Flying Foods - Package 7

Informational

- 100% of items were correctly classified as food/nonalcoholic for Pannikin & Elegant Desserts.
- 99.5% of items were correctly classified as food/nonalcoholic for Stone Brewing.

Stone has corrected the issue

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Questions?
SAN DIEGO
INTERNATIONAL AIRPORT
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 5

Audit Committee Report

Meeting Date: November 18, 2024

Subject:

Revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor

Recommendation:

Staff recommends that the Audit Committee accept the revised Audit Plan and forward it to the Board with a recommendation for approval ***(Requires five (5) affirmative votes of the Audit Committee).***

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 3, 2024, per Board Resolution No. 2024-0083, defines the role and requirements of the Office of the Chief Auditor (OCA).

As directed in the Charter, the Chief Auditor shall submit, at least annually, a risk-based Audit Plan that considers the input of the Audit Committee/Board and executive management, and shall review and adjust the Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls. All changes to the Audit Plan shall be communicated to the Audit Committee prior to being submitted to the Board for approval.

Additionally, Global Internal Audit Standards require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs Audit Plan for Fiscal Year 2025 was initially accepted by the Audit Committee during its May 6, 2024, meeting, and was subsequently approved on June 6, 2024, by Board Resolution No. 2024-0042. During the first quarter of Fiscal Year 2025 a review of the Audit Plan was undertaken by the OCA and a revision was requested to precisely account for the audits that carried over from Fiscal Year 2024 and to adjust the allocation of audit hours to reflect the OCAs operational requirements. That revision to the Fiscal Year 2025 Audit Plan was approved by the Board on October 3, 2024, by Resolution No. 2024-0084. Upon continued appraisal during the Second Quarter, another revision to the Fiscal Year 2025 Audit Plan is requested; and includes:

- Add two audits:
    1. Harbor Police Contract Management - FY2021- FY2023
    2. Purchase Goods and Services - Procurement Processes Internal Controls
- Remove one audit:
    1. ARFF Management
- Distribute the unallocated time listed as "To Be Determined" toward the new audits.
- Reduce hours allocated to Tenant Lease Administration and Management (Sixt Rent A Car) and distribute those hours to the new audits.

Staff requests that the Audit Committee accept the proposed revision to the Audit Plan and forward it to the Board for subsequent approval. The proposed revision to the Fiscal Year 2025 Audit Plan is provided as Attachment A. The Fiscal Year 2025 Audit Plan with all changes incorporated is provided as Attachment B.

Fiscal Impact:

The Chief Auditor Department's adopted Operating Expense Budget for Fiscal Year 2025 and conceptually approved budget for Fiscal Year 2026 have been sufficiently funded to meet the allotted budget requirements for the proposed revision to the Fiscal Year 2025 Audit Plan.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

☐ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☒ Operations Strategy

Focus Areas

☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan November 18, 2024

ATTACHMENT A

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Tenant Lease Administration and Management[2]	To determine if fiscal year 2024 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport Rental Car Companies. *Audit Engagement #24005*	300	-	300
Tenant Lease Administration and Management[2]	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. *Audit Engagement #24008*	500	-	500
Tenant Lease Administration and Management	To determine if data is accurate in the property management software (ABRM). *Audit Engagement #25001*	500	-	500
Tenant Lease Administration and Management	To determine if Sixt Rent a Car accurately paid concessions and Customer Facility Charges (CFC). *Audit Engagement #25002*	450	(100)	350
Tenant Lease Administration and Management[3]	To determine if fiscal year 2025 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport rental car companies. *Audit Engagement #25004*	350	-	350
System Security	To evaluate the Authority's security posture by performing testing of the Aviation Security and Public Safety's system. *Audit Engagement #25005*	300	-	300
ARFF Management	To determine if costs included in ARFF billings are appropriate. *Audit Engagement #25007*	500	(500)	-
Accounts Payable[3]	To determine if the controls related to the Accounts Payable automated payment files are appropriate. *Audit Engagement #25008*	100	-	100
Parking Management Contract Administration	To determine if the parking management contract is administered appropriately. *Audit Engagement #25009*	600	-	600
Tenant Lease	To determine if Hertz Rent a Car	300	-	300

[1] Objective may change based on the preliminary survey performed by the OCA.
[2] Audit activity has been carried forward from fiscal year 2024.
[3] Audit activity will continue into fiscal year 2026.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan November 18, 2024

ATTACHMENT A

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Administration and Management	accurately paid concessions and Customer Facility Charges (CFC). *Audit Engagement #25010*			
Account Provisioning /De-Provisioning[2]	To determine if account provisioning and de-provisioning are performed timely. *Audit Engagement #24009*	250	-	250
Tenant Lease Administration and Management[2]	To determine if High Flying Foods accurately paid rent based on Gross Receipts related concessions in Package 7. *Audit Engagement #24012*	300	-	300
Small Business Management[2]	To determine if Small Business Management is managed appropriately. *Audit Engagement #24001*	300	-	300
Harbor Police Contract Mgmt.[2]	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020. *Audit Engagement #20002*	50	-	50
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2021, 2022, and 2023. *Audit Engagement #25013*	-	451	451
Purchase Goods and Services	To determine if internal controls surrounding the purchase of goods and services are appropriate. *Audit Engagement #25014*	-	500	500
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	600	-	600
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	351	(351)	-
	Total Audit Hours	**5,751**	**-**	**5,751**

Consulting/Advisory Hours				
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. *Consulting Engagement #25011-C*	200	-	200
Tenant Lease Administration and Management	To provide management assistance with a new Rent a Car Company related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). *Consulting Engagement #25012-C*	50	-	50
	Total Consulting/Advisory Hours	**250**	-	**250**

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan November 18, 2024

ATTACHMENT A

General Audit Hours				
Risk Assessment and Audit Plan[4]	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252	-	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300	-	300
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200	-	200
Ethics Program[4]	To review ethics policies, perform training, and investigate reported incidents.	450	-	450
Recommendation Follow-up[4]	To verify that internal and external audit recommendations have been implemented as intended.	160	-	160
Quality Assurance & Improvement Program[4]	To assess conformance with the *Standards,* whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	580	-	580
	Total General Audit Hours	**1,942**	**-**	**1,942**
Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,361	-	2,361
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,176	-	2,176
	Total Administrative Hours	**4,537**	**-**	**4,537**
	Total Hours	**12,480**	**-**	**12,480**

[4] Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan November 18, 2024

Key Work Activity	Objective[5]	Prior Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400	-	400
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
Tenant Lease Administration and Management	To determine if the close out process for in terminal concession contracts are administered appropriately.	600	-	600
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550	-	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475	-	475
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500	-	500
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	500	-	500
Tenant Lease Administration and Management	To determine the operations of a new SDIA Rental Car Company Agreement holder.	400	-	400

[5] Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor

ATTACHMENT A

Fiscal Year 2025

Proposed Audit Plan November 18, 2024

Key Work Activity	Objective	Prior Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500	-	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550	-	550
Runway Maintenance	To determine if the contract for airfield paving is administered appropriately.	500	-	500
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022 and 2023.	550	-	550
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500	-	500
ARFF Management	To determine if costs included in ARFF billings are appropriate. *Audit Engagement #25007*	-	500	500
	Total Contingent Audit Hours	**7,200**	**500**	**7,700**

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan November 18, 2024

ATTACHMENT A

Key Work Activity	Objective[1]	Revised Hours
Audit Hours		
Tenant Lease Administration and Management[2]	To determine if fiscal year 2024 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport Rental Car Companies. *Audit Engagement #24005*	300
Tenant Lease Administration and Management[2]	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. *Audit Engagement #24008*	500
Tenant Lease Administration and Management	To determine if data is accurate in the property management software (ABRM). *Audit Engagement #25001*	500
Tenant Lease Administration and Management	To determine if Sixt Rent a Car accurately paid concessions and Customer Facility Charges (CFC). *Audit Engagement #25002*	350
Tenant Lease Administration and Management[3]	To determine if fiscal year 2025 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport rental car companies. *Audit Engagement #25004*	350
System Security	To evaluate the Authority's security posture by performing testing of the Aviation Security and Public Safety's system. *Audit Engagement #25005*	300
Accounts Payable[3]	To determine if the controls related to the Accounts Payable automated payment files are appropriate. *Audit Engagement #25008*	100
Parking Management Contract Administration	To determine if the parking management contract is administered appropriately. *Audit Engagement #25009*	600
Tenant Lease Administration and Management	To determine if Hertz Rent a Car accurately paid concessions and Customer Facility Charges (CFC). *Audit Engagement #25010*	300
Account Provisioning /De-Provisioning[2]	To determine if account provisioning and de-provisioning are performed timely. *Audit Engagement #24009*	250
Tenant Lease Administration and Management[2]	To determine if High Flying Foods accurately paid rent based on Gross Receipts related concessions in Package 7. *Audit Engagement #24012*	300
Small Business Management[2]	To determine if Small Business Management is managed appropriately. *Audit Engagement #24001*	300

[1] Objective may change based on the preliminary survey performed by the OCA.
[2] Audit activity has been carried forward from fiscal year 2024.
[3] Audit activity will continue into fiscal year 2026.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan November 18, 2024

ATTACHMENT A

Key Work Activity	Objective[1]	Revised Hours
Harbor Police Contract Mgmt.[2]	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020. *Audit Engagement #20002*	50
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2021, 2022, and 2023. *Audit Engagement #25013*	451
Purchase Goods and Services	To determine if internal controls surrounding the purchase of goods and services are appropriate. *Audit Engagement #25014*	500
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	600
	Total Audit Hours	**5,751**
Consulting/Advisory Hours		
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. *Consulting Engagement #25011-C*	200
Tenant Lease Administration and Management	To provide management assistance with a new Rent a Car Company related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). *Consulting Engagement #25012-C*	50
	Total Consulting/Advisory Hours	**250**

Office of the Chief Auditor
Fiscal Year 2025
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Key Work Activity	Objective[1]	Revised Hours
General Audit Hours		
Risk Assessment and Audit Plan[4]	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	300
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200
Ethics Program[4]	To review ethics policies, perform training, and investigate reported incidents.	450
Recommendation Follow-up[4]	To verify that internal and external audit recommendations have been implemented as intended.	160
Quality Assurance & Improvement Program[4]	To assess conformance with the *Standards,* whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	580
	Total General Audit Hours	**1,942**
Administrative Hours		
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,361
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,176
	Total Administrative Hours	**4,537**
	Total Hours	**12,480**

[4] Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Key Work Activity	Objective[5]	Revised Hours
Contingent Audit Hours		
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650
Tenant Lease Administration and Management	To determine if the close out process for in terminal concession contracts are administered appropriately.	600
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	500
Tenant Lease Administration and Management	To determine the operations of a new SDIA Rental Car Company Agreement holder.	400

[5] Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor
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ATTACHMENT A

Key Work Activity	Objective	Revised Hours
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550
Runway Maintenance	To determine if the contract for airfield paving is administered appropriately.	500
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022 and 2023.	550
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500
ARFF Management	To determine if costs included in ARFF billings are appropriate.	500
	Total Contingent Audit Hours	**7,700**

ITEM 5

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.

Revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor

Audit Committee Meeting November 18, 2024

Reasons for Revision

Description	Hours
Procurement Processes	500
Harbor Police Contract Mgmt. FY21-FY23	451
Total	**951**

Description	Hours
ARFF Management	500
Sixt RAC	100
To Be Determined	351
Total	**951**

SAN DIEGO INTERNATIONAL AIRPORT
LET'S GO.


Questions?
SAN DIEGO
INTERNATIONAL AIRPORT
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