SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Audit Committee and Special Board Meeting

Monday, November 16, 2026
10:00 AM

San Diego County Regional Airport Authority
Administration Building
First Floor – Boardroom
2417 McCain Road
San Diego, CA 92101

Board Members
Lydia Ball (Chair)
James Sly (Vice-Chair)
Whitney Benzian
Daniel Kuperschmid
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
Steve Vaus
Marni von Wilpert

Ex-Officio Board Members
Interim Col. Charles E. Dudik
Ann Fox
Michele Perrault

President/CEO
Atif Saeed

Public Comment

Electronic/Remote Public Comments Via Teams: Join online by clicking this link: **https://teams.microsoft.com/meet/255424140218782?p=VBr1hZa6PL09AZD75k** **Meeting ID: 255 424 140 218 782 1 Passcode**: **yx6Xy6hJ** or join by phone by calling this number: **(619) 737-2396 Conference ID: 391891967#.** To speak, submit a speaker slip at the beginning of the meeting, or when the item is called, or before the Non-Agenda Public Comment section is called by emailing **clerk@san.org** or dialing 619-400-2550.

Remote participants will have the same opportunity to provide public comment as in-person attendees. If you require special assistance to participate in this meeting, please contact **clerk@san.org** at least 48 hours before the meeting.

All participants (in-person and remote) are expected to engage in a respectful and courteous manner. Any behavior that disrupts the meeting may result in removal.

The clerk's office does not accept external flash drives or removable media devices. All presentations must be emailed to **clerk@san.org** by close of business the day prior to the applicable meeting.

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.***

***NOTE:** This Committee Meeting also is 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.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

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

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 14, 2026, Regular Meeting.

2. **EXTERNAL AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026: A) AUDITED FINANCIAL STATEMENTS, B) PASSENGER FACILITY CHARGES COMPLIANCE REPORT, C) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND D) 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: John Dillon, Director, Accounting; Pamela Hill, Partner, Plante Moran)

3. **REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2026:**
   RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board with a recommendation for acceptance.
   (Presented by: John Dillon, Director, Accounting; Pamela Hill; Pamela Hill, Partner, Plante Moran)

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.

4. FISCAL YEAR 2027 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)

CLOSED SESSION:

5. 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:

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DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AUDIT COMMITTEE MEETING
MINUTES
MONDAY, SEPTEMBER 14, 2026
BOARDROOM

CALL TO ORDER: Chair Newsom called the Audit Committee Meeting to order at 10:01a.m. on Monday, September 14, 2026, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Committee Member Vaus led the Pledge of Allegiance.

ROLL CALL:

Present:	Committee Members:	Montgomery Steppe, Newsom (Chair), Perez, Unthank, Vaus,
Absent:	Committee Members:	Huerta, Sanchez
Also Present:	Scott Brickner, Vice President & CFO; Gregory Halsey, Assistant General Counsel; Mia Courtney, Deputy Authority Clerk; Patricia Willis, Assistant Authority Clerk II; Sonja Banks, Assistant Authority Clerk II	

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. **APPROVAL OF MINUTES:**
   RECOMMENDATION: Approve the Minutes of the May 4, 2026, Regular Meeting and May 18, 2026, Special Meeting.

   ACTION: Committee Member Perez moved approval of staff recommendation. Committee Member Vaus seconded the motion which carried unanimously, noting Committee Members Huerta and Sanchez as Absent.

2. FISCAL YEAR 2026 ANNUAL REPORT FROM THE AUDIT COMMITTEE:
Chair Newsom provided an overview of the Fiscal Year 2026 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: Committee Member Vaus moved approval of staff recommendation. Committee Member Montgomery Steppe seconded the motion which carried unanimously, noting Committee Members Huerta and Sanchez as Absent.

3. FISCAL YEAR 2026 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:
Lee Parravano, Chief Auditor, provided a presentation on the Fiscal Year 2026 Annual Report from the Office of the Chief Auditor, which included Fiscal Year 2026 at a Glance, Performance Measures, General Audit Activities, Audit Spotlight, and Advisory Spotlight.

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: Committee Member Vaus moved approval of staff recommendation. Committee Member Montgomery Steppe seconded the motion which carried unanimously, noting Committee Members Huerta and Sanchez as Absent.

4. 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 What Changed this Year.

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: Committee Member Vaus moved approval of staff recommendation. Committee Member Perez seconded the motion which carried unanimously, noting Committee Members Huerta and Sanchez as Absent.

5. 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 and What Changed this Year.

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: Committee Member Montgomery Steppe moved approval of staff recommendation. Committee Member Unthank seconded the motion which carried unanimously, noting Committee Members Huerta and Sanchez as Absent.

6. REVISION TO THE FISCAL YEAR 2027 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:
Fred Bolger, Manager, Audit Services, provided a presentation on the Revision to the Fiscal Year 2027 Audit Plan of the Office of the Chief Auditor that included Reasons for Requested Revision and FY27 Audit Plan: New Audit.

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: Committee Member Vaus moved approval of staff recommendation. Committee Member Perez seconded the motion which carried unanimously noting Committee Members Huerta and Sanchez as Absent.

Written Public Comment from Lance Murphy, Point Loma Resident was distributed to the Committee Members addressing Items 4, 5, and 6, requesting that the Committee confirm that the Chief Auditor's scope includes an independent performance and internal-control review of the Airport Authority's response and recovery process for the September 4 airspace disruption.

COMMITTEE MEMBER COMMENTS: Committee Member Montgomery Steppe and Chair Newsom requested a follow-up review of the audit results following the completion of the Prompt Payment Audit.

CLOSED SESSION: The Committee recessed into Closed Session at 10:31 a.m. to discuss Item 7.

7. 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 10:39 a.m. There was no reportable action.

ADJOURNMENT: The meeting adjourned at 10:39 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 16TH DAY OF NOVEMBER 2026.

LEE PARRAVANO
CHIEF AUDITOR

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 2

AUDIT COMMITTEE

Meeting Date: November 16, 2026

Subject:

External Auditor's Reports for the Fiscal Year Ended June 30, 2026: A) Audited Financial Statements, B) Passenger Facility Charges Compliance Report, C) Customer Facility Charge Compliance Report, and D) 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 an independent external auditor to audit the San Diego County Regional Airport Authority (Authority) financial statements annually.

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 16, 2026, the Authority's external auditor, Plante & Moran, PLLC, will present the fiscal year ended June 30, 2026, 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 2026 and Fiscal Year 2027 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” as defined by the California Environmental Quality Act (“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.

Prepared by:

John Dillon,
Director, Accounting & Risk Management

San Diego County Regional Airport Authority

Financial Statements

For the Fiscal Years Ended
June 30, 2026, and 2025

San Diego County Regional Airport Authority Financial Statements

For the Fiscal Years Ended June 30, 2026, and 2025

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Independent Auditor's Report

To the Board of Directors
San Diego County Regional Airport Authority

Report on the Audits 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 years ended June 30, 2026 and 2025 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, 2026 and 2025 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2026, the Authority adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. As a result, certain amounts in the 2025 financial statements have been reclassified to conform to the current year presentation. Our opinion is not modified with respect to this matter.

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.

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Auditor's Responsibilities for the Audits 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 audits 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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 audits 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.

To the Board of Directors
San Diego County Regional Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2026 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 22, 2026

Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2026, and 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

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 to manage and plan for the future needs and development.

The Airport Authority is an independent, self-sustaining entity that owns and operates SDIA, 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 they are earned, and expenses are recognized as a liability as 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.

Management's discussion and analysis (MD&A) provides an objective, easily readable overview of the Airport Authority's financial activities for the fiscal year ended June 30, 2026, with comparisons to fiscal years 2025 and 2024. The analysis is based on currently known facts, decisions, and conditions and should be read together with the basic financial statements and accompanying notes.

The financial statements of the Airport Authority consist of the following key components:

- The *Statements of Net Position* present the Airport Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.
- The *Statements of Revenues, Expenses, and Changes in Net Position* present the results of operations, indicating the operating and non-operating revenues and expenses, and the change in net position for the fiscal year.
- The *Statements of Cash Flows* present the sources and uses of cash and cash equivalents during the year, classified by operating, non-capital financing, capital and related financing, and investing activities.
- The *Notes to the Financial Statements* provide additional detail, disclosure, and accounting policies underlying the statements that are essential to providing a full understanding of the financial statements.

This MD&A provides a narrative explanation of these statements and highlights significant factors affecting the Airport Authority's financial results and condition.

FINANCIAL SUMMARY

Operational Activity Highlights

In fiscal year 2026, the Airport Authority continued to grow, as most major activities performed at or above prior-year levels.

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

	FY 2026	FY 2025	FY 2024
Enplaned passengers	**13,302,166**	12,644,082	12,467,114
% change from prior year	**5.2%**	1.4%	5.1%
Total passengers	**26,574,262**	25,175,598	21,632,539
% change from prior year	**5.6%**	16.4%	4.2%
Aircraft operations	**243,730**	230,613	223,254
% change from prior year	**5.7%**	3.3%	1.5%
Freight and mail (in tons)	**110,199**	116,703	121,700
% change from prior year	**-5.6%**	-4.1%	-10.0%
Landed weight (in millions pounds)	**15,859**	15,067	14,401
% change from prior year	**5.3%**	4.6%	3.9%

Overall, strong demand for air travel was reflected in the FY 2026 Airport Activity results. Enplaned passenger traffic increased 5.2 percent over fiscal year 2025, accelerating from the prior year's growth rate of 1.4 percent. Total passengers, aircraft operations, and landed weight also increased strongly, while freight and mail activity declined 5.6 percent, continuing the downward trend seen in recent years. Overall, passenger and operational activity remained the primary drivers of Airport growth during the year.

Revenues, Expenses, and Changes in Net Position

The change in net position indicates whether the Airport Authority's overall financial condition improved or deteriorated during the fiscal year. Net position increased 3.9 percent in fiscal year 2026, following an 11.0 percent increase in fiscal year 2025. The fiscal year 2026 increase reflects continued growth in air travel and operating revenues, partly offset by higher operating expenses, depreciation associated with New T1 assets placed in service, and higher interest expense.

The following summarizes the statements of revenues, expenses, and changes in net position (in thousands). Fiscal year 2024 reflects classifications used before the Airport Authority adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, and therefore is not comparable to the fiscal year 2026 and 2025 presentation. In accordance with GASB Statement No. 100, information for periods before those presented in the basic financial statements was not reclassified to conform to the current-year presentation. See Note 1 for additional information about the adoption of GASB Statement No. 103.

				% Change	
	FY 2026	FY 2025	FY 2024	FY 2025	FY 2024
Operating revenues	**$ 509,407**	$ 434,192	$ 399,889	17.3%	8.6%
Operating expenses	**(442,780)**	(330,058)	(314,462)	34.2%	5.0%
Noncapital subsidies	**41,963**	36,479		15.0%	
Nonoperating revenues (expenses), net	**(51,755)**	1,984	54,265	-2709.2%	-96.3%
Capital Contributions and grants			128,361		
Increase in net position	**56,836**	142,597	268,052	-60.1%	-46.8%
Net position, beginning of year	**1,443,829**	1,301,232	1,033,179	11.0%	25.9%
Net position, end of year	**$ 1,500,664**	$ 1,443,829	$ 1,301,232	3.9%	11.0%

Assets, Liabilities and Net Position (in thousands)

The statements of net position present the Airport Authority's financial position at a point in time, including assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The following summary compares those balances as of June 30, 2026, 2025, and 2024.

	FY 2026	FY 2025	FY 2024
Assets and Deferred Outflows of Resources			
Current assets	**$ 618,425**	$ 600,283	$ 602,481
Capital and lease assets, net	**4,415,105**	4,224,285	3,661,260
Noncurrent assets	**2,486,900**	1,890,693	2,425,487
Total assets	**7,520,431**	6,715,260	6,689,229
Deferred outflows of resources	**19,181**	25,511	21,788
Total assets & deferred outflows of resources	**7,539,612**	6,740,771	6,711,017
Liabilities and Deferred Inflows of Resources			
Current liabilities	**283,585**	278,644	313,079
Long-term liabilities	**5,410,928**	4,664,786	4,733,096
Total liabilities	**5,694,513**	4,943,431	5,046,175
Deferred inflows of resources	**344,435**	353,512	363,611
Total liabilities & deferred inflows of resources	**6,038,948**	5,296,942	5,409,785
Net Position			
Net investment in capital assets	**432,832**	519,644	473,181
Restricted	**371,571**	341,609	266,992
Unrestricted	**696,262**	582,575	561,058
Total net position	**$ 1,500,664**	$ 1,443,829	$ 1,301,232

As of June 30, 2026, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,500.7 million. This reflects a $56.8 million or 3.9 percent increase in net position from June 30, 2025. 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 $696.3 million as of June 30, 2026, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2026, 2025, and 2024, management has designated unrestricted funds in the amount of $251.1 million, $224.2 million, and $239.3 million, respectively, for major maintenance, earthquake self-insurance, and capital commitments.

DETAILED ANALYSES

Operating Revenues (in thousands)

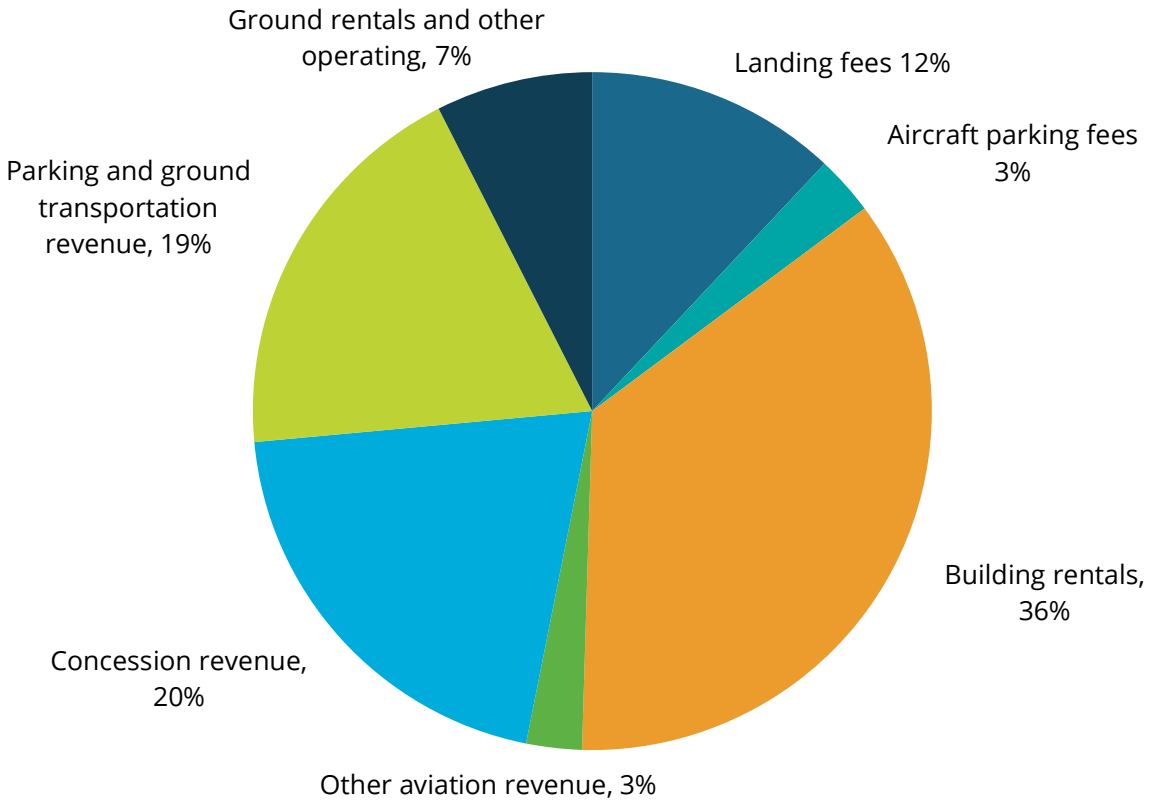
	FY 2026	FY 2025	From 2025 to 2026 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	**$ 61,070**	$ 59,046	$ 2,024	3.4%
Aircraft parking fees	**14,350**	15,533	(1,183)	(7.6%)
Building rentals	**181,797**	154,537	27,260	17.6%
Other aviation revenue	**13,442**	10,011	3,431	34.3%
Total airline revenue	**270,659**	239,126	31,532	13.2%
Concession revenue	**103,930**	85,159	18,770	22.0%
Parking and ground transportation revenue	**96,733**	81,569	15,164	18.6%
Ground rentals	**33,844**	25,367	8,478	33.4%
Other operating revenue	**4,242**	2,971	1,271	42.8%
Total operating revenue	**$ 509,407**	$ 434,192	$ 75,215	17.3%

	FY 2025	FY 2024	From 2024 to 2025 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 59,046	$ 53,873	$ 5,173	9.6%
Aircraft parking fees	15,533	13,612	1,920	14.1%
Building rentals	154,537	145,169	9,367	6.5%
Other aviation revenue	10,011	8,566	1,445	16.9%
Total airline revenue	239,126	221,220	17,906	8.1%
Concession revenue	85,159	79,546	5,613	7.1%
Parking and ground transportation revenue	81,569	72,484	9,085	12.5%
Ground rentals	25,367	23,416	1,951	8.3%
Other operating revenue	2,971	3,223	(252)	(7.8%)
Total operating revenue	$ 434,192	$ 399,889	$ 34,304	8.6%

Fiscal Year 2026 compared to 2025: Total airline revenues increased $31.5 million, or 13.2 percent, mainly due to higher cost recovery from the airlines, driven by higher debt service costs and increased recoverable operating expenses from higher passenger volumes. Concessions revenue increased $18.8 million, or 22.0 percent. This included terminal concessions, which increased due to higher passenger levels, the opening of the concessions in the New T1, and increased sales prices. Rental Car concessions increased $3.0 million, or 8.0 percent, due to higher enplanements and revenue per transaction, and Parking and ground transportation increased $15.2 million, or 18.6 percent, due to higher enplanements and the opening of the final phase of the new Parking Plaza at New T1.

Fiscal Year 2025 compared to 2024: Total airline revenues increased $17.9 million, or 8.1 percent, mainly due to higher cost recovery from airlines, driven by higher debt service costs and increased recoverable operating expenses from higher passenger volumes. Concessions revenue increased $5.6 million or 7.1 percent. This included terminal concessions, which increased due to higher passenger levels and increased sales prices, while rental car concessions decreased due to lower rental pricing. Parking and ground transportation increased $9.1 million, or 12.5 percent, due to higher enplanements and the opening of the new Parking Plaza at New T1.

Operating Revenues by Type



Operating Expenses (in thousands)

	FY 2026	FY 2025	From 2025 to 2026 Increase (Decrease)	% Change
Salaries and benefits	**$ 69,314**	$ 63,427	$ 5,888	9.3%
Contractual services	**61,351**	54,886	6,465	11.8%
Safety and security	**45,003**	39,541	5,462	13.8%
Space rental	**540**	493	46	9.4%
Utilities	**23,548**	20,497	3,051	14.9%
Maintenance	**16,648**	16,575	73	0.4%
Equipment and systems	**1,254**	325	930	286.4%
Materials and supplies	**936**	652	284	43.5%
Insurance	**3,058**	2,579	479	18.6%
Employee development and support	**990**	910	81	8.9%
Business development	**3,738**	3,129	608	19.4%
Equipment rentals and repairs	**6,344**	5,556	789	14.2%
Depreciation and amortization	**210,056**	121,489	88,567	72.9%
Total operating expenses	**$ 442,780**	$ 330,058	$ 112,722	34.2%

			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Salaries and benefits	$ 63,427	$ 57,444	$ 5,983	10.4%
Contractual services	54,886	52,445	2,441	4.7%
Safety and security	39,541	36,778	2,764	7.5%
Space rental	493	467	27	5.7%
Utilities	20,497	19,518	979	5.0%
Maintenance	16,575	14,125	2,450	17.3%
Equipment and systems	325	544	(220)	(40.3%)
Materials and supplies	652	650	2	0.3%
Insurance	2,579	2,314	265	11.5%
Employee development and support	910	731	179	24.4%
Business development	3,129	2,280	850	37.3%
Equipment rentals and repairs	5,556	4,992	563	11.3%
Depreciation and amortization	121,489		(686)	(0.6%)
Total operating expenses before depreciation and amortization		192,288		
Depreciation and amortization		122,175		
Total operating expenses	$ 330,058	$ 314,462	$ 15,595	5.0%

Note: FY25 has been presented in accordance with GASB Statement No. 103. FY24 is presented in the format originally reported.

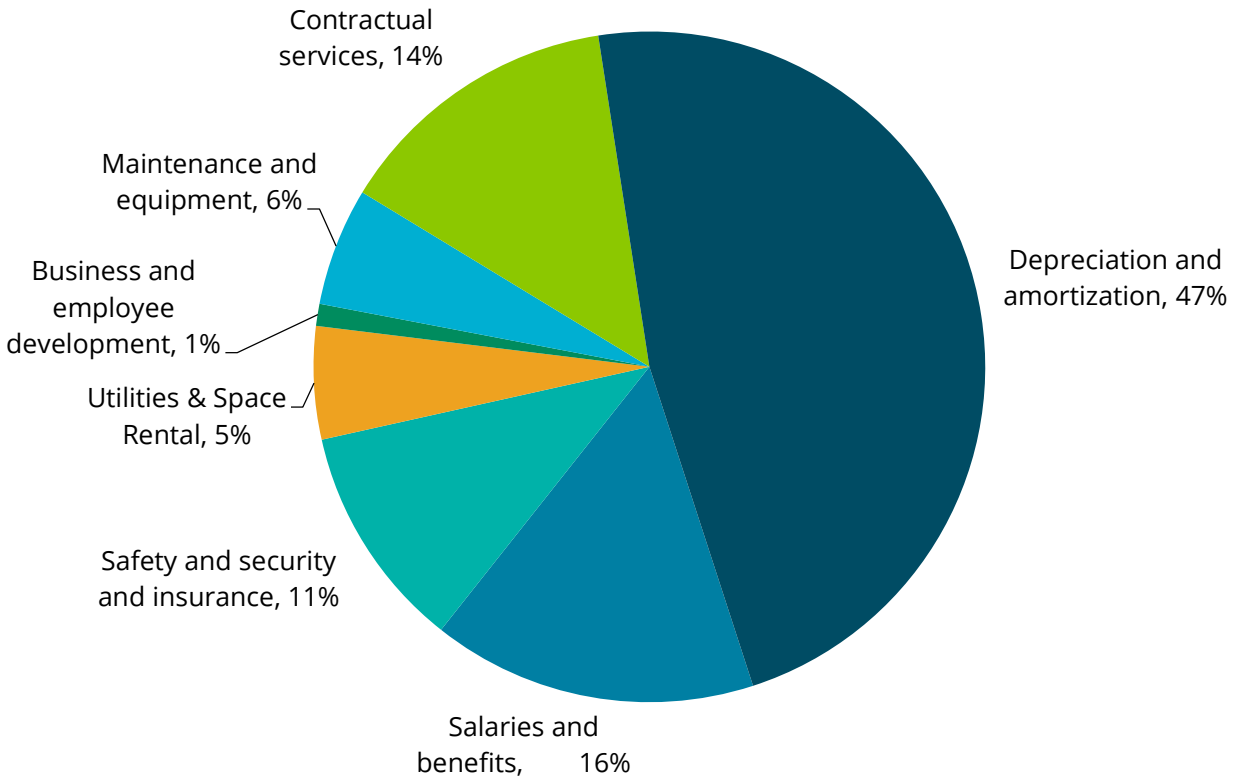
Fiscal Year 2026 compared to 2025: Total fiscal year 2026 operating expenses increased by $112.7 million, or 34.2 percent.

Salaries and benefits increased by $5.9 million, or 9.3 percent, due to implementation of a compensation study, benefit increases, and an increased headcount. Contractual services increased by $6.5 million, or 11.8 percent, primarily due to higher parking and shuttle operations and Rental Car Center (RCC) bus expenses from increased enplanements. Safety and security increased by $5.5 million, or 13.8 percent, due to increased law enforcement scope related to the opening of the New T1. Utilities expenses increased by $3.1 million, or 14.9 percent, due to increased usage with the opening of the New T1 and higher electrical rates. Depreciation and Amortization increased by $88.6 million, or 72.9 percent, due to the capitalization of the New T1.

Fiscal Year 2025 compared to 2024: Total fiscal year 2025 operating expenses increased by $15.6 million, or 5.0 percent.

Salaries and benefits increased by $6.0 million, or 10.4 percent, due to planned wage and benefit increases and an increased headcount. Safety and security increased by $2.8 million, or 7.5 percent, due to increased law enforcement. Maintenance expenses increased by $2.5 million, or 17.3 percent, due to contract increases and airfield repairs.

Operating Expenses by Type



Nonoperating Revenues, (Expenses), and Subsidies (in thousands)

	FY 2026	FY 2025	From 2025 to 2026 Increase (Decrease)	% Change
Noncapital Subsidies				
Customer facility charges	**$ 41,963**	$ 36,479	$ 5,484	15.0%
Total Noncapital Subsidies	**41,963**	36,479	5,484	
Other nonoperating income (expenses), net				
Passenger facility charges	**53,105**	49,255	3,850	7.8%
Quieter Home Program, net	**(4,703)**	(1,876)	(2,827)	(150.6%)
Other interest income	**(415)**	9,525	(9,940)	(104.4%)
Investment income (loss)	**96,284**	114,744	(18,460)	(16.1%)
Interest expense, net	**(215,410)**	(176,084)	(39,326)	(22.3%)
Other nonoperating income (expenses)	**(6,383)**	3,877	(10,260)	(264.7%)
Capital Contributions	**25,768**	2,543	23,224	913.2%
Total other nonoperating revenues (expenses), net	**(51,755)**	1,984	(53,739)	
Total nonoperating revenues (expenses) and subsidies	**$ (9,792)**	$ 38,463	$ (48,254)	(125.5%)

			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Noncapital Subsidies				
Customer facility charges	$ 36,479			
Total Noncapital Subsidies	36,479			
Other nonoperating income (expenses), net				
Passenger facility charges	49,255	49,200	55	0.1%
Customer facility charges		$ 35,913	$ 566	1.6%
Quieter Home Program, net	(1,876)	(1,845)	(31)	(1.7%)
Other interest income	9,525	10,198	(674)	(6.6%)
Investment income (loss)	114,744	129,223	(14,479)	(11.2%)
Interest expense, net	(176,084)	(164,933)	(11,150)	(6.8%)
Other nonoperating income (expenses)	3,877	(3,490)	7,366	211.1%
Capital Contributions	2,543			
Total other nonoperating revenues (expenses), net	1,984			
Total nonoperating revenues (expenses) and subsidies	$ 38,463	$ 54,265	$ (18,346)	(33.8%)

Note: FY25 has been presented in accordance with GASB Statement No. 103. FY24 is presented in the format originally reported.

Fiscal Year 2026 compared to 2025: Nonoperating revenues (net) decreased by $71.5 million or 199.0 percent. The increases in PFCs and CFCs reflect higher enplaned passengers and a higher CFC rate. Investment income decreased by $18.5 million, or 16.1 percent, primarily due to unrealized losses on investments of $8.4 million, compared to a $3.8 million unrealized gain in fiscal year 2025. Lower investment income, driven by decreased yields, contributed to the remainder of the difference. Interest expense increased by $39.3 million or 22.3 percent due to the issuance of new bonds in July 2025**.** Other nonoperating expense (net) for fiscal year 2026 of $6.4 million was primarily due to a $10.5 million write-off of fixed assets, offset by $4.0 million in legal settlement income.

Fiscal Year 2025 compared to 2024: Nonoperating revenues (net) decreased by $18.4 million or 33.8 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. Investment income decreased by $14.5 million, or 11.2 percent, due to unrealized gains on investments declining to $3.8 million from $57.7 million in fiscal year 2024, offset by $39.4 million from higher investment yields and the timing of income recognition on discount bonds. Interest expense increased by $11.2 million, or 6.8 percent, due to the issuance of new bonds in October 2023, which had a full 12-month impact in fiscal year 2025. Other nonoperating income for fiscal year 2025 of $7.4 million was primarily due to the refund of prior years' Social Security taxes resulting from a Section 218 Agreement vote.

Federal Grant Contributions (in thousands)

			From 2025 to 2026	
	FY 2026	FY 2025	Increase (Decrease)	% Change
Federal grants	**$ 25,768**	$ 2,543	$ 23,224	913.2%

			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Federal grants	$ 2,543	$ 128,361	$ (125,818)	(98.0%)

Federal grant contributions consist primarily of Airport Improvement Program entitlement and discretionary grants from the Federal Aviation Administration and funding from other federal and state organizations. Grant revenue is recognized after an award is made and eligible project costs are incurred. In fiscal year 2026, grant contributions increased $23.3 million, or 913.2 percent, from $2.5 million to $25.8 million because of higher awards for New T1 construction and airfield improvements under the Infrastructure Investment and Jobs Act. In fiscal year 2025, grant contributions decreased $125.9 million, or 98 percent, from $128.4 million to $2.5 million due to higher grant awards in fiscal year 2024 from the Bipartisan Infrastructure Law for the construction of New T1 and airfield improvements.

In June 2022, the Federal Aviation Administration (FAA) issued a Letter of Intent (LOI) to the Airport Authority to support construction of a new Taxiway A, relocation of Taxiway B, and development of the New T1 and Remain Overnight aprons. The LOI established a total federal funding commitment of $110 million, distributed through Airport Improvement Program (AIP) Discretionary Grants over a ten-year period from 2022 through 2031.

In 2023, 2024, and 2026, the FAA amended the LOI to include additional AIP Entitlement Grants totaling $26.1 million, increasing the total funding commitment to $136.1 million. These grant awards are contingent upon the Airport Authority's continued compliance with FAA grant requirements and the availability of federal appropriations. The LOI does not constitute a binding obligation but represents the FAA's intent to provide funding as budget authority becomes available.

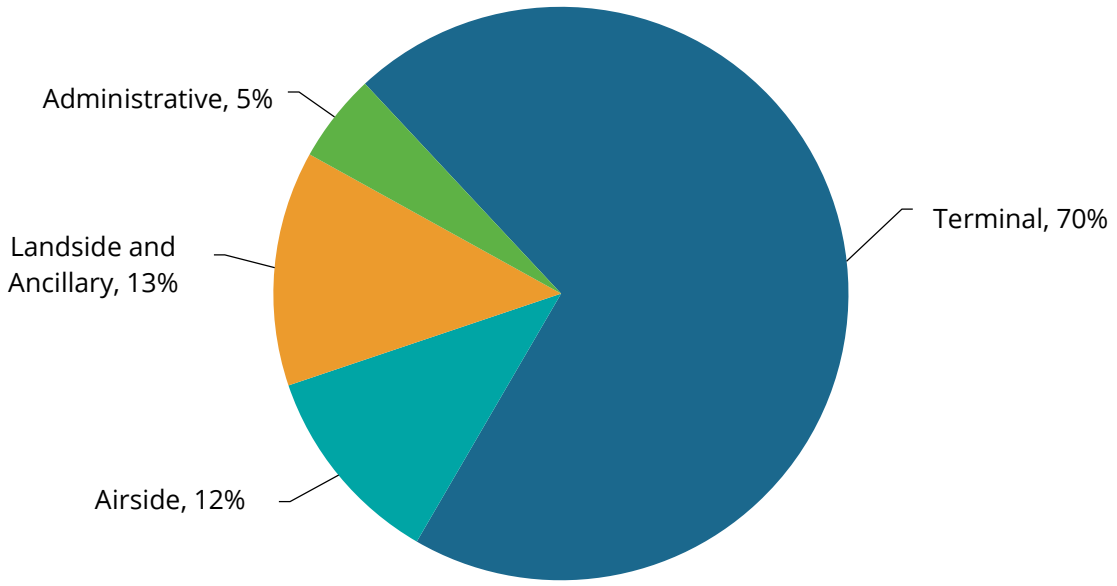
As of June 30, 2026, the Airport Authority had recognized $48.6 million in capital contributions under the LOI. In addition, the Airport Authority has incurred $107.2 million in eligible project costs, which are expected to generate approximately $80.4 million in future grant revenue.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

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 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 through revolving lines of credit.

The fiscal years 2026–2031 Capital Program totals $4.6 billion, including $3.2 billion for terminal projects, primarily the replacement of New T1; $527.0 million for airside projects; $591.4 million for landside and ancillary projects; and $229.9 million for administrative projects. Capital activity during fiscal year 2026 included placing New T1 assets in service, which primarily caused the $85.6 million increase in depreciation and amortization described above.

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

The following table summarizes the Airport Authority's bond issuances, including the lien classification, series, date of issuance and the original principal amount:

Lien	Series	Issued	Principal
Senior Special Facilities Revenue Bonds			
	2014A	02/19/14	29,390,000
	2014B	02/19/14	275,895,000
Subordinate Airport Revenue Bonds			
	2017A	08/03/17	146,040,000
	2017B	08/03/17	145,170,000
	2019A	12/11/19	338,775,000
	2019B	12/11/19	124,905,000
	2020A	04/08/20	26,145,000
	2020B	04/08/20	189,090,000
	2020C	04/08/20	26,405,000
	2021A	12/08/21	495,315,000
	2021B	12/08/21	1,089,260,000
	2021C	12/08/21	357,170,000
Senior Airport Revenue Bonds			
	2023A	10/25/23	74,675,000
	2023B	10/25/23	987,305,000
	2025A	07/09/25	155,815,000
	2025B	07/09/25	628,635,000

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 2026, 2025 and 2024, the outstanding balance was $0.

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Management expects the following matters to affect fiscal year 2027 and beyond. The CFC rate increase effective February 4, 2026, will affect a full year of collections in fiscal year 2027. When the second phase of New T1 opens in fiscal year 2028, airline revenue and debt service will increase.

Financial Statements
Statements of Net Position
June 30, 2026, and 2025

Assets and Deferred Outflows of Resources	2026	2025
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	**$ 5,594,167**	$ 27,384,154
Investments (Note 2)	**331,767,985**	289,741,720
Tenant receivables, net	**37,385,727**	22,813,395
Grants receivable	**7,264,753**	6,174,427
Lease receivables, current portion (Note 3)	**14,005,876**	14,823,408
Partnership lease receivables, current portion (Note 3)	**3,471,921**	3,341,161
Note receivable, current portion (Note 4)	**2,937,084**	5,262,196
Other current assets	**35,268,343**	29,982,424
Investments designated for specific capital projects and other commitments (Note 2)	**-**	20,483,039
Total unrestricted current assets	**437,695,856**	420,005,924
Restricted investments with trustees (Notes 2 and 6)	**180,729,539**	180,276,856
Total current assets	**618,425,395**	600,282,780
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted investments not with trustees (Note 2)	**342,720,777**	329,466,105
Restricted investments with trustees (Note 2)	**1,445,888,430**	958,987,319
Passenger facility charges receivable (Note 1)	**9,142,422**	8,491,026
Customer facility charges receivable (Note 1)	**4,730,819**	3,540,996
Total restricted noncurrent assets	**1,802,482,447**	1,300,485,447
Other noncurrent assets:		
Investments, noncurrent (Note 2)	**167,909,309**	118,272,993
Lease receivables, long-term portion (Note 3)	**136,069,633**	132,283,942
Partnership lease receivables, long-term portion (Note 3)	**118,224,931**	121,335,865
Note receivable, long-term portion (Note 4)	**11,160,129**	14,097,213
Investments designated for specific capital projects and other commitments (Note 2)	**251,053,658**	203,671,702
Net OPEB asset (Note 11)	**-**	545,617
Total other noncurrent assets	**684,417,659**	590,207,331
Capital and lease assets (Note 5):		
Nondepreciable assets and leases		
Land and intangible assets	**35,307,594**	22,607,594
Construction in progress	**322,746,615**	2,374,388,669
Total nondepreciable assets and leases	**358,054,209**	2,396,996,263
Depreciable assets and leases		
Land improvements	**176,886,718**	164,482,286
Lease assets	**240,922,204**	240,922,204
Buildings and structures	**3,759,561,774**	2,218,810,365
Machinery and equipment	**170,958,854**	147,849,001
Runways, roads and parking lots	**1,369,839,992**	634,830,060
Total depreciable assets and leases	**5,718,169,542**	3,406,893,915
Total capital and lease assets	**6,076,223,751**	5,803,890,179
Less accumulated depreciation and amortization	**(1,661,118,379)**	(1,579,605,501)
Capital and lease assets, net	**4,415,105,372**	4,224,284,678
Total noncurrent assets	**6,902,005,478**	6,114,977,455
Total assets	**7,520,430,874**	6,715,260,235
Deferred outflows of resources:		
Pensions (Note 7 and 8)	**14,339,857**	21,730,493
OPEB (Note 11)	**4,841,576**	3,780,390
Total deferred outflows of resources	**19,181,433**	25,510,883
Total assets and deferred outflows of resources	**7,539,612,307**	6,740,771,117

See Notes to Financial Statements. (Continued)

Statements of Net Position
June 30, 2026, and 2025 (continued)

Liabilities, Deferred Inflows of Resources and Net Position	2026	2025
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	**14,067,314**	16,154,369
Accrued liabilities	**55,650,991**	57,848,694
Compensated absences, current portion (Note 6)	**5,129,625**	4,496,526
Other current liabilities	**24,852,022**	16,572,613
Lease and subscription liabilities, current portion (Note 6)	**2,645,398**	2,829,863
Long-term debt, current portion (Note 6)	**509,897**	465,484
Total payable from unrestricted assets	**102,855,245**	98,367,549
Payable from restricted assets:		
Accounts payable	**2,974,908**	5,680,284
Accrued liabilities	**20,057,096**	32,420,290
Long-term debt, current portion (Note 6)	**42,355,000**	46,355,000
Accrued interest on variable rate debt and bonds (Note 6)	**115,342,536**	95,821,281
Total payable from restricted assets	**180,729,539**	180,276,856
Total current liabilities	**283,584,784**	278,644,405
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	**1,481,818**	1,161,349
Other noncurrent liabilities	**3,155,976**	1,395,396
Lease and subscription liabilities, long-term portion (Note 6)	**218,888,256**	221,533,654
Long-term debt, net of current portion (Note 6)	**5,175,066,338**	4,422,384,426
Net pension liability (Note 7 and 8)	**8,944,771**	18,311,416
Net OPEB liability (Note 11)	**3,390,728**	-
Total long-term liabilities	**5,410,927,886**	4,664,786,241
Total liabilities	**5,694,512,670**	4,943,430,645
Deferred inflows of resources		
Pensions (Note 7 and 8)	**1,644,914**	1,391,507
OPEB (Note 11)	**-**	711,586
Gain on refunding	**16,075,367**	16,848,668
Leases (Note 3)	**131,664,435**	131,819,976
Partnership leases (Note 3)	**195,050,621**	202,740,028
Total deferred inflows of resources	**344,435,338**	353,511,764
Total liabilities and deferred inflows of resources	**6,038,948,008**	5,296,942,409
Net Position		
Net investment in capital assets	**432,831,567**	519,644,414
Restricted:		
Debt Service	**83,096,523**	64,125,904
Construction	**265,567,960**	254,949,034
OPEB	**-**	545,617
Operation and maintenance expenses	**20,906,514**	19,765,678
Small business bond guarantee	**2,000,000**	2,223,000
Total restricted net position	**371,570,996**	341,609,233
Unrestricted net position	**696,261,735**	582,575,061
Total net position	**$ 1,500,664,298**	$ 1,443,828,709

See Notes to Financial Statements.

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2026, and 2025

	2026	2025
Operating revenues:		
Airline revenue:		
Landing fees	**$ 61,070,255**	$ 59,046,158
Aircraft parking fees	**14,349,948**	15,532,560
Building rentals	**181,796,770**	154,536,766
Other aviation revenue	**13,441,681**	10,010,765
Total aviation revenue	**270,658,655**	239,126,248
Concession revenue	**103,929,717**	85,159,453
Parking and ground transportation revenue	**96,732,528**	81,568,966
Ground and non-airline terminal rentals	**33,844,351**	25,366,814
Other operating revenue	**4,241,946**	2,970,777
Total operating revenues	**509,407,197**	434,192,258
Operating expenses:		
Salaries and benefits (Notes 6, 7, 8 and 9)	**69,314,386**	63,426,802
Contractual services (Note 13)	**61,350,574**	54,885,656
Safety and security	**45,003,384**	39,541,449
Space rental	**539,603**	493,322
Utilities	**23,547,991**	20,496,773
Maintenance	**16,647,571**	16,574,904
Equipment and systems	**1,254,344**	324,638
Materials and supplies	**935,898**	652,011
Insurance	**3,057,963**	2,578,844
Employee development and support	**990,383**	909,640
Business development	**3,737,775**	3,129,443
Equipment rentals and repairs	**6,344,240**	5,555,683
Depreciation and amortization expense	**210,055,569**	121,488,601
Total operating expenses	**442,779,681**	330,057,767
Operating income	**$ 66,627,516**	$ 104,134,491
Noncapital subsidies:		
Customer facility charges	**$ 41,963,152**	$ 36,479,020
Total noncapital subsidies	**41,963,152**	36,479,020
Operating income and noncapital subsidies	**108,590,669**	140,613,511

See Notes to Financial Statements. (Continued)

Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2026, and 2025 (continued)

	2026	2025
Other nonoperating revenues (expenses), net:		
Passenger facility charges	**53,105,158**	49,254,848
Quieter Home Program grant revenue (Note 1)	**14,164,039**	15,683,394
Quieter Home Program expenses (Note 1)	**(18,867,136)**	(17,559,849)
Other Interest Income	**(415,355)**	9,524,810
Investment income (loss)	**96,284,023**	114,743,999
Interest expense (Note 6)	**(215,409,894)**	(176,083,510)
Other revenues (expenses), net	**(6,383,469)**	3,876,674
Capital contributions (Note 1)	**25,767,555**	2,543,183
Total other nonoperating revenues (expenses), net	**(51,755,079)**	1,983,549
Change in net position	**56,835,590**	142,597,060
Fund net position, beginning of year	**1,443,828,709**	1,301,231,649
Fund net position, end of year	**$ 1,500,664,298**	$ 1,443,828,709

See Notes to Financial Statements.

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2026, and 2025

	2026	2025
Cash flows from operating activities		
Receipts from customers	**$ 491,039,396**	$ 427,671,076
Payments to suppliers	**(174,044,650)**	(135,779,479)
Payments to employees	**(69,692,262)**	(63,441,149)
Other receipts (payments)	**4,352,410**	9,379,170
Net cash provided by operating activities	**251,654,894**	237,829,618
Cash flows from noncapital financing activities		
Settlement receipts (payments)	**4,000,167**	(620,996)
Proceeds from customer facility charges	**40,773,330**	36,540,795
Quieter Home Program grant receipts	**13,967,781**	26,468,862
Quieter Home Program payments	**(18,867,136)**	(17,559,849)
Net cash provided by (used in) noncapital financing activities	**39,874,142**	44,828,812
Cash flows from capital and related financing activities		
Capital outlay	**(424,671,556)**	(737,029,040)
Other interest income	**1,138,787**	841,547
Federal grants received (excluding Quieter Home Program)	**24,873,487**	51,676,981
Proceeds from passenger facility charges	**52,453,763**	48,319,222
Payment of principal on bonds and commercial paper	**(46,355,000)**	(49,775,000)
Proceeds from issuance of Series 2025 Bonds	**784,450,000**	-
Payment on note payable	**(465,484)**	(424,940)
Interest and debt fees paid	**(185,565,131)**	(203,007,555)
Net cash provided by (used in) capital and related financing activities	**205,858,865**	(889,398,786)
Cash flows from investing activities		
Sales and maturities of investments	**2,739,839,829**	2,544,436,382
Purchases of investments	**(3,367,421,564)**	(2,045,695,207)
Interest received on investments and note receivable	**103,141,652**	119,631,936
Principal payments received on notes receivable	**5,262,197**	5,091,865
Net cash provided by (used in) investing activities	**(519,177,887)**	623,464,977
Net increase (decrease) in cash and cash equivalents	**(21,789,986)**	16,724,621
Cash and cash equivalents, beginning of year	**27,384,154**	10,659,533
Cash and cash equivalents, end of year	**$ 5,594,167**	$ 27,384,154

See Notes to Financial Statements. (Continued)

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2026, and 2025 (continued)

	2026	2025
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	**$ 66,627,516**	$ 104,134,491
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	**210,055,569**	121,488,601
Other Nonoperating Revenue	**103,665**	4,466,831
Change in pensions/OPEB liability/asset	**(5,430,300)**	6,187,024
Change in deferred outflows related to pensions/OPEB	**6,329,450**	(3,722,441)
Change in deferred inflows related to pensions/OPEB	**(458,178)**	(2,728,875)
Change in deferred inflows related to leases	**(155,540)**	1,209,672
Change in deferred inflows related to partnership leases	**(7,689,407)**	(7,806,466)
Changes in assets and liabilities:		
Receivables, net	**(14,572,332)**	(332,120)
Other assets	**(5,285,919)**	(7,065,537)
Accounts payable	**(2,087,056)**	4,298,546
Accrued liabilities	**(2,197,703)**	17,578,871
Compensated absences	**953,568**	384,160
Lease receivables	**(2,817,848)**	(1,063,944)
Other liabilities	**8,279,409**	800,804
Net cash provided by operating activities	**$ 251,654,894**	$ 237,829,618
Noncash investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	**$ 23,032,004**	$ 38,100,575
Unrealized gain (loss) on investments	**(8,411,772)**	3,795,326

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, all airport operations and certain related assets and liabilities were transferred to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated 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 that 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 include unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 airport nonoperating expenses related to the Airport Authority's Quieter Home Program are subject to reimbursement from federal grant programs. Executed government grant agreements are 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. For the fiscal years ended June 30, 2026, and 2025, the Airport Authority recovered $25.8 million and $2.5 million, respectively, for approved capital projects; and $14.2 million and $15.7 million, respectively, for the Quieter Home Program.

Passenger facility charges (PFC): The PFC program was established under the *Aviation Safety and Capacity Expansion Act of 1990*. In 1995, the Airport Authority received authorization to collect a $3.00 PFC from revenue enplaned passengers; the charge increased to $4.50 in 2003. Air carriers collect PFCs when passengers purchase tickets and remit them to the Airport Authority the following month, less a $0.11 administrative fee. In accordance with the program, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced based on the level of PFC imposed.

PFC revenue must be used to pay allowable costs for approved capital projects, support the Airport Authority's noise mitigation through the Quieter Home Program, or repay debt service issued for eligible capital projects. As of June 30, 2026, and 2025, accrued PFC receivables totaled $9.5 million and $8.5 million, respectively, and PFC amounts collected but not yet applied to approved capital projects or to repay debt service totaled $213.1 million and $213.5 million, respectively.

The FAA approved the latest application in May 2026. Currently, five active applications authorize the Airport Authority to impose and use $3.1 billion in PFC revenue through October 2062. Under the FAA Reauthorization Act of 2024, the AIP Passenger Entitlement Apportionment turnback for large and medium hub airports imposing a PFC greater than $3.00 is 60 percent, resulting in higher entitlement funding for SAN.

Customer facility charges (CFC): CFCs are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The Airport Authority received approval in May 2009 to impose a CFC on rental cars at SDIA. Rental car agencies remit the fees monthly, and the revenue is used to pay allowable costs for approved capital projects, including the consolidated Rental Car Center, and to operate the related ground transportation system. Effective February 4, 2026, the rate increased from $9.00 to $12.00 per day, up to five days, for transactions originating at the Rental Car Center; the rate for transactions by non-RCC tenants is $3.41 per day, up to five days.

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings and public buildings 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 expenses represent the authority's cost, net of the grant funds utilized in the fiscal year.

Other Interest Income includes interest earned on lease receivables and notes receivable.

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

Interest expense includes interest paid and accrued on bonds, variable debt, and leases.

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

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, GASB 73, 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. Deferred inflow of resources is initially measured as the initial amount of the receivable, adjusted for payments received at or before the agreement commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the agreement term.

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, and 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	10-40
Runways, roadways and parking lots	
Lighting, security and minor improvements	3-10
Airfield and parking lots and improvements	15-25
Drainage systems, pedestrian bridges	20-30
Roadways, bridges and infrastructure	25-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades and remodels	3-25
Baggage handling systems, HVAC, structural improvements, fuel and storage facility	12-20
Buildings and smart curb improvements	20-50
Works of art	5-30
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	5-20
Communication and electronic systems	3-20

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.

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,

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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: Eligible 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. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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, 2026, and 2025 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2026	2025
Operating contingency	**$ -**	$ 2,000,000
Insurance contingency	**15,999,942**	15,279,942
Capital projects and other commitments	**-**	20,483,039
Major maintenance	**235,053,716**	186,391,760
Total designated net position	**$ 251,053,658**	$ 224,154,741

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.

Operating and Nonoperating Activities: Operating revenues and expenses include all activities not classified as nonoperating activities or subsidies. Operating revenues consist primarily of amounts earned from airlines, concessionaires, lessees, and parking, while operating expenses include the costs of administering the airport system and depreciation of capital assets.

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsidies are resources provided or received without a direct exchange of goods or services that directly or indirectly reduce airport fees and charges. The Airport Authority reports Customer Facility Charges (CFCs) as noncapital subsidies. Passenger Facility Charges (PFCs), Airport Improvement Program (AIP) grants, and Quieter Home Program grants are reported as capital subsidies because they are restricted for capital asset acquisition or construction, related debt service, or program construction costs.

Nonoperating revenues and expenses include finance-related revenues and expenses, investment income and expenses, gains and losses on disposals of capital assets and inventory, contributions to permanent and term endowments, and subsidies provided or received.

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:

	2026	2025
Southwest Airlines	**34.5%**	31.1%
Alaska Airlines	**21.1%**	18.5%
United Airlines	**12.0%**	12.8%
Delta Airlines	**11.7%**	12.5%
American Airlines	**10.7%**	11.5%

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, 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

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2026:

- GASB Statement No. 103, Financial Reporting Model Improvements. Implementation did not result in a change to the Airport Authority's total net position; however, the following line items were reclassified to conform to the new presentation requirements:
  - Customer facility charges previously reported as part of nonoperating revenue (expense) are now presented within noncapital subsidies.
  - Capital grant revenue previously reported as contributions is presented within other nonoperating revenues (expenses).

- GASB Statement No. 104, Disclosure of Certain Capital Assets. Implementation did not result in any changes to the Airport Authority's capital asset disclosures.

Accounting pronouncements issued but not yet adopted: GASB has issued additional 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. 105, Subsequent Events effective for the Authority's year ending June 30, 2027.

Reclassifications: Certain reclassifications have been made to the 2025 financial statements to conform to the 2026 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:

	2026	2025
Unrestricted and Undesignated:		
Cash and cash equivalents	**$ 5,594,167**	$ 27,384,154
Current investments	**331,767,985**	289,741,720
Noncurrent investments	**167,909,309**	118,272,993
Total unrestricted and undesignated	**505,271,461**	435,398,867
Designated for specific capital projects and other commitments:		
Current investments	**-**	20,483,039
Noncurrent investments	**251,053,658**	203,671,702
Total designated	**251,053,658**	224,154,741
Restricted:		
Current investments, with trustees	**180,729,539**	180,276,856
Noncurrent investments, not with trustees	**342,720,777**	329,466,105
Noncurrent investments, with trustees	**1,445,888,430**	958,987,319
Total restricted investments	**1,969,338,746**	1,468,730,279
Total cash, cash equivalents and investments	**$ 2,725,663,865**	$ 2,128,283,887

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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

	2026	2025
Restricted investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	**$ 62,719,544**	$ 59,297,036
Operation and maintenance subaccount	**20,906,514**	19,765,678
Renewal and replacement account	**5,400,000**	5,400,000
Total bonds reserves	**89,026,058**	84,462,714
Passenger facility charges unapplied	**211,738,327**	213,491,812
Customer facility charges unapplied	**39,956,392**	29,425,199
Small business development bond guarantee	**2,000,000**	2,223,000
2014 Renew and Replace	**11,533,937**	11,131,702
2014 Rolling coverage fund	**8,205,765**	7,866,822
2014 Series debt service account	**14,817,372**	19,797,329
2014 Series debt service reserve fund	**22,245,328**	23,173,587
2017 Series debt service account	**12,906,407**	13,329,503
2017 Series debt service reserve fund	**15,605,328**	15,671,899
2019 Series CAP Interest Fund	**92**	89
2019 Series Construction Fund	**230,922**	7,510,686
2019 Series Debt Service Account	**16,812,164**	17,500,690
2019 Series Debt Service Reserve Fund	**30,848,836**	31,405,233
2020 Series Debt Service Account	**16,340,560**	16,555,761
2020 Series Debt Service Reserve Fund	**33,354,537**	32,846,415
2021 Series CAP Interest Fund	**32,078**	38,579,499
2021 Series Construction Fund	**1,882,920**	77,476,194
2021 Series Debt Service Reserve Fund	**113,080,892**	115,643,970
2021 Series Debt Service Account	**51,524,750**	24,170,268
2023 Series CAP Interest Fund	**35,453,576**	31,193,766
2023 Series Construction Fund	**396,515,452**	573,567,651
2023 Series Debt Service Reserve Fund	**80,153,608**	77,809,892
2023 Series Debt Service Account	**17,858,587**	3,896,597
2025 Series CAP Interest Fund	**81,249,233**	-
2025 Series Construction Fund	**612,638,673**	-
2025 Series Debt Service Reserve Fund	**53,267,277**	-
2025 Series Debt Service Account	**59,675**	-
Total restricted investments	**$ 1,969,338,746**	$ 1,468,730,279

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.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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	397 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, redemption limitations, redemption notice periods, or unfunded commitments.

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.

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.

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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, AND 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:

	2026				
		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	$ 480,551,090	$ 120,938,695	$ 115,395,885	$ 244,216,510	Not rated
U.S. Agency securities	135,940,488	34,500,420	38,861,773	62,578,295	AA+
Non-U.S. Securities	24,193,135	-	-	24,193,135	AAA
Medium-term notes	8,448,360	-	3,514,210	4,934,150	Not rated
Medium-term notes	28,957,370	2,969,940	4,992,200	20,995,230	AA+
Medium-term notes	26,209,450	2,966,770	4,488,300	18,754,380	AA
Medium-term notes	30,084,940	1,987,280	4,972,550	23,125,110	AA-
Medium-term notes	51,914,335	3,992,360	8,497,170	39,424,805	A+
Medium-term notes	56,979,726	-	9,914,950	47,064,776	A
Medium-term notes	1,976,080	1,976,080	-	-	A-
Commercial paper	5,979,240	5,979,240	-	-	Not rated
Municipal Bonds	10,045,900	-	-	10,045,900	AA-
Collaterallized Mortgage Obligation	6,728,105	6,728,105	-	-	AAA
Collaterallized Mortgage Obligation	43,502,028	9,744,005	22,226,075	11,531,948	Not rated
Money market mutual funds	1,767,291	1,767,291	-	-	Not rated
Money market mutual funds	547,644,827	547,644,827	-	-	AAA
Local Agency Investment Fund	73,234,433	73,234,433	-	-	Not rated
San Diego County Investment Pool	79,627,046	79,627,046	-	-	AAA
San Diego County Inv. Pool-Treasury	1,049,979,313	1,049,979,313	-	-	AAA
CalTrust Fund	56,306,543	56,306,543	-	-	AA
Total investments subject to credit and interest rate risk:	2,720,069,697	2,000,342,346	212,863,113	506,864,239	
Total Investments	$ 2,720,069,697				

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

	2025				
		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	$ 413,372,426	$ 124,595,055	$ 110,224,213	$ 178,553,158	AA+
U.S. Agency securities	7,888,640	-	7,888,640	-	AAA
U.S. Agency securities	150,402,505	24,018,065	34,638,335	91,746,105	AA+
U.S. Agency securities	32,050,915	-	9,823,000	22,227,915	Not rated
Non-U.S. Securities	24,405,720	-	-	24,405,720	AAA
Medium-term notes	3,545,150	-	-	3,545,150	Not rated
Medium-term notes	4,978,300	4,978,300	-	-	AAA
Medium-term notes	23,199,690	-	2,919,540	20,280,150	AA+
Medium-term notes	15,333,675	2,003,300	2,938,780	10,391,595	AA
Medium-term notes	22,227,660	-	1,972,760	20,254,900	AA-
Medium-term notes	38,438,065	-	3,995,120	34,442,945	A+
Medium-term notes	40,043,805	12,513,750	-	27,530,055	A
Medium-term notes	6,905,240	4,961,600	1,943,640	-	A-
Municipal Bonds	10,177,500	-	-	10,177,500	AA-
Negotiable Certificates of deposit	2,223,000	2,223,000	-	-	Not rated
Money market mutual funds	2,275,968	2,275,968	-	-	Not rated
Money market mutual funds	749,526,963	749,526,963	-	-	AAA
Local Agency Investment Fund	70,467,983	70,467,983	-	-	Not rated
San Diego County Investment Pool	140,922,734	140,922,734	-	-	AAA
San Diego County Inv. Pool-Treasury	297,308,604	297,308,604	-	-	AAA
CalTrust Fund	45,205,190	45,205,190	-	-	AA
Total investments subject to credit and interest rate risk:	2,100,899,733	1,481,000,513	176,344,028	443,555,193	
Total Investments	$ 2,100,899,733				

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, 2026, and 2025.

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, AND 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, 2026 and 2025 :

June 30, 2026	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				
Collaterallized Mortgage Obligation	$ 50,230,133	$ -	$ 50,230,133	$ -
Commercial paper	5,979,240	-	5,979,240	-
Medium-term notes	204,570,261	-	204,570,261	-
Municipal Bonds	10,045,900	-	10,045,900	-
Non-U.S. Securities	24,193,135	-	24,193,135	-
U.S. Agency securities	135,940,488	-	135,940,488	-
U.S. Treasury obligations	480,551,090	-	480,551,090	-
Total investments by fair value level	911,510,246	$ -	$ 911,510,246	$ -
Investments measured at amortized cost				
Money market mutual funds	549,412,117			
Investments measured at net asset value				
CalTrust Fund	56,306,543			
Local Agency Investment Fund	73,234,433			
San Diego County Investment Pool	79,627,046			
San Diego County Inv. Pool-Treasury	1,049,979,313			
Total investments	$ 2,720,069,697			

June 30, 2025	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				
Medium-term notes	$ 154,671,585	$ -	$ 154,671,585	$ -
Municipal Bonds	10,177,500	-	10,177,500	-
Negotiable Certificates of deposit	2,223,000	-	2,223,000	-
Non-U.S. Securities	24,405,720	-	24,405,720	-
U.S. Agency securities	190,342,060	-	190,342,060	-
U.S. Treasury obligations	413,372,426	-	413,372,426	-
Total investments by fair value level	795,192,291	$ -	$ 795,192,291	$ -
Investments measured at amortized cost				
Money market mutual funds	751,802,931			
Investments measured at net asset value				
CalTrust Fund	45,205,190			
Local Agency Investment Fund	70,467,983			
San Diego County Investment Pool	140,922,734			
San Diego County Inv. Pool-Treasury	297,308,604			
Total investments	$ 2,100,899,733			

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 fiscal years 2026 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, 2026, 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 carrying amounts of $150.1 million and $147.1 million as of June 30, 2026, and 2025, respectively, and deferred inflows of resources of $131.7 million and $131.8 million as of June 30, 2026, and 2025, respectively, related to these agreements. The deferred inflows 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, 2026, and 2025, was $19.0 million and $16.4 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of $7.8 million and $9.4 million, for the years ended June 30, 2026, and 2025, respectively, for variable payments not previously included in the measurement of the lease receivable.

NOTE 3. LEASES AND 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, 2026. 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.

Years Ending June 30,	Principal	Interest	Total
2027	$ 14,012,382	$ 4,881,746	$ 18,894,128
2028	11,699,540	4,580,894	16,280,434
2029	10,096,923	4,290,625	14,387,549
2030	7,813,719	4,039,934	11,853,653
2031	7,698,603	3,800,802	11,499,405
2032 - 2036	32,737,282	15,450,220	48,187,501
2037 - 2041	31,566,717	9,663,884	41,230,600
2042 - 2046	32,928,229	3,453,876	36,382,104
2047 - 2051	235,110	268,528	503,638
2052 - 2056	284,647	218,979	503,625
2057 - 2061	344,621	158,989	503,610
2062 - 2066	417,231	86,360	503,591
2067 - 2071	240,508	11,281	251,788
Total	$ 150,075,509	$ 50,906,118	$ 200,981,627

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 T1, 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, 2026, 38 of the 59 terminal and

NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS (CONTINUED)

cargo aircraft parking positions were subject to preferential use and 108,874 square feet of the 621,231 square feet of airline designated space was subject to exclusive use. As of June 30, 2025, 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.

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 Consumer Price Index (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 $10.5 million and $10.7 million for the fiscal years ended June 30, 2026, and 2025, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were $221.2 million and $217.2 million, for the years ended June 30, 2026, and 2025, 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, 2026:

Years Ending June 30,	Principal
2027	$ 31,876,477
2028	31,876,477
2029	31,876,477
2030	2,255,463
2031	2,255,463
2032 - 2033	3,990,518
Total	$ 104,130,875

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 4.1 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 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 T1. 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.

NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS (CONTINUED)

The Airport Authority reports partnership leases receivable with a carrying amount of $121.7 million and $124.7 million as of June 30, 2026, and 2025, respectively, and deferred inflows of resources of $195.1 million and $202.7 million as of June 30, 2026, and 2025, respectively, related to these agreements. The deferred inflows of resources will be recognized as revenue over the terms of the agreements. 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, 2026:

Years Ending June 30,	Principal	Interest	Total
2027	$ 3,471,921	$ 4,253,203	$ 7,725,125
2028	3,597,558	4,127,566	7,725,125
2029	3,727,742	3,997,383	7,725,125
2030	3,862,637	3,862,488	7,725,125
2031	4,002,412	3,722,712	7,725,125
2032 - 2036	22,292,278	16,333,345	38,625,623
2037 - 2041	26,628,361	11,997,262	38,625,623
2042 - 2046	31,807,857	6,817,766	38,625,623
2047 - 2051	22,306,084	1,218,045	23,524,130
Total	$ 121,696,852	$ 56,329,772	$ 178,026,623

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, 2026, and 2025, the balance of the note receivable was $14.1 million and $16.9 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. As of June 30, 2026, the note was paid in full and as of June 30, 2025, the balance was $2.4 million.

The principal payments owed on notes receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	
2027	$ 2,937,084
2028	3,045,492
2029	3,157,901
2030	3,274,459
2031	1,682,277
Total	$ 14,097,213

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, 2026 and 2025.

	Balance at July 1, 2025	Increases	Decreases	**Balance at June 30, 2026**
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ 12,700,000	$ -	$ 34,867,594
Construction in progress	2,374,388,669	371,112,739	(2,422,754,793)	322,746,615
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	2,396,996,263	383,812,739	(2,422,754,793)	358,054,209
Depreciable assets and leases:				
Land improvements	164,482,286	13,723,787	(1,319,355)	176,886,718
Land improvements - right-to-use lease assets	240,922,204	-	-	240,922,204
Buildings and structures	2,218,810,365	1,640,276,987	(99,525,578)	3,759,561,774
Machinery and equipment	147,849,001	33,189,416	(10,079,562)	170,958,854
Runways, roads and parking lots	634,830,060	762,931,848	(27,921,916)	1,369,839,992
Total capital and lease assets being depreciated/amortized	3,406,893,915	2,450,122,037	(138,846,410)	5,718,169,542
Less accumulated depreciation and amortization for:				
Land improvements	(69,756,871)	(7,976,678)	831,991	(76,901,557)
Building and structures	(993,107,417)	(141,469,809)	91,899,663	(1,042,677,564)
Land improvements - right-to-use lease assets	(30,831,743)	(5,654,853)	-	(36,486,596)
Machinery and equipment	(109,888,487)	(9,791,260)	8,599,422	(111,080,325)
Runways, roads and parking lots	(376,020,984)	(45,848,007)	27,896,653	(393,972,338)
Total accumulated depreciation and amortization	(1,579,605,501)	(210,740,607)	129,227,729	(1,661,118,379)
Total capital and lease assets being depreciated/amortized, net	1,827,288,414	2,239,381,430	(9,618,682)	4,057,051,163
Capital and lease assets, net	$ 4,224,284,678	$ 2,623,194,169	$ (2,432,373,475)	$ 4,415,105,372

	Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Construction in progress	1,978,692,850	684,891,903	(289,196,084)	2,374,388,669
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	2,001,300,444	684,891,903	(289,196,084)	2,396,996,263
Depreciable assets and leases:				
Land improvements	159,946,387	4,535,899	-	164,482,286
Land improvements - right-to-use lease assets	240,922,204	-	-	240,922,204
Buildings and structures	1,946,434,381	272,375,984	-	2,218,810,365
Machinery and equipment	145,684,582	2,667,842	(503,423)	147,849,001
Runways, roads and parking lots	623,926,792	10,982,642	(79,374)	634,830,060
Total capital and lease assets being depreciated/amortized	3,116,914,345	290,562,368	(582,798)	3,406,893,915
Less accumulated depreciation and amortization for:				
Land improvements	(63,452,922)	(6,303,949)	-	(69,756,871)
Building and structures	(914,847,782)	(78,259,636)	-	(993,107,417)
Land improvements - right-to-use lease assets	(24,290,688)	(6,541,055)	-	(30,831,743)
Machinery and equipment	(101,599,540)	(8,698,069)	409,122	(109,888,487)
Runways, roads and parking lots	(352,763,851)	(23,257,132)	-	(376,020,984)
Total accumulated depreciation and amortization	(1,456,954,783)	(123,059,840)	409,122	(1,579,605,501)
Total capital and lease assets being depreciated/amortized, net	1,659,959,562	167,502,527	(173,675)	1,827,288,414
Capital and lease assets, net	$ 3,661,260,007	$ 852,394,430	$ (289,369,759)	$ 4,224,284,678

Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2026 and 2025 amounted to $205.1 million and $116.5 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to $5.0 million each year. Depreciation expense charged to capital improvement projects in accordance with GASB Statement No. 87 for the fiscal years ended June 30, 2026 and 2025, amounted to $685 thousand and $1.6 million, respectively.

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2026, and 2025:

	Principal Balance at June 30, 2025	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2026**	Due Within One Year
Bonds payable					
Series 2014 Bonds	261,970,000	-	(7,440,000)	**254,530,000**	7,855,000
Series 2017 Bonds	255,145,000	-	(6,155,000)	**248,990,000**	6,465,000
Series 2019 Bonds	442,090,000	-	(5,615,000)	**436,475,000**	5,895,000
Series 2020 Bonds	181,230,000	-	(11,275,000)	**169,955,000**	11,830,000
Series 2021 Bonds	1,862,860,000	-	(13,005,000)	**1,849,855,000**	10,310,000
Series 2023 Bonds	1,059,745,000	-	(2,865,000)	**1,056,880,000**	-
Series 2025 Bonds	-	784,450,000	-	**784,450,000**	-
Bond premiums, net	401,453,235	37,406,978	(26,310,170)	**412,550,043**	-
Total bonds payable	4,464,493,235	821,856,978	(72,665,170)	**5,213,685,043**	42,355,000
Lease Liabilities	224,363,516	-	(2,829,863)	**221,533,654**	2,645,398
Note Payable - Direct borrowing					
CRDC	4,711,675	-	(465,484)	**4,246,191**	509,897
Total debt obligations	4,693,568,427	821,856,978	(75,960,517)	**5,439,464,888**	45,510,294
Compensated absences	5,657,875	6,083,193	(5,129,625)	**6,611,443**	5,129,625
Total long-term liabilities	$ 4,699,226,301	$ 827,940,171	$ (81,090,142)	**$ 5,446,076,331**	$ 50,639,919

	Principal Balance at June 30, 2024	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2025	Due Within One Year
Bonds payable					
Series 2014 Bonds	269,015,000	-	(7,045,000)	261,970,000	7,440,000
Series 2017 Bonds	261,010,000	-	(5,865,000)	255,145,000	6,155,000
Series 2019 Bonds	448,490,000	-	(6,400,000)	442,090,000	5,615,000
Series 2020 Bonds	197,235,000	-	(16,005,000)	181,230,000	11,275,000
Series 2021 Bonds	1,875,085,000	-	(12,225,000)	1,862,860,000	13,005,000
Series 2023 Bonds	1,061,980,000	-	(2,235,000)	1,059,745,000	2,865,000
Bond premiums	426,578,230	-	(25,124,995)	401,453,235	-
Total bonds payable	4,539,393,230	-	(74,899,995)	4,464,493,235	46,355,000
Lease Liabilities	228,005,166	-	(3,641,649)	224,363,516	2,829,863
Note Payable - Direct borrowing					
CRDC	5,136,616	-	(424,940)	4,711,675	465,484
Total debt obligations	4,772,535,011	-	(78,966,585)	4,693,568,427	49,650,347
Compensated absences	5,273,715	4,880,685	(4,496,526)	5,657,875	4,496,526
Total long-term liabilities	$ 4,777,808,726	$ 4,880,685	$ (83,463,110)	$ 4,699,226,301	$ 54,146,873

Senior Lien Series 2025 Bonds: On July 9, 2025, the Airport Authority issued $784.5 million of Series A and B Senior Airport Revenue Bonds (Series 2025 Bonds). The 2025 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, fund deposits to the senior reserve fund and capitalized interest for Series 2021, Series 2023 and Series 2025 Bonds and pay the costs of issuance of the Series 2025 Bonds.

The Series 2025 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent to 5.25 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 5.50 percent. The Series A and Series B bonds were issued at a premium of $10.7 million and $26.7 million, respectively. The premium is amortized over the life of the bonds. The interest on the Series 2025 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal year ended June 30, 2026 amounted to $40 million, including accrued interest of $20.5 million. The principal balance on the Series 2025 Bonds as of June 30, 2026 was $784.5 million.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

The required debt service payments for the Series 2025 Bonds for the years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ -	$ 40,928,600	$ 40,928,600
2028	-	40,928,600	40,928,600
2029	7,830,000	40,732,850	48,562,850
2030	16,070,000	40,135,350	56,205,350
2031	16,870,000	39,311,850	56,181,850
2032 - 2036	17,710,000	38,447,350	56,157,350
2037 - 2041	102,760,000	177,679,000	280,439,000
2042 - 2046	131,680,000	147,888,769	279,568,769
2047 - 2051	169,745,000	108,846,163	278,591,163
2052 - 2056	219,070,000	58,152,844	277,222,844
2057 - 2059	102,715,000	11,475,875	114,190,875
	$ 784,450,000	$ 744,527,250	$ 1,528,977,250

On June 30, 2026, the amount held by the trustee was $747.2 million, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund.

The public ratings of the Series 2025 Bonds as of June 30, 2026, are Aa3/AA- by Moody's Investors Service and Fitch Ratings.

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 years ended June 30, 2026, and 2025 amounted to $53.8 million and $53.9 million, respectively, including accrued interest of $26.9 million and $27.0 million, respectively. The principal balance on the Series 2023 Bonds as of June 30, 2026, and 2025 was $1,056.9 million and $1,059.7 million, respectively.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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
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	15,170,000	52,689,663	67,859,663
2031	15,925,000	51,912,288	67,837,288
2032 - 2036	96,550,000	245,694,100	342,244,100
2037 - 2041	123,925,000	217,206,875	341,131,875
2042 - 2046	166,635,000	180,371,438	347,006,438
2047 - 2051	194,300,000	136,154,313	330,454,313
2052 - 2056	248,105,000	80,877,481	328,982,481
2057 - 2059	181,820,000	14,610,938	196,430,938
	$ 1,056,880,000	$ 1,140,530,082	$ 2,197,410,082

On June 30, 2026, and 2025, the amount held by the trustee was $530.0 million and $686.5 million, respectively, 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 2026 and 2025 were $89.0 million and $84.5 million, respectively. The public ratings of the Series 2023 Bonds as of June 30, 2026, are Aa3/AA- by Moody's Investors Service and Fitch Ratings.

The Senior Series 2025 and 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 2025 and 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.

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, 2026, and 2025 amounted to $12.4 million and $12.8 million, respectively, including accrued interest of $6.2 million and $6.4 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2026, and 2025 was $249 million and $255.1 million, respectively.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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
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	7,485,000	11,243,125	18,728,125
2031	7,860,000	10,859,500	18,719,500
2032 - 2036	45,600,000	47,836,750	93,436,750
2037 - 2041	58,200,000	34,923,500	93,123,500
2042 - 2046	74,290,000	18,440,500	92,730,500
2047 - 2048	35,170,000	1,780,000	36,950,000
	$ 248,990,000	$ 160,936,250	$ 409,926,250

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, 2026, and 2025 amounted to $21 million and $21.3 million, respectively, including accrued interest of $10.5 million and $10.6 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2026, and 2025 was $436.5 million and $442.1 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
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	6,825,000	20,064,100	26,889,100
2031	7,165,000	19,722,850	26,887,850
2032 - 2036	108,750,000	87,243,000	195,993,000
2037 - 2041	163,700,000	55,332,800	219,032,800
2042 - 2046	66,135,000	25,957,200	92,092,200
2047 - 2050	65,310,000	8,362,500	73,672,500
	$ 436,475,000	$ 278,764,000	$ 715,239,000

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

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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, 2026, and 2025 amounted to $8.5 million and $9.1 million, respectively, including accrued interest of $4.2 million and $4.5 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2026, and 2025 was $170 million and $181.2 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
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	13,705,000	6,632,500	20,337,500
2031	14,385,000	5,947,250	20,332,250
2032 - 2036	57,755,000	19,881,250	77,636,250
2037 - 2041	46,805,000	7,250,250	54,055,250
	$ 169,955,000	$ 63,400,250	$ 233,355,250

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 T1, 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, 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 $3.0 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, 2026, and 2025 amounted to $80.5 million and $80.7 million, respectively, including accrued interest of $40 million and $40.1 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2026, and 2025 was $1,849.9 million and $1,862.9 million, respectively.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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
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	11,940,000	78,612,092	90,552,092
2031	13,035,000	77,994,646	91,029,646
2032 - 2036	141,045,000	374,402,344	515,447,344
2037 - 2041	194,555,000	339,687,002	534,242,002
2042 - 2046	358,325,000	285,706,757	644,031,757
2047 - 2051	363,630,000	212,157,600	575,787,600
2052 - 2056	593,280,000	106,244,750	699,524,750
2057	141,530,000	3,288,250	144,818,250
	$ 1,849,855,000	$ 1,717,317,092	$ 3,567,172,092

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, 2026, and 2025, the amount held by the trustee was $292.6 million and $390.7 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, 2026, are A/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

For the year ended June 30, 2026, the net revenues pledged for senior and subordinate lien debt service was $319.9 million compared to the net debt service (senior and subordinate lien principal and interest) of $174.2 million. At June 30, 2026, the remaining principal and interest payments required to repay the bonds through 2059 totaled $8,652.1 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.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Interest for the fiscal years ended June 30, 2026, and 2025 amounted to $14.1 million and $14.5 million, respectively, including accrued interest of $7 million and $7.2 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2026, and 2025 was $254.5 million and $262 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, 2026, and 2025, the amount held by the trustee was $56.8 million and $62.0 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, 2026, are A-/A3 by Standard & Poor's and Moody's Investors Service. On August 18, 2026, Standard & Poor's upgraded the rating to A.

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
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	9,250,000	12,411,644	21,661,644
2031	9,765,000	11,879,794	21,644,794
2032 - 2036	57,665,000	50,319,070	107,984,070
2037 - 2041	75,700,000	31,777,897	107,477,897
2042 - 2045	77,240,000	8,370,662	85,610,662
	$ 254,530,000	$ 154,910,988	$ 409,440,988

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, 2023 and 2025 Bonds for fiscal years ended June 30, 2026, and June 30, 2025, of $230.3 million and $192.3 million, respectively, was offset by bond premium amortization of $ 26.3 million in fiscal year 2026 and $25.1 million in fiscal year 2025.

Subordinate Short-Term Debt Program: 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. At the end of fiscal years 2025 and 2026 the Airport Authority had no outstanding balances related to this program. 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 2025, the Airport Authority maintained a $2.0 million line of credit held with US Bank, which was collateralized with a Treasury bond. In October 2025, the $2.0 million line

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

of credit agreement expired. The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2026, and 2025:

	June 30, 2026		June 30, 2025	
	Used	Unused	Used	Unused
Revolving line of credit	$ -	$200,000,000	$ -	$200,000,000
Line of credit	$ -	-	$ -	2,000,000
	$ -	$ 200,000,000	$ -	$ 202,000,000

Event of Default: In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. 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, 2025:

Years Ending June 30,	Amount
2027	$ 877,298
2028	877,298
2029	877,298
2030	877,298
2031	877,298
2032-2033	1,242,839
Total Lease Payments	5,629,328
Less amount representing interest	(1,383,137)
Present value of future lease payments	$ 4,246,191

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 2026 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, 2026, and 2025, were $221.5 million and $224.4 million, respectively.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

The future principal and interest payments for lease liabilities as of June 30, 2026, are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	2,645,398	8,379,303	11,024,701
2028	2,701,099	8,289,721	10,990,821
2029	2,427,028	8,199,071	10,626,099
2030	2,520,945	8,106,746	10,627,692
2031	2,622,580	8,010,877	10,633,457
2032-2036	14,880,896	38,467,525	53,348,421
2037-2041	18,153,385	35,399,690	53,553,074
2042-2046	19,721,607	31,833,532	51,555,139
2047-2051	23,948,947	27,673,376	51,622,322
2052-2056	29,075,297	22,620,928	51,696,225
2057-2061	35,291,173	16,486,344	51,777,517
2062-2066	42,827,405	9,039,534	51,866,939
2067-2069	24,717,895	1,242,570	25,960,465
	$221,533,654	$223,749,218	$445,282,872

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 schedule below represents aggregated information as of and for the years ended June 30, 2026, and 2025:

	Defined Benefit Plan GASB 68	Preservation of Benefits Trust Plan GASB 73	Total
Balances as of and for the year ended 6/30/2026			
Net pension liability	7,491,704	1,453,067	8,944,771
Deferred outflows of resources	14,013,082	326,775	14,339,857
Deferred inflows of resources	1,245,308	399,605	1,644,913
Balances as of and for the year ended 6/30/2025			
Net pension liability	16,684,974	1,626,442	18,311,416
Deferred outflows of resources	21,250,582	479,911	21,730,493
Deferred inflows of resources	770,171	621,335	1,391,506

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.

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

From January 1, 2003, through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. 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.

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

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, 2025, and June 30, 2024, Plan membership was as follows:

	2025	2024
Active employees	388	395
Inactive employees entitled to but not yet receiving benefits	203	208
Inactive employees or beneficiaries currently receiving benefits	236	213
Total	827	816

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, 2026, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2024, 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, 2026, and 2025, employees contributed $5.1 million and $4.9 million, respectively, and the Airport Authority contributed $6.1 million and $9.2 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 100% percent of the executive classic members' contribution. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

Net Pension Liability: The Airport Authority's net pension liability as of June 30, 2026, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2026, is measured as of June 30, 2025. The annual valuation used is as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follows.

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

Actuarial Assumptions: The total pension liability in the June 30, 2025 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2026	June 30, 2025
Valuation date	June 30, 2024	June 30, 2023
Measurement date	June 30, 2025	June 30, 2024
Actuarial 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	3.00%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase [2]	3.25%, plus merit component	3.25%, plus merit component
Cost-of-living adjustment	2.0% per annum, compounded	2.09% per annum, compounded
Termination rate [3]	2.0% - 18.0%	2.0% - 18.0%
Disability rate [4]	0.01% - 0.20%	0.01% - 0.20%
Mortality [5]	SOA Pub-2010 Mortality Tables	SOA Pub-2010 Mortality Tables

[1] Net of investment expense

[2] Merit component based on years of service ranging from 4.75% to 0.25%

[3] Based on years of service

[4] Based on age

[5] All active and retired healthy members based on SOA Pub-2010 Public Retirement Plans Mortality Tables. Disabled annuitants based on the sex distinct CalPERS Industrial Related Disability Retirees Mortality Table

Further details about the actuarial assumptions can be found in the SDCERS June 30, 2025 and June 30, 2024 actuarial reports.

Discount Rate: For the June 30, 2025 and June 30, 2024 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.

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 30,2025 are summarized below:

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	18.0%	4.4%	6.8%
International equity	12.0%	4.2%	6.6%
Global equity	6.0%	4.4%	6.8%
Domestic fixed income	22.0%	2.6%	5.0%
Return-Seeking Fixed Income	5.0%	4.6%	7.0%
Real estate	11.0%	4.0%	6.4%
Private equity	10.0%	7.6%	10.1%
Infrastructure	4.0%	6.3%	8.8%
Private Debt	5.0%	4.4%	6.8%
Diversifying	4.0%	2.9%	5.3%
Opportunity fund	3.0%	4.4%	6.8%
	100.0%		

Changes in the Net Pension Liability: Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2026, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2025	$ 314,983,975	$ 298,299,001	$ 16,684,974
Changes for the year:			
Service cost	8,516,552	-	8,516,552
Interest on total pension liability	20,347,416	-	20,347,416
Difference between expected and actual experience	1,697,788	-	1,697,788
Changes in assumptions	-	-	-
Employer contributions	-	9,299,940	(9,299,940)
Member contributions	-	3,924,726	(3,924,726)
Net investment income	-	27,010,658	(27,010,658)
Benefit payments	(12,472,432)	(12,472,432)	-
Administrative expense	-	(480,298)	480,298
Net changes	18,089,324	27,282,594	(9,193,270)
Balances as of June 30, 2026	$ 333,073,299	$ 325,581,595	$ 7,491,704

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2025, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2024	$ 287,458,835	$ 277,214,692	$ 10,244,143
Changes for the year:			
Service cost	7,979,893	-	7,979,893
Interest on total pension liability	18,614,363	-	18,614,363
Difference between expected and actual experience	5,608,954	-	5,608,954
Changes in assumptions	5,504,534	-	5,504,534
Employer contributions	-	8,010,734	(8,010,734)
Member contributions	-	3,730,545	(3,730,545)
Net investment income	-	19,966,331	(19,966,331)
Benefit payments	(10,182,604)	(10,182,604)	-
Administrative expense	-	(440,697)	440,697
Net changes	27,525,140	21,084,309	6,440,831
Balances as of June 30, 2025	$ 314,983,975	$ 298,299,001	$ 16,684,974

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, 2026:

	Discount Rate		
	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 377,672,076	$ 333,073,299	$ 296,501,941
Plan fiduciary net position	325,581,595	325,581,595	325,581,595
Net pension liability (asset)	$ 52,090,481	$ 7,491,704	$ (29,079,654)
Plan fiduciary net position as a percentage of the total pension liability	86.2%	97.8%	109.8%

A 1% decrease in the discount rate increases the total pension liability by approximately 13% and increases the net pension liability by approximately 595%. A 1% increase in the discount rate increases the total pension liability by approximately 11% and decreases the net pension liability by approximately 448%.

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan: For the years ended June 30, 2026 and June 30, 2025, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of $4.7 million and $9.2 million, respectively. At June 30, 2026 and June 30, 2025, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,123,546	$ -
Changes in assumptions	2,752,266	-
Net difference between projected and actual earnings	-	1,245,308
Employer contributions made subsequent to June 30, 2025 measurement date	6,137,270	-
Total	$ 14,013,082	$ 1,245,308

For June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,298,173	$ 770,171
Changes in assumptions	4,128,400	-
Net difference between projected and actual earnings	1,605,865	-
Employer contributions made subsequent to June 30, 2024 measurement date	9,218,144	-
Total	$ 21,250,582	$ 770,171

The deferred outflows of resources at June 30, 2025 and June 30, 2024 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 2027 and 2026.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2026, will be recognized in pension expense as follows:

Years ended June 30,	
2027	7,470,887
2028	2,109,403
2029	(1,446,988)
2030	(1,502,798)
Thereafter	-
	$ 6,630,504

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.

NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

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 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, 2026, and June 30, 2025, were $8.1 thousand and $13.5 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, 2025, and 2024, Plan membership was as follows:

	2025	2024
Active employees	1	1
Retired or DROP members	2	2
Total	3	3

Total Pension Liability: The Airport Authority's total pension liability as of June 30, 2026 and June 30, 2025, was $1.5 million and $1.6 million, respectively. The pension liability as of June 30, 2026, is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, 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, 2026, and June 30, 2025, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2026	June 30, 2025
Valuation date	June 30, 2025	June 30, 2024
Measurement date	June 30, 2025	June 30, 2024
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	5.20%	3.93%
Price Inflation rate	3.00%	3.00%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases [(1)]	3.25%, plus merit component	3.25%, plus merit component

[(1)] Merit component based on years of service ranging from 4.75% to 0.25%

Changes in the Total Pension Liability: Changes in the total pension liability through the year ended June 30, 2026, was as follows:

Balances as of June 30, 2025	$	1,626,442
Changes for the year:		
Service cost		35,131
Interest on total pension liability		64,445
Difference between expected and actual experience		12,510
Changes in assumptions		(277,333)
Benefit payments		(8,128)
Net changes		(173,375)
Balances as of June 30, 2026	$	1,453,067

NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

Changes in the total pension liability through the year ended June 30, 2025, was as follows:

Balances as of June 30, 2024	$	961,287
Changes for the year:		
Service cost		42,413
Interest on total pension liability		35,609
Difference between expected and actual experience		623,963
Changes in assumptions		(23,292)
Benefit payments		(13,538)
Net changes		665,155
Balances as of June 30, 2025	$	1,626,442

Sensitivity of the Total Pension Liability to Discount Rate Changes: The following presents the resulting total pension liability calculated using the discount rate of 5.2 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, 2026:

	1% Decrease 4.20%	Current Rate 5.20%	1% Increase 6.20%
Total pension liability	$ 1,665,008	$ 1,453,067	$ 1,280,355

A 1% decrease in the discount rate increases the total pension liability by approximately 15%, while a 1% increase in the discount rate decreases the total pension liability by approximately 12%.

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB: For the year ended June 30, 2026, and 2025, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of $(235.9) thousand and $(70.4) thousand. At June 30, 2026 and June 30, 2025, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 321,363	$ 175,649
Changes in assumptions	-	223,956
Employer contributions subsequent to June 30, 2025 measurement date	5,412	-
Total	$ 326,775	$ 399,605

For June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 467,972	$ 485,808
Changes in assumptions	4,424	135,527
Employer contributions subsequent to June 30, 2024 measurement date	7,515	-
Total	$ 479,911	$ 621,335

The deferred outflows of resources, at June 30, 2026, and June 30, 2025, 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 2027 and 2026, respectively.

NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

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

Years ended June 30,		
2027	$	(95,996)
2028		83,962
2029		(66,208)
Thereafter		-
	$	(78,242)

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. Employee contributions are not required. Employees may voluntarily contribute to the Authority's 457(b) Deferred Compensation Plan. 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, 2026, and 2025, the Airport Authority contributed $413.0 thousand and $155.7 thousand, 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 457(b) 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 457(b) 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(b) 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 nearly 2.4 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, 2025, CalPERS managed $563 billion in assets for 2,906 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, 2026, and 2025, the Airport Authority's contributions were $1.6 million and $1.3 million, respectively.

A measurement date of June 30, 2025, and 2024, was used for the June 30, 2026, and June 30, 2025 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2025, and June 30, 2024, respectively.

Membership in the OPEB by membership class at June 30, 2025, and 2024, is as follows:

	2025	2024
Active employees	85	96
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	127	125
Total	212	221

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions: The total OPEB liability in the June 30, 2025 and June 30, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2025	June 30, 2023
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 2015-2022 Experience Study
Mortality	CalPERS 2000-2023 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 - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 6.5% for 2027, decreasing to an ultimate rate of 3.45% in 2076	Non-Medicare -8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for 2022, decreasing to an ultimate rate of 3.45% 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%
Fixed Income	51%	1.56%
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 (CONTINUED)

Discount Rate: The discount rate used to measure the net OPEB liability (asset) at June 30, 2026, and June 30, 2025, 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, 2026, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2025	$ 31,920,637	$ 32,466,254	$ (545,617)
Changes for the year:			
Service cost	400,045	-	400,045
Interest on total OPEB liability	1,662,940	-	1,662,940
Changes of benefit terms	276,728		276,728
Difference between expected and actual experience	5,866,394	-	5,866,394
Changes in assumptions	15,717	-	15,717
Employer contributions	-	1,291,235	(1,291,235)
Member contributions	-	-	-
Net investment income	-	3,004,315	(3,004,315)
Benefit payments	(1,291,235)	(1,291,235)	-
Administrative expense	-	(10,071)	10,071
Net changes	6,930,589	2,994,244	3,936,345
Balances as of June 30, 2026	$ 38,851,226	$ 35,460,498	$ 3,390,728

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2025, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2024	$ 30,932,097	$ 30,558,752	$ 373,345
Changes for the year:			
Service cost	468,371	-	468,371
Interest on total OPEB liability	1,619,662	-	1,619,662
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	1,099,493	(1,099,493)
Member contributions	-	-	-
Net investment income	-	1,917,257	(1,917,257)
Benefit payments	(1,099,493)	(1,099,493)	-
Administrative expense	-	(9,755)	9,755
Net changes	988,540	1,907,502	(918,962)
Balances as of June 30, 2025	$ 31,920,637	$ 32,466,254	$ (545,617)

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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)	$ 8,659,740	$ 3,390,728	$ (964,708)

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 7.35 percent decreasing to 3.45 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)	$ (1,033,044)	$ 3,390,728	$ 8,714,134

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB: For the years ended June 30, 2026, and 2025, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of $3.8 million and $1.2 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2026	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	$ 2,933,197	$ -
Changes in assumptions	7,859	-
Net difference between projected and actual earnings	293,883	-
Employer contributions made subsequent to June 30, 2025 measurement date	1,606,637	-
Total	$ 4,841,576	$ -

For June 30, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	$ -	$ 711,586
Changes in assumptions	523,565	-
Net difference between projected and actual earnings	1,965,590	-
Employer contributions made subsequent to June 30, 2024 measurement date	1,291,235	-
Total	$ 3,780,390	$ 711,586

The deferred outflows of resources at June 30, 2026, and June 30, 2025, 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 2027 and 2026, respectively.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2026, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,		
2027	$	3,919,175
2028		(101,561)
2029		(322,655)
2030		(260,020)
Thereafter		-
	$	3,234,939

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 $1billion 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, 2026, and 2025, the Airport Authority has designated $16.0 million and $15.3 million, respectively, from its net position, as an insurance contingency.

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 one safety analyst. 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 2026, 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, 2026, and 2025, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

Under the Airport Authority's enabling act (California Public Utilities Code section 170062(f)) (The Act), the San Diego Unified Port District Harbor Police have the exclusive contract for law enforcement services at San Diego International Airport during the time the Airport continues to operate in its current location. In accordance with the Act, the Airport Authority and the District are parties to a Police Services Agreement whereby the Airport Authority purchases police

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

services from the District. During the years ended June 30, 2026, and 2025, the Airport Authority expensed $27.7 million and $25.3 million, respectively, for these services.

In fiscal year 2024, the Authority entered into a $140 million contract with AECOM Technical Services, Inc. for On-Call program management, staffing support, and consulting services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $66.4 million had been expended under this contract.

In fiscal year 2025, the Authority entered into a $56 million contract with SP Plus Corporation, for parking management services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $17.9 million had been expended under the contract.

In fiscal year 2023, the Authority entered into a $70.0 million contract with Ace Parking III, LLC for airport shuttle services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $39.0 million has been spent for shuttle services.

In fiscal year 2022, the Authority entered into 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. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $55.5 million has been spent for shuttle services.

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. In fiscal year 2025, the Board approved an additional $550.9 million. As of June 30, 2026, $2.4 billion had been spent and the contract is scheduled for completion in early fiscal year 2029.

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, 2026, $32.9 million had been spent and the contract is scheduled for completion in fiscal year 2027.

Contingencies: As of June 30, 2026, 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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability:										
Service cost	$ **8,516,552**	$ 7,979,893	$ 7,147,242	$ 6,980,223	$ 7,970,646	$ 7,857,035	$ 7,632,696	$ 7,390,428	$ 6,996,180	$ 6,205,263
Interest (includes interest on service cost)	**20,347,416**	18,614,363	17,355,715	16,489,161	15,693,834	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610
Differences between expected and actual experience	**1,697,788**	5,608,954	4,182,916	(1,288,936)	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)
Effect of changes of assumptions	**-**	5,504,534	-	-	-	6,767,000	-	6,416,088	5,871,218	10,473,890
Benefit payments, including refunds of member contributions	**(12,472,432)**	(10,182,604)	(9,295,008)	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)
Net change in total pension liability	**18,089,324**	27,525,140	19,390,865	13,602,073	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845
Total pension liability - beginning	**314,983,975**	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
Total pension liability - ending	$ **333,073,299**	$ 314,983,975	$ 287,458,835	$ 268,067,970	$ 254,465,897	$ 241,862,071	$ 218,788,911	$ 204,875,918	$ 185,541,212	$ 161,951,893
Plan Fiduciary Net Position:										
Contributions - employer	$ **9,299,940**	$ 8,010,734	$ 7,742,583	$ 9,181,680	$ 8,596,163	$ 8,424,834	$ 7,848,712	$ 7,318,546	$ 5,480,984	$ 4,047,780
Contributions - employee	**3,924,726**	3,730,545	3,494,204	3,070,398	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269
Net investment income	**27,010,658**	19,966,331	13,293,511	(4,188,463)	53,140,343	390,013	12,086,349	14,036,710	19,480,875	1,651,283
Benefit payments, including refunds of member contributions	**(12,472,432)**	(10,182,604)	(9,295,008)	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)
Administrative expense	**(480,298)**	(440,697)	(504,882)	(461,899)	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)
Net change in plan fiduciary net position	**27,282,594**	21,084,309	14,730,408	(976,659)	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124
Plan fiduciary net position - beginning	**298,299,001**	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
Plan fiduciary net position - ending	$ **325,581,595**	$ 298,299,001	$ 277,214,692	$ 262,484,284	$ 263,460,943	$ 207,843,276	$ 202,827,408	$ 186,502,637	$ 166,797,759	$ 143,840,411
Net pension liability (asset) - ending	$ **7,491,704**	$ 16,684,974	$ 10,244,143	$ 5,583,686	$ (8,995,046)	$ 34,018,795	$ 15,961,503	$ 18,373,281	$ 18,743,453	$ 18,111,482
Plan fiduciary net position as a percentage of the total pension liability	**97.75%**	94.70%	96.44%	97.92%	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%
Covered payroll	$ **39,531,654**	$ 35,607,167	$ 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 covered payroll	**18.95%**	46.86%	31.49%	18.12%	(26.99%)	103.63%	50.54%	58.09%	60.21%	62.05%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2026

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

2025 - Based in the results of the 2023 Actuarial Experience Study, the Cost-of-Living Adjustment increased from 1.9% to 2.0%. Additionally, price inflation and wage inflation assumptions were updated.

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)

	2026	2025	2024	2023	2022
Actuarially determined contribution	**$ 6,137**	$ 6,052	$ 4,960	$ 4,944	$ 6,570
Contributions in relation to the actuarially determined contribution	**6,137**	9,218	7,939	7,664	9,102
Contribution deficiency (excess)	**$ -**	$ (3,166)	$ (2,979)	$ (2,720)	$ (2,532)
Covered payroll	**$ 40,921**	$ 39,532	$ 35,607	$ 32,529	$ 30,810
Contributions as a percentage of covered payroll	**15.00%**	23.32%	22.30%	23.56%	29.54%

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 6,125	$ 6,159	$ 5,740	$ 5,416	$ 3,765
Contributions in relation to the actuarially determined contribution	8,522	8,356	7,783	7,247	5,421
Contribution deficiency (excess)	$ (2,397)	$ (2,197)	$ (2,043)	$ (1,831)	$ (1,656)
Covered payroll	$ 33,329	$ 32,828	$ 31,585	$ 31,628	$ 31,132
Contributions as a percentage of covered payroll	25.57%	25.45%	24.64%	22.91%	17.41%

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

Schedule of Changes in the Net Pension Liability and Related Ratios

Preservation of Benefits Trust

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability										
Service cost	**$ 35,131**	$ 42,413	$ 39,567	$ 68,342	$ 88,557	$ 55,276	$ 49,343	$ 51,774	$ 60,994	$ 29,270
Interest cost	**64,445**	35,609	57,310	51,359	54,559	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	**12,510**	623,963	(702,599)	(381,597)	(195,545)	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	**(277,333)**	(23,292)	(17,243)	(437,754)	22,116	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	**(8,128)**	(13,538)	(29,871)	(59,667)	(41,662)	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	**(173,375)**	665,155	(652,836)	(759,317)	(71,975)	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	**1,626,442**	961,287	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	**$ 1,453,067**	$ 1,626,442	$ 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	**$ 39,531,654**	$ 35,607,167	$ 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	**3.68%**	4.57%	2.96%	5.24%	7.12%	7.45%	5.60%	5.24%	4.75%	4.14%

Schedule of Contributions

Preservation of Benefits Trust

Last 9 fiscal years (in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	**$ -**	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	**5**	**8**	9	21	52	43	41	45	57
Contribution deficiency (excess)	**$ (5)**	**$ (8)**	$ (9)	$ (21)	$ (52)	$ (43)	$ (41)	$ (45)	$ (57)
Covered payroll	**$ 40,921**	$ 39,532	$ 35,607	$ 32,529	$ 30,810	$ 33,329	$ 32,828	$ 31,585	$ 31,628
Contributions as a percentage of covered employee payroll	**0.01%**	0.02%	0.03%	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 9 fiscal years (plan year reported in subsequent fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Changes inTotal OPEB Liability									
Service cost	**$ 400,045**	$ 468,371	$ 517,853	$ 570,006	$ 446,233	$ 501,198	$ 449,596	$ 436,501	$ 411,052
Interest cost	**1,662,940**	1,619,662	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	**5,866,394**		(2,744,688)		(3,669,756)	-	(169,582)	-	-
Changes of assumptions	**15,717**		2,019,463		4,568,725	-	(1,531,369)	-	766,830
Changes of benefit terms	**276,728**								
Benefit payments	**(1,291,235)**	(1,099,493)	(1,002,148)	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	**6,930,589**	988,540	394,581	1,165,497	2,255,213	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	**31,920,637**	30,932,097	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)	**$ 38,851,226**	$ 31,920,637	$ 30,932,097	$ 30,537,516	$ 29,372,019	$ 27,116,806	$ 25,660,994	$ 25,804,494	$ 24,217,840
Changes in Plan Fiduciary Net Position									
Contributions—employer	**$ 1,291,235**	$ 1,099,493	$ 1,002,148	$ 951,488	$ 919,462	$ 784,845	$ 775,225	$ 622,425	$ 2,012,419
Net investment income	**3,004,315**	1,917,257	474,185	(3,627,823)	4,973,926	982,113	1,604,058	1,896,351	2,175,582
Benefit payments	**(1,291,235)**	(1,099,493)	(1,002,148)	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Administrative expense	**(10,071)**	(9,755)	(8,543)	(8,562)	(10,452)	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	**2,994,244**	1,907,502	465,642	(3,636,385)	4,963,474	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	**32,466,254**	30,558,752	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)	**$ 35,460,498**	$ 32,466,254	$ 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)	**$ 3,390,728**	$ (545,617)	$ 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	**91.27%**	101.71%	98.79%	98.54%	114.84%	106.08%	108.33%	101.53%	100.40%
Covered employee payroll	**$ 12,049,157**	$ 13,259,814	$ 14,296,047	$ 14,296,047	$ 12,786,000	$ 14,608,940	$ 13,869,000	$ 16,625,857	$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	**28.14%**	(4.11%)	2.61%	3.11%	(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, 2025

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

2026 – Mortality assumptions were updated based on the CalPERS 2000-2023 Experience Study.

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: The following were significant changes in benefit terms for the year presented in the schedule above.

2026 – The employer paid portion of the premium increased.

Schedule of Contributions

Other Postemployment Benefits

Last 8 fiscal years (dollars in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 831**	$ 512	$ 581	$ 264	$ 326	$ 365	$ 427	$ 486
Contributions in relation to the actuarially determined contribution	**1,607**	1,291	1,099	1,002	951	919	785	339
Contribution deficiency (excess)	**$ (776)**	$ (779)	$ (518)	$ (738)	$ (625)	$ (554)	$ (358)	$ 147
Covered employee payroll	**$ 12,379**	$ 12,049	$ 13,260	$ 14,296	$ 14,494	$ 12,786	$ 14,609	$ 13,869
Contributions as a percentage of covered employee payroll	**13.0%**	10.71%	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

San Diego County Regional Airport Authority

Passenger Facility Charge Program Report
June 30, 2026

San Diego County Regional Airport Authority

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Report on Schedule of Passenger Facility Charges 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

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2026 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 22, 2026, 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 22, 2026.

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 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 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 22, 2026

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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, 2026.

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, 2026.

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.

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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

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.

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 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 22, 2026

San Diego County Regional Airport Authority

Schedule of Passenger Facility Charges

Year Ended June 30, 2026

Revenue	Date Approved	Amount Approved for Use	Cumulative Total June 30, 2025	Quarter Ended September 30, 2025	Quarter Ended December 31, 2025	Quarter Ended March 31, 2026	Quarter Ended June 30, 2026	Year Ended June 30, 2026	Cumulative Total June 30, 2026
Passenger facility charge collections			$ 986,376,619	$ 13,230,599	$ 12,664,704	$ 11,314,521	$ 15,087,657	$ 52,297,481	$ 1,038,674,100
Interest earned			9,448,741	2,148,259	2,292,696	2,443,060	2,452,353	9,336,368	18,785,109
Total passenger facility charge revenue received			$ 995,825,360	$ 15,378,858	$ 14,957,400	$ 13,757,581	$ 17,540,010	$ 61,633,849	$ 1,057,459,209
Expenditures									
Application 95-01-C-04-SAN	7/26/1995	$ 102,624,844	$ 102,624,844	$ -	$ -	$ -	$ -	$ -	$ 102,624,844
Application 98-02-C-04-SAN	7/24/1998	46,676,685	46,676,685	-	-	-	-	-	46,676,685
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	79,489,990	79,489,990	-	-	-	-	-	79,489,990
Application 10-08-C-00-SAN	11/24/2010	1,118,567,229	338,928,175	-	-	-	17,816,634	17,816,634	356,744,809
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	31,272,089	-	-	-	-	-	31,272,089
Application 19-13-C-00-SAN	2/14/2019	51,100,000	51,100,000	-	-	-	-	-	51,100,000
Application 26-14-C-00-SAN	5/27/2026	1,824,180,275	-	-	-	-	45,570,700	45,570,700	45,570,700
Total passenger facility charge revenue expended		**$ 3,424,574,208**	**$ 806,254,053**	**$ -**	**$ -**	**$ -**	**$ 63,387,334**	**$ 63,387,334**	**$ 869,641,387**

See note to schedule of passenger facility charges.

Note to Schedule of Passenger Facility Charges

Year Ended June 30, 2026

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 (the "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 than 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* and 14 CFR 158.63, 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, 2026.

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?	___ Yes __X__ 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

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2026

Section II - Financial Statement Audit Findings

Current Year None

Section III - Passenger Facility Charges Program Audit Findings

Current Year None

San Diego County Regional Airport Authority

Customer Facility Charge Program Compliance Report

June 30, 2026

San Diego County Regional Airport Authority

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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 (the "Authority") as of and for the year ended June 30, 2026 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 22, 2026, 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 22, 2026.

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 22, 2026

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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, 2026.

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, 2026.

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 or grant agreements 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.

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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 22, 2026

San Diego County Regional Airport Authority

Schedule of Customer Facility Charge Collections and Expenditures

Year Ended June 30, 2026

Description	Beginning Balance - Unapplied CFC	CFC Collections	Interest Earned	Expenditures	Ending Balance - Unapplied CFC
Collections and expenditures, quarter ended September 30, 2025	$ 29,353,176	$ 10,120,551	$ 280,917	$ 3,971,782	$ 35,782,862
Collections and expenditures, quarter ended December 31, 2025	35,782,862	9,048,872	294,317	8,537,979	36,588,072
Collections and expenditures, quarter ended March 31, 2026	36,588,072	7,631,098	353,225	9,808,576	34,763,819
Collections and expenditures, quarter ended June 30, 2026	34,763,819	13,972,809	357,244	9,137,487	39,956,385
		$ 40,773,330	**$ 1,285,703**	**$ 31,455,824**	

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, 2026

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 "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 Authority's 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. As of December 4, 2025, the CFC fee increased from $9.00 to $12.00 per day up to a maximum of five days, effective as of February 4, 2026.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operations and major maintenance of the consolidated rental car facility. The 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, 2026. 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, related financing costs, and major maintenance costs of the consolidated rental car facility. 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, 2026.

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 22, 2026

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, 2026 and have issued our report thereon dated October 22, 2026. 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 May 28, 2026, 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 22, 2026 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 4, 2026.

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. As described in Note 1, the Authority adopted the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, during the current year.

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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 22, 2026.

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.

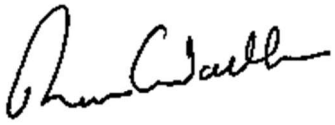
Other Information Included in Annual Reports

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.

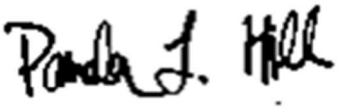
This information is intended solely for the use of the audit committee and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Rumzei Abdallah



Pamela Hill

Legislative and Informational Items

TSA Cybersecurity Emergency Amendment

Cybersecurity-related incidents continue to increase as hackers become more sophisticated and our systems become more connected. Recent incidents involving the websites of many airports have put an increased spotlight on the airport industry and provide a reminder of the importance of good cybersecurity hygiene. Additionally, the Transportation Security Administration (TSA) has issued a new cybersecurity amendment on an emergency basis for TSA-regulated entities. This includes a requirement for those entities to develop an approved implementation plan that describes measures taken to improve cybersecurity resilience and prevent disruption/degradation to their infrastructure. Specifically, the amendment includes development of network segmentation policies, creation of access control measures, continuous monitoring and detection, and ensuring systems are appropriately updated with available security patches. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Artificial Intelligence

Artificial intelligence (AI) continues to be an emerging area of focus across all industries, including governmental organizations, and its use is expected to increase as software applications, analytics tools, and enterprise platforms evolve. While AI may create opportunities for increased efficiency, enhanced data analysis, improved service delivery, and automation of routine functions, it also introduces new risks related to data privacy, cybersecurity, accuracy, transparency, bias, records retention, and oversight - risks that are amplified when AI tools rely on sensitive information or operate without adequate policy and a trusted data foundation. Because AI is only as reliable as the data beneath it, strong data governance - clear ownership, data quality, classification of sensitive information, documented policies, and ongoing monitoring - is a key foundation for responsible adoption. We understand that the Authority continues to monitor and evaluate emerging technology risks, which are critical best practices, and we encourage administration and those charged with governance to periodically assess policies, procedures, system access, vendor arrangements, data management practices, and internal controls related to AI in coordination with the technology team. If we can be of assistance with AI readiness, governance, policy development, or AI risk assessment, we would be happy to help.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to $1 million from $750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance, and we are happy to discuss these changes with you.

Other New Legislation

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the Authority. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent update and a link to previous fall and spring updates are available here.

GASB 105 - Subsequent Events

GASB Statement No. 105, *Subsequent Events*, is effective for fiscal years beginning after June 15, 2026. This statement defines the subsequent events timeframe as concluding on the date the financial statements are available to be issued, which is the date the financial statements are complete in accordance with generally accepted accounting principles (GAAP) and when approvals necessary for issuance have been obtained.

To define the end point of subsequent events, governments will need to proactively evaluate and clearly define which approvals constitute those necessary for issuance, as there is diversity in government procedures with respect to issuing financial statements. In many cases, a governing board or council may be required to take formal action described as approval. However, that action may actually be acceptance of financial statements already approved and finalized by management, rather than an approval process that allows for changes prior to issuance. In other cases, a governing board or committee may have been charged with the responsibility to review and finalize the financial statements before those financial statements can be issued.

Governments should begin the process now to fully understand the requirements of their specific approval processes, document the nature of the approvals, and determine which approvals constitute those necessary for issuance. The financial statements are not considered available to be issued - and the auditor's report cannot be dated - until all approvals considered necessary for issuance are obtained; as such, governments may need to consider whether any policy and/or procedures changes are needed to avoid unintended delays in issuance and audit report dating.

Significant GASB Proposals Worth Watching

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary view10 document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected in two phases - one in late 2027 and another in 2028.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and testified to the GASB about our feedback. We strongly encourage the Authority to monitor developments with this standard, as the potential impact is quite broad.



San Diego County Regional Airport Authority

External Audit Results – June 30, 2026

Agenda

- Executive Summary
- Required Communications
- Summary of Financial Results
- Other Informational Items

Executive Summary

Financial Statement Audit

- Unmodified (clean) opinion
- No internal control deficiencies identified
- Implementation of GASB Statement 103, *Financial Reporting Model Improvements*, and GASB Statement 104, *Disclosure of Certain Capital Assets*

Passenger Facility Charge (PFC) Audit

- Unmodified (clean) opinion
- No internal control deficiencies or non-compliance matters identified
- During FY 2026, PFC collections totaled $53 million and PFC expenditures totaled $63 million

Customer Facility Charge (CFC) Audit

- Unmodified (clean) opinion
- No internal control deficiencies or non-compliance matters identified
- During FY 2026, CFC collections totaled $41 million and CFC expenditures totaled $31 million

Executive Summary

Federal Expenditures Audit

- **Anticipating an unmodified (clean) opinion**
  - Awaiting issuance of the final compliance supplement
  - Federal requirement to issue the audit report within nine months after year-end (March 31, 2027)
- **No internal control deficiencies or non-compliance matters identified**
- **One major program – Airport Improvement Program – $40 million of expenditures during FY 2026**

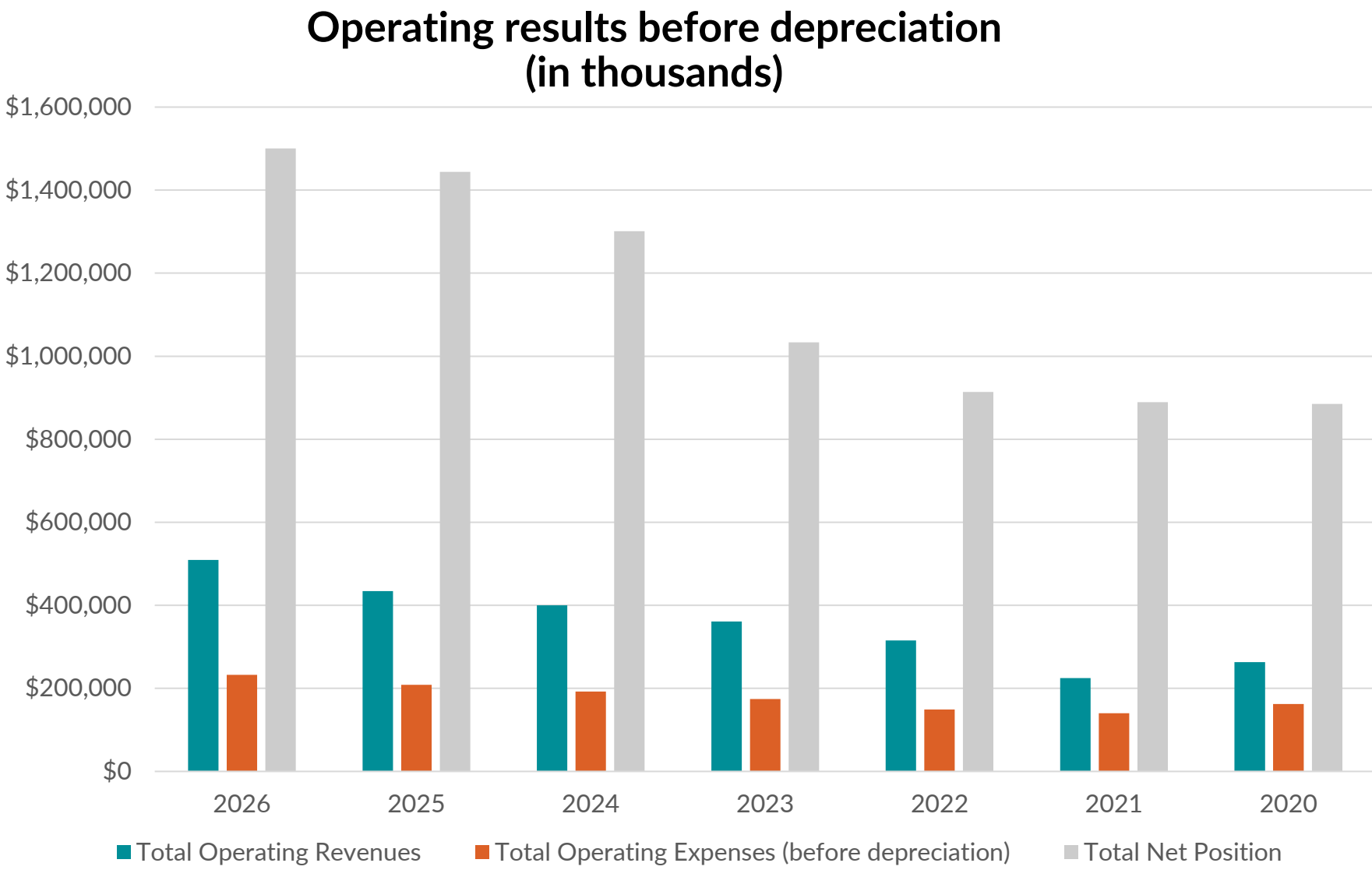
Required Communications

- Our Responsibility Under U.S. Generally Accepted Auditing Standards
- Planned Scope and Timing of the Audit
- No transactions lacking authoritative guidance and no transactions recognized in the wrong period
- Significant accounting estimates relate to actuarial assumptions underlying the total pension liability

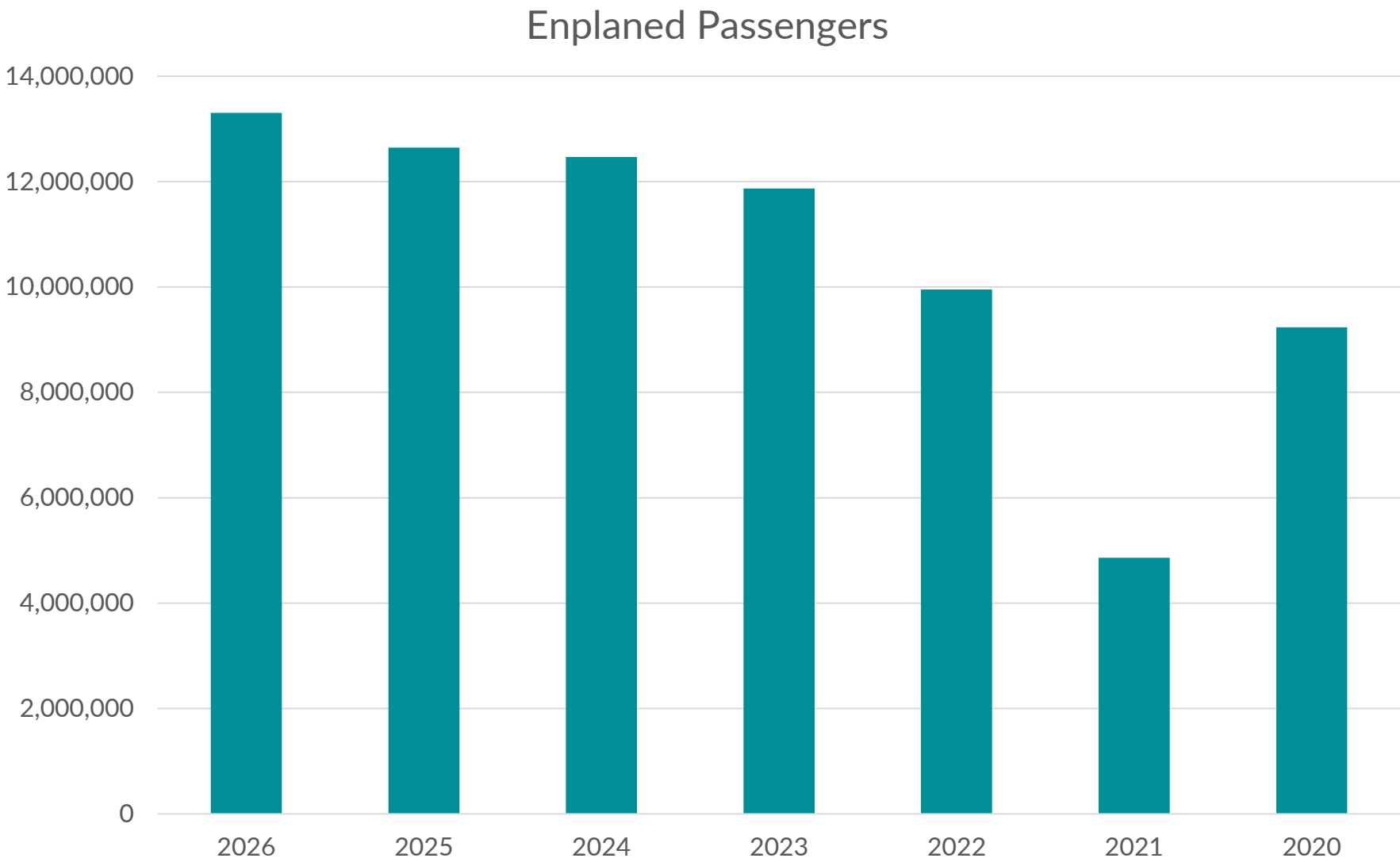
Required Communications

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

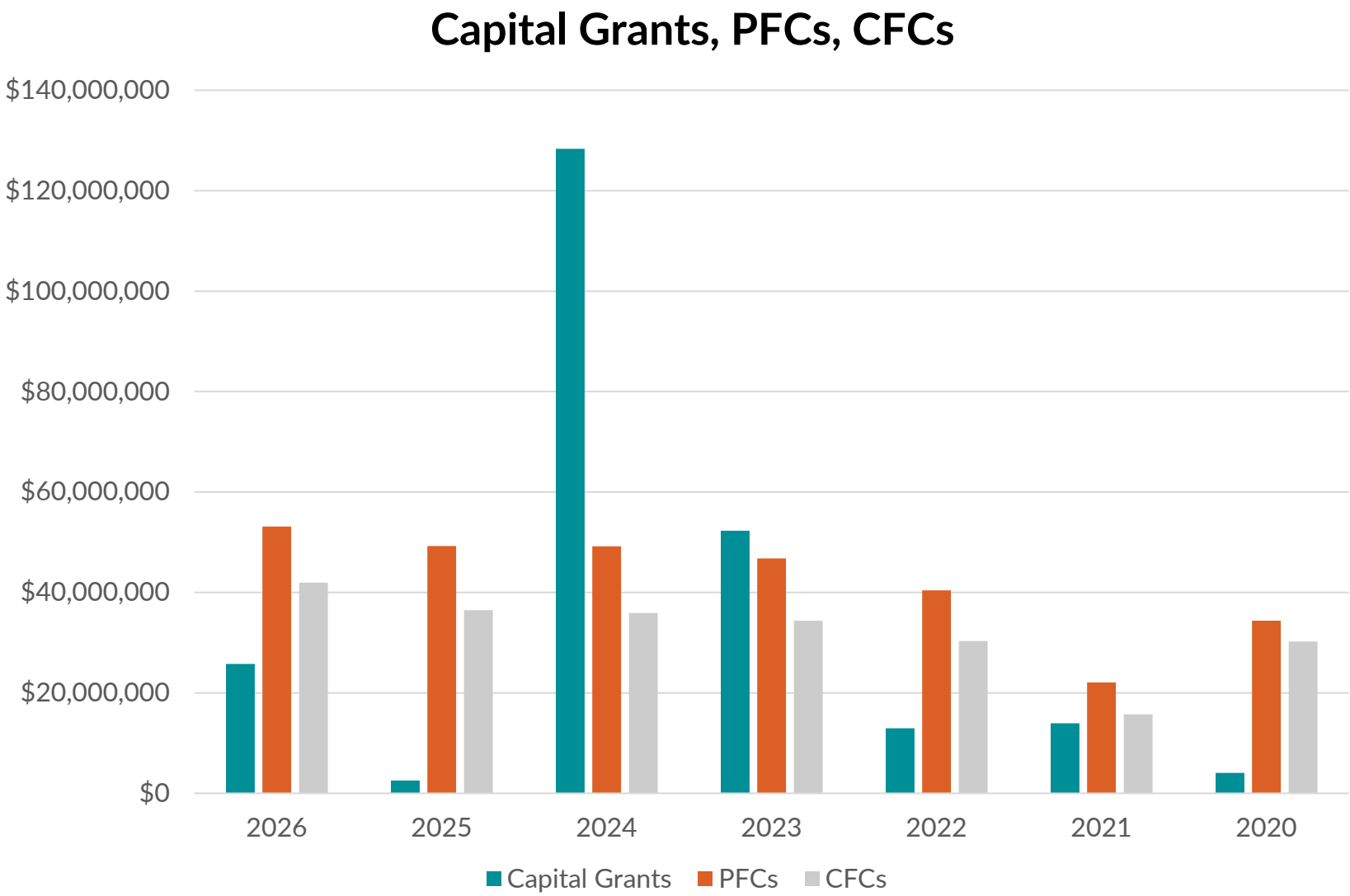
Summary of Financial Results



Summary of Financial Results



Summary of Financial Results



Other Informational Items

Future GASB statements for implementation by the Authority

- GASB Statement No. 105, *Subsequent Events,* effective for the Authority's June 30, 2027 fiscal year-end

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 16, 2026

Subject:

Review of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2026

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 more thorough than the audited financial statements and includes three major sections: the introductory section, which provides general information on the Airport's organizational 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, 2025, is submitted as Attachment A.

Fiscal Impact:

Adequate funding for the audit conducted by Plante & Moran, PLLC, is included in the adopted Fiscal Year 2026 and Fiscal Year 2027 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” as defined by the California Environmental Quality Act (“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.

Prepared by:

John Dillon,
Director, Accounting & Risk Management

Attachment A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
San Diego, California

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2026 & 2025



SAN DIEGO
INTERNATIONAL AIRPORT

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2026 & 2025

PREPARED BY
Accounting Department of San Diego County Regional Airport Authority

Scott M. Brickner
Vice President, Treasurer & Chief Financial Officer

John Dillon
Director, Accounting & Risk Management

Elizabeth Stewart
Director, Accounting



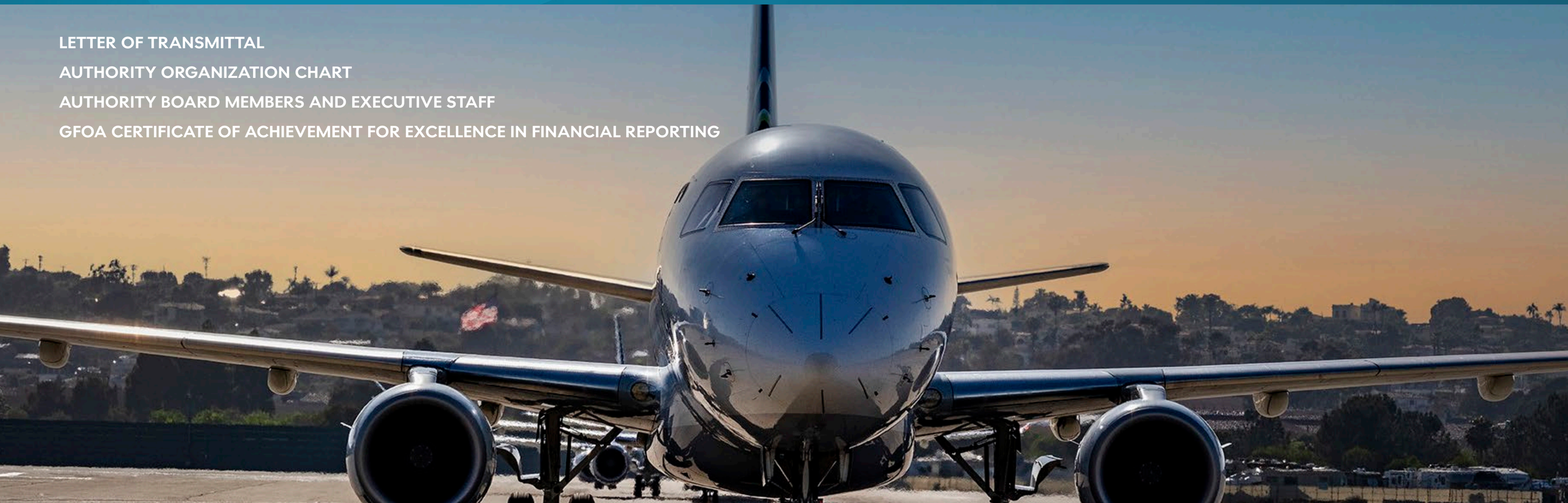
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
San Diego, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2026 & 2025

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INTRODUCTORY SECTION



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 | SAN.ORG

October 22, 2026
To Members of the Board and the Public:

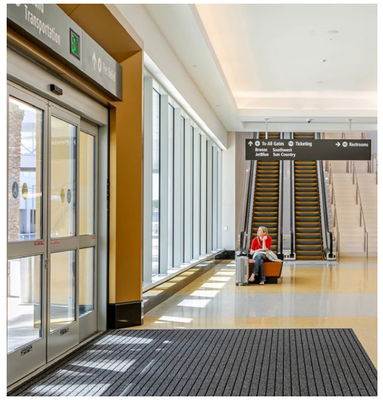
We are pleased to present the Annual Comprehensive Financial Report of the San Diego County Regional Airport Authority (Airport Authority) for the fiscal years ended June 30, 2026 and 2025. This report provides the Airport Authority Board of Directors (Board), the public, and other interested parties with reliable information about the Airport Authority's financial condition and operational results. 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, 2026 and 2025.

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 was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) were transferred from the San Diego Unified Port District (District) to the Airport Authority. The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority stemmed from recommendations by the San Diego Regional Efficiency Commission (Commission), established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

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

The Airport Authority is vested with 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.

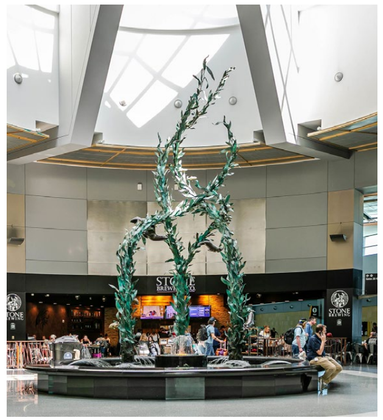
The Board of Directors that governs the Airport Authority comprises nine members representing all areas of San Diego County and three additional members serving as non-voting, ex officio Board members. Three Board members serve on the Executive Committee, consisting of one Board member from each of the 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 cities, or north county inland cities. Board members serve three-year terms, with no limit on the number of terms a member may serve.

ECONOMIC CONDITION

The California Department of Finance estimated San Diego County's population at 3.3 million as of January 1, 2026, making it the second-largest county in California by population. The City of San Diego, with an estimated population of 1.4 million, remained the state's second-largest city. Most county residents live in communities along or near the Pacific coast, with San Diego, Chula Vista, Oceanside, Escondido, Carlsbad, and El Cajon remaining the county's largest cities. The broader San Diego–Tijuana cross-border region has a population of more than 5 million.

The Air Trade Area of SDIA includes San Diego County as well as portions of neighboring Orange, Imperial, and Riverside Counties and Baja California, Mexico. As of June 30, 2026, the regional economy continued to be supported by tourism and air travel, the military and defense sector, life sciences, technology, healthcare, and higher education. Labor-market conditions improved compared with the prior year: the unemployment rate for the San Diego–Chula Vista–Carlsbad metropolitan area decreased from 4.9 percent as of June 30, 2025, to 4.5 percent as of June 30, 2026. Over the same period, total employment increased 1.1 percent, with job gains concentrated in education, health services, and leisure and hospitality, while several other sectors experienced slower growth or declines.

Passenger activity at the Airport benefited from increased market competition, recent international service expansion, and steady visitor volumes. Fiscal Year 2026 recorded a new high of 13.3 million enplaned passengers, a 5.2 percent increase over Fiscal Year 2025, led by Alaska Airlines and Southwest Airlines. Continued moderate growth is forecast, and the Airport Authority remains optimistic about long-term prospects as San Diego remains a highly desirable destination for visitors and businesses.



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPOINTS ATIF SAEED AS NEW PRESIDENT AND CEO

The San Diego County Regional Airport Authority earlier this year announced the appointment of Atif Saeed, A.A.E., IAP, as its next President and Chief Executive Officer, effective March 2026. Saeed succeeded Kimberly J. Becker, who retired after a distinguished 40-year aviation career. Saeed previously served as Chief Executive Officer of the City of Philadelphia Department of Aviation, where he oversaw the planning, development, and operation of Philadelphia International Airport and Northeast Philadelphia Airport. He has held progressively more responsible leadership roles at Minneapolis-Saint Paul International Airport, Hartsfield-Jackson Atlanta International Airport, and Phoenix Sky Harbor International Airport.

Saeed joined the Airport Authority after a nationwide search. He joins at a pivotal time for the organization, as San Diego International Airport continues to advance major capital improvement projects and long-term strategic initiatives designed to enhance the customer experience and strengthen regional economic impact.





NEW TERMINAL 1 OPENS AT SAN DIEGO INTERNATIONAL AIRPORT

The San Diego County Regional Airport Authority celebrated the official opening of the first phase of the new Terminal 1 (New T1) at San Diego International Airport in September 2025, marking a major milestone in the airport's history.

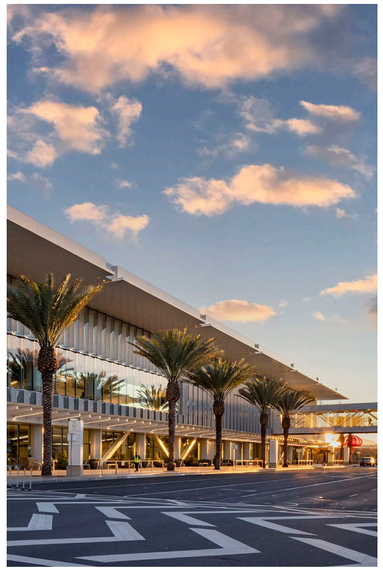
The New T1 replaced the 58-year-old Terminal 1 with a modern, world-class facility designed to elevate the passenger experience and meet the growing travel demands of the San Diego region. With its thoughtful design and expanded amenities, the new terminal demonstrates the Airport Authority's commitment to efficiency, comfort, and sustainability.

Turner-Flatiron delivered the project, with Gensler serving as the lead architect. Phase 1A of the New T1 features 19 new gates, an expansive ticketing hall with 69 check-in kiosks and 66 ticket counters, a spacious security checkpoint with 13 lanes, seven baggage carousels capable of handling 4,000 bags per hour, expanded dining and shopping options with 17 restaurants and retail stores, and an outdoor dining area with views of San Diego Bay and downtown. Travelers visiting the New T1 have access to more than 90,000 square feet of concession space, featuring 12 food and beverage options and five specialty retail stores. Restaurants range from local to national brands that offer quick grab n' go or sit-down experiences.

The terminal's all-glass façade, designed by renowned artist James Carpenter, is called "Luminous Wave." The façade comprises 537 curved, fritted glass panels that let light illuminate the ticketing and baggage claim halls while reducing heat and glare on monitors and wayfinding screens.

The New T1 also showcases San Diego's artistic and cultural identity, with five major commissioned public art pieces, many integrated into the terminal design, including A Day in the Sun by Amy Ellington, RISE (pink jellyfish) by Matthew Mazzotta, Vessel of Light by Erwin Redl, Migrations by Walter Hood, and Torrey Pines by Nova Jiang. These works, prominently displayed inside and outside throughout the terminal, celebrate the region's lifestyle, history, and natural beauty.

In addition to the terminal building, the project features more than four miles of new roadways, including a new three-lane entrance route and a dual-level roadway that separates arrivals and departures. Close-in parking is available steps away at the five-story Terminal 1 Parking Plaza, which offers travelers and visitors easy access to 5,200 parking spaces.





SAN DIEGO INTERNATIONAL AIRPORT SETS NEW PASSENGER RECORD

San Diego International Airport welcomed 26.6 million passengers through Terminals 1 and 2 during the fiscal year ended June 30, 2026. This milestone represents a 5.6 percent increase over the previous record-setting year.

Contributing to the growth, airlines added or resumed 14 nonstop routes, including:

- Alaska Airlines: Phoenix, AZ; Washington, DC (DCA); Chicago O'Hare, IL; Denver, CO; Medford, OR; and Sun Valley, ID
- Copa Airlines: Panama City, Panama
- Frontier Airlines: Austin, TX; Salt Lake City, UT
- KLM: Amsterdam, Netherlands
- Southwest Airlines: Orlando, FL; Fresno, CA; Eugene, OR; and Omaha, NE

International travel also added significantly to SAN's record year, with passenger volumes increasing 8 percent over the prior year.

The New T1 helped drive this record-breaking year. During its first months of operation — October through December 2025 — passenger traffic increased by more than 11 percent compared to the same period in 2024 when the former Terminal 1 was in operation.

Japan Airlines (JAL) announced in June that it will increase nonstop service between San Diego International Airport and Tokyo's Narita International Airport to daily, year-round flights beginning August 1, 2026. The increase from the current four-times-weekly schedule comes as demand for travel between San Diego and Asia continues to grow. Passenger traffic on San Diego–Asia routes rose 42% from 2023 to 2025, driven by strong business, tourism, and cultural connections across the Pacific. JAL has operated nonstop service between San Diego and Tokyo since 2012. Since the route launched, more than 30 Japanese companies have invested approximately $8.7 billion in San Diego County.



SAN DIEGO INTERNATIONAL AIRPORT'S NEW TERMINAL 1 NAMED AMONG THE WORLD'S MOST BEAUTIFUL AIRPORTS

The New T1 was named to the World's Most Beautiful Airports List 2026 by Prix Versailles, the prestigious international award program that recognizes outstanding contemporary architecture and design.

SDIA was one of only two U.S. airports and one of seven airports worldwide selected for the 2026 list. Designed by Gensler, New T1 draws its identity from San Diego's landscape of canyons, sea, and sky, expressed through commissioned art installations, angled ceiling forms, mosaic glass details, and an outdoor terrace offering sweeping views across the city. Locally inspired dining and retail shops further enhance the customer experience and reinforce a strong sense of place.

The annual Prix Versailles world selection highlights airports and terminals that exemplify architectural excellence while advancing innovation, sustainability, cultural identity, and the passenger experience.

LOCAL YOUTH DEVELOPMENT PROGRAM BRINGS "HOME" TO LIFE FOR THE TRAVELERS AT SAN THROUGH DANCE

Travelers passing through New T1 at San Diego International Airport last spring enjoyed a series of live dance performances that explored what it means to build a sense of home.

Titled "Migration: Making a Home in Transit," these performances were presented as part of the airport's Spring Performing Arts Residency. Part of a project by the creative youth development organization "A Step Beyond," this was the first residency fully based in the new terminal.

Student dancers, alumni, and teaching artists from A Step Beyond collaboratively developed and choreographed this series of original dances on-site, exploring themes of belonging, identity, and adaptation. Each dance draws from the performers' lived experiences, examining how people define "home" amid changing environments and the complex realities of everyday life.

SAN RECOGNIZED AS ONE OF THE USA TODAY READERS' TOP 5 AIRPORTS FOR ART

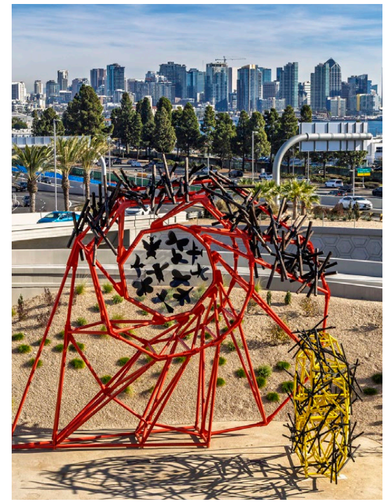
SAN's Art Program was named one of the Top 5 Best Airports for Art in USA Today's Readers' Choice Awards, recognizing airports that use art, culture, and creativity to enhance the passenger experience.

SAN's award-winning Art Program transforms the customer journey through dynamic exhibitions, immersive public art installations, and a vibrant calendar of live performances that introduce travelers to the region's diverse arts and culture scene. From solo musicians to marching bands, the program brings a wide range of performances into the terminals, creating memorable moments for passengers throughout their journey.

SAN is also one of only a few airport arts programs in the nation to offer dedicated performing arts residencies, inviting dancers, theater groups, poets, and other artists to develop and present new works within the airport environment.







SAN DIEGO INTERNATIONAL AIRPORT LAUNCHES SAN ASSIST PROGRAM TO SUPPORT TRAVELERS WITH NON-VISABLE DISABILITIES

In February 2026, SDIA announced the launch of SAN Assist, a new program designed to help travelers with non-visible disabilities feel more comfortable and confident when traveling through SAN.

SAN Assist is tailored for passengers with conditions such as autism, chronic illness, sensory sensitivities, or other conditions that may make air travel challenging. The program offers personalized support and preparation resources to reduce stress and improve the overall travel experience including travel guides who provide one-on-one assistance to support passengers on the day of travel. It also provides pre-travel tours that allow passengers to practice navigating the airport environment ahead of time, building comfort and confidence before their trip. The program reflects SAN's ongoing commitment to accessibility and customer care, recognizing that not all disabilities are visible, and that thoughtful support can make a meaningful difference.



SAN DIEGO INTERNATIONAL AIRPORT LAUNCHES SAN PASS

In November 2025, the Airport Authority introduced SAN Pass, a new program that lets San Diegans experience everything SDIA offers in post-security areas without a boarding pass or ticket. The pass allows visitors to meet arriving loved ones at the gate, send off a traveler, or explore the airport's restaurants, shops, and art.



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, 2024. 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 governmental accounting and financial reporting, and earning it represents a significant accomplishment for a government and its management. The Airport Authority has received this award every year since its inception. The Airport Authority submitted an application for the Certificate of Achievement Award for the fiscal year ended June 30, 2025, and believes that it meets the program's requirements. As of the date of this report, the application is still under review.

AIRPORT AUTHORITY AWARDED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT

The Airport Authority's Procurement Department earned the 2026 Achievement of Excellence in Procurement® (AEP) award from the National Procurement Institute for the 17th consecutive year.

The AEP award honors agencies that demonstrate procurement excellence through professionalism, leadership, and e-Procurement.

The Authority was one of 251 organizations nationwide that received the award, including 59 California special districts. The AEP program is supported by multiple procurement associations and industry partners.

AIRPORT AUTHORITY RECEIVES GFOA DISTINGUISHED BUDGET PRESENTATION AWARD FOR 21ST CONSECUTIVE YEAR

The Airport Authority received its twentieth consecutive Distinguished Budget Presentation Award from the GFOA for its annual budget for the fiscal year beginning July 1, 2026. The GFOA Distinguished Budget Presentation Awards Program was established to encourage and assist state and local governments to prepare budget documents of the 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. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device.

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. The capital program focuses on safety, security, asset preservation, customer experience, environmental remediation, terminal upgrades, airfield improvements, and efficiency enhancements. 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 holds cross-functional discussions to reach key decisions and agreements. This effort aligns divisional budget requirements with the Airport Authority's overall strategies and initiatives. The Authority compares actual financial results to adopted budget expectations and reports them to the Board's Finance Committee monthly and to the full Board quarterly.

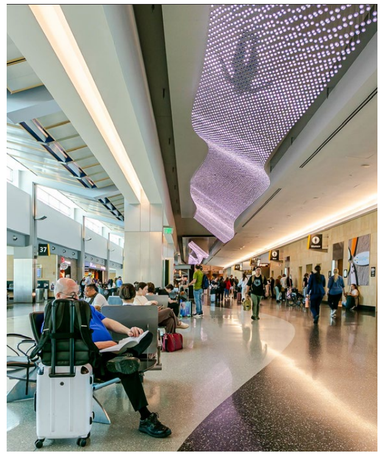


FINANCIAL INFORMATION

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 from 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 yeat 2026 with income from operations of $66.6 million, a decrease of 36.0 percent compared to fiscal year 2025.
The decrease was primarily attributable to higher depreciation expense following the capitalization of New T1. Although income from operations declined, passenger and aircraft activity increased in fiscal year 2026. Enplanements rose 5.2 percent, and aircraft operationsincreased 3.3 percent compared with fiscal year 2025. The accompanying Management's Discussion and Analysis provides further discussion of the Airport Authority's Fincancial results and operating activity.



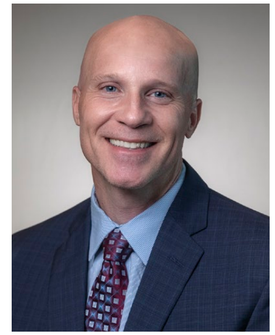
ACKNOWLEDGMENTS

The Airport Authority's Accounting, Finance, Marketing, and Communications staff made the preparation of the Annual Comprehensive Financial Report possible through their dedicated service and efforts. We sincerely appreciate their dedication to ensuring fiscal transparency and accountability and to maintaining and presenting the Airport Authority's financial statements in conformance with the highest professional standards.

Finally, we thank members of the Board for their continued leadership, guidance, and support in executing our purpose of creating 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.

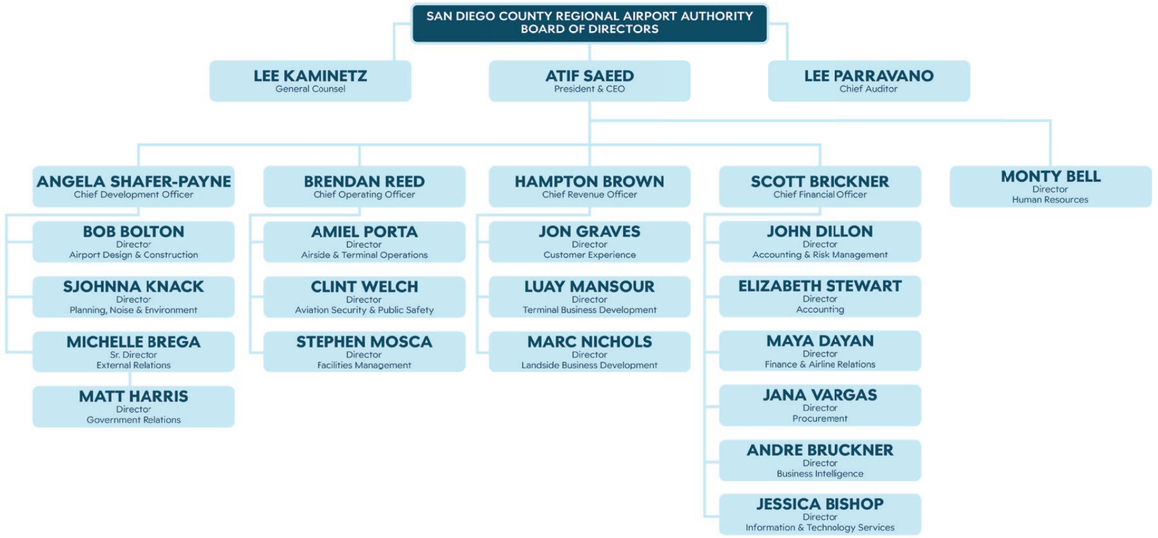


ATIF SAEED, A.A.E., IAP
President | Chief Executive Officer



SCOTT M. BRICKNER, CPA
Vice President | Chief Financial Officer





AIRPORT AUTHORITY BOARD

EXECUTIVE COMMITTEE:
LYDIA BALL, CHAIR
JAMES SLY, VICE-CHAIR
RAFAEL PEREZ

GENERAL MEMBERS:
WHITNEY BENZIAN
DANIEL KUPERSCHMID
MONICA MONTGOMERY-STEPPE
ESTHER SANCHEZ
STEVE VAUS
MARNI VON WILPERT

EX-OFFICIO MEMBERS:
ANN FOX
COLONEL R. ERIK HERRMANN
MICHELE PERRAULT



EXECUTIVE STAFF

ATIF SAEED
PRESIDENT & CHIEF EXECUTIVE OFFICER

LEE KAMINETZ
GENERAL COUNSEL

LEE PARRAVANO
CHIEF AUDITOR

SCOTT BRICKNER
VICE PRESIDENT, TREASURER & CHIEF FINANCIAL OFFICER

HAMPTON BROWN
VICE PRESIDENT & CHIEF REVENUE OFFICER

BRENDAN REED
VICE PRESIDENT & CHIEF OPERATING OFFICER

ANGELA SHAFER-PAYNE
VICE PRESIDENT & CHIEF DEVELOPMENT OFFICER



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, 2024. This was the twenty second 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. The Airport Authority submitted an application for the Certificate of Achievement Award for the fiscal year ended June 30, 2025 and believe that it meets the program's requirements. As of the date of this report, the application is still under review. In addition, 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.

GFOA CERTIFICATE
OF ACHIEVEMENT



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

San Diego County Regional Airport Authority
California

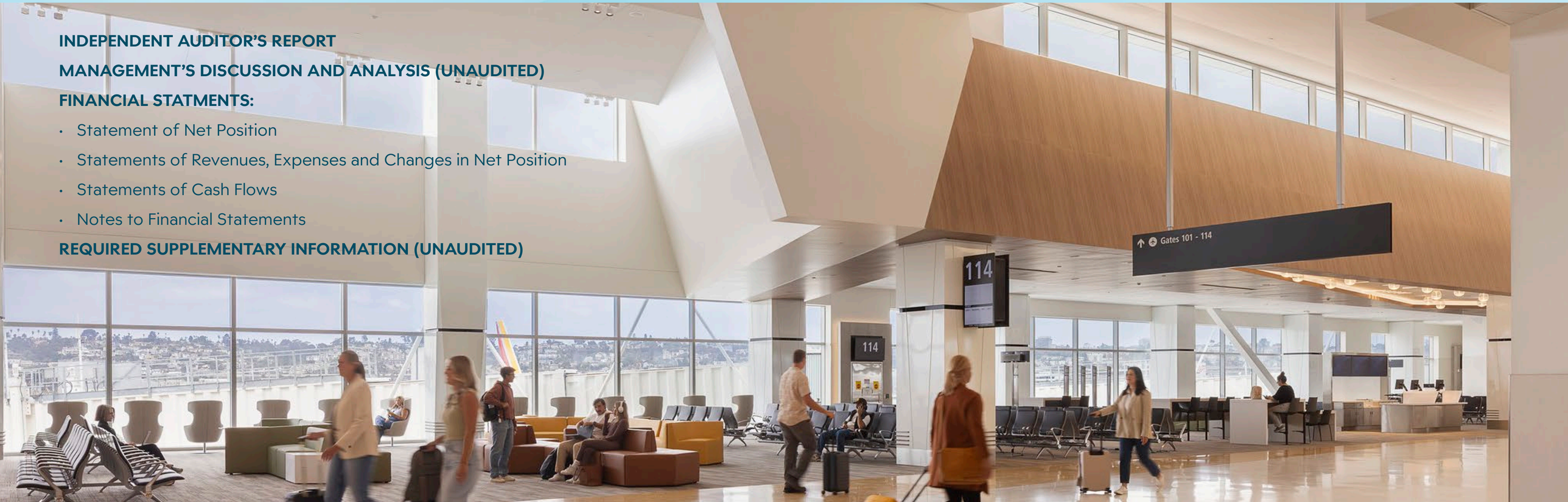
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

FINANCIAL STATMENTS:

- Statement 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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Detroit, MI 48226-1906
Tel: 313.496.7200
Fax: 313.496.7201
plantemoran.com

Independent Auditor's Report

To the Board of Directors
San Diego County Regional Airport Authority

Report on the Audits 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 years ended June 30, 2026 and 2025 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, 2026 and 2025 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

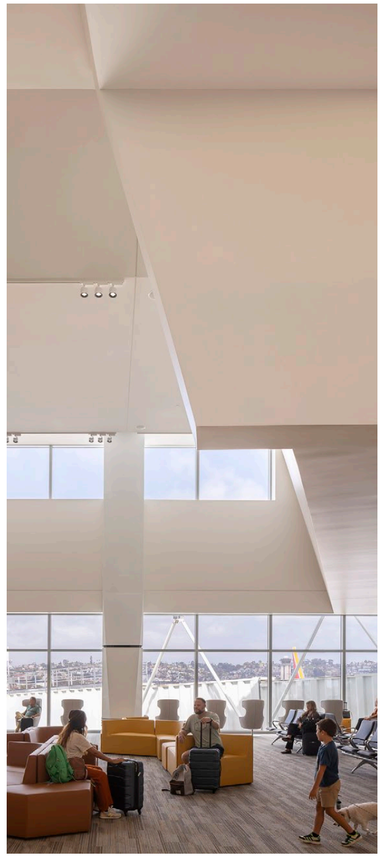
Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2026, the Authority adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. As a result, certain amounts in the 2025 financial statements have been reclassified to conform to the current year presentation. Our opinion is not modified with respect to this matter.

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.



To the Board of Directors
San Diego County Regional Airport Authority

Auditor's Responsibilities for the Audits 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 audits 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

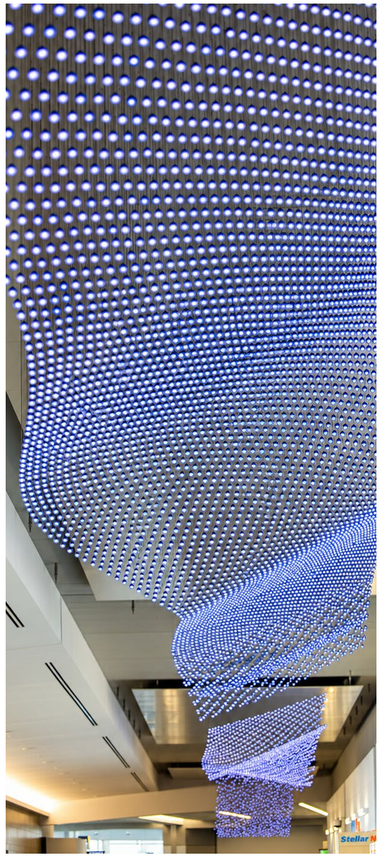
Required Supplementary Information

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 audits 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 audits 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.



To the Board of Directors
San Diego County Regional Airport Authority

Other Reporting Required by *Government Auditing Standards*

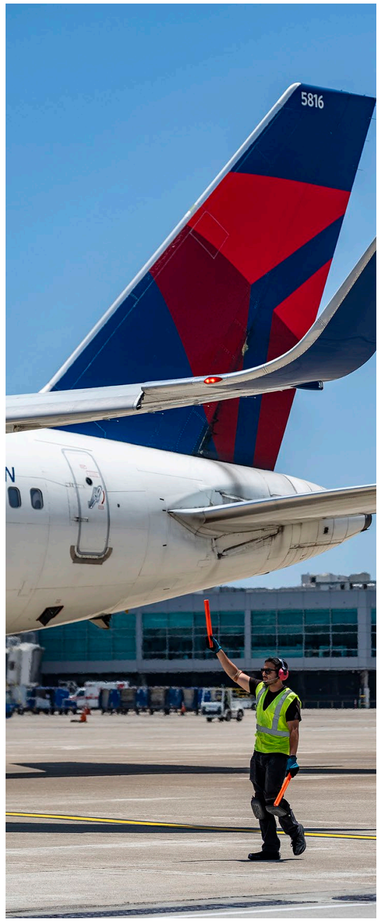
In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2026 on our consideration of San Diego County Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Ahante & Moran, PLLC

October 22, 2026







OVERVIEW OF THE FINANCIAL STATEMENTS

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 to manage and plan for the future needs and development.

The Airport Authority is an independent, self-sustaining entity that owns and operates SDIA, 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 they are earned, and expenses are recognized as a liability as 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.

Management's discussion and analysis (MD&A) provides an objective, easily readable overview of the Airport Authority's financial activities for the fiscal year ended June 30, 2026, with comparisons to fiscal years 2025 and 2024. The analysis is based on currently known facts, decisions, and conditions and should be read together with the basic financial statements and accompanying notes.

The financial statements of the Airport Authority consist of the following key components:

- The Statements of Net Position present the Airport Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.
- The Statements of Revenues, Expenses, and Changes in Net Position present the results of operations, indicating the operating and non-operating revenues and expenses, and the change in net position for the fiscal year.
- The Statements of Cash Flows present the sources and uses of cash and cash equivalents during the year, classified by operating, non-capital financing, capital and related financing, and investing activities.
- The Notes to the Financial Statements provide additional detail, disclosure, and accounting policies underlying the statements that are essential to providing a full understanding of the financial statements.

This MD&A provides a narrative explanation of these statements and highlights significant factors affecting the Airport Authority's financial results and condition.

OPERATIONAL ACTIVITY HIGHLIGHTS

In fiscal year 2026, the Airport Authority continued to grow, as most major activities performed at or above prior-year levels.

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

	FY 2026	FY 2025	FY 2024
Enplaned passengers	**13,302,166**	12,644,082	12,467,114
% change from prior year	**5.2%**	1.4%	5.1%
Total passengers	**26,574,262**	25,175,598	21,632,539
% change from prior year	**5.6%**	16.4%	4.2%
Aircraft operations	**243,730**	230,613	223,254
% change from prior year	**5.7%**	3.3%	1.5%
Freight and mail (in tons)	**110,199**	116,703	121,700
% change from prior year	**-5.6%**	-4.1%	-10.0%
Landed weight (in millions pounds)	**15,859**	15,067	14,401
% change from prior year	**5.3%**	4.6%	3.9%

Overall, strong demand for air travel was reflected in the FY 2026 Airport Activity results. Enplaned passenger traffic increased 5.2 percent over fiscal year 2025, accelerating from the prior year's growth rate of 1.4 percent. Total passengers, aircraft operations, and landed weight also increased strongly, while freight and mail activity declined 5.6 percent, continuing the downward trend seen in recent years. Overall, passenger and operational activity remained the primary drivers of Airport growth during the year.



REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The change in net position indicates whether the Airport Authority's overall financial condition improved or deteriorated during the fiscal year. Net position increased 3.9 percent in fiscal year 2026, following an 11.0 percent increase in fiscal year 2025. The fiscal year 2026 increase reflects continued growth in air travel and operating revenues, partly offset by higher operating expenses, depreciation associated with New Terminal 1 assets placed in service, and higher interest expense.

The following summarizes the statements of revenues, expenses, and changes in net position (in thousands). Fiscal year 2024 reflects classifications used before the Airport Authority adopted GASB Statement No. 103, Financial Reporting Model Improvements, and therefore is not comparable to the fiscal year 2026 and 2025 presentation. In accordance with GASB Statement No. 100, information for periods before those presented in the basic financial statements was not reclassified to conform to the current-year presentation. See Note 1 for additional information about the adoption of GASB Statement No. 103.



	FY 2026	FY 2025	FY 2024	% Change FY 2025	% Change FY 2024
Operating revenues	**$ 509,407**	$ 434,192	$ 399,889	17.3%	8.6%
Operating expenses	**(442,780)**	(330,058)	(314,462)	34.2%	5.0%
Noncapital subsidies	**41,963**	36,479		15.0%	
Nonoperating revenues (expenses), net	**(51,755)**	1,984	54,265	-2709.2%	-96.3%
Capital Contributions and grants			128,361		
Increase in net position	**56,836**	142,597	268,052	-60.1%	-46.8%
Net position, beginning of year	**1,443,829**	1,301,232	1,033,179	11.0%	25.9%
Net position, end of year	**$ 1,500,664**	$ 1,443,829	$ 1,301,232	3.9%	11.0%

FINANCIAL
SUMMARY

ASSETS, LIABILITIES AND NET POSITION (IN THOUSANDS)

The statements of net position present the Airport Authority's financial position at a point in time, including assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The following summary compares those balances as of June 30, 2026, 2025, and 2024.

As of June 30, 2026, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,500.7 million. This reflects a $56.8 million or 3.9 percent increase in net position from June 30, 2025. 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 $696.3 million as of June 30, 2026, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2026, 2025, and 2024, management has designated unrestricted funds in the amount of $251.1 million, $224.2 million, and $239.3 million, respectively, for major maintenance, earthquake self-insurance, and capital commitments.

	FY 2026	FY 2025	FY 2024
Assets and Deferred Outflows of Resources			
Current assets	**$ 618,425**	$ 600,283	$ 602,481
Capital and lease assets, net	**4,415,105**	4,224,285	3,661,260
Noncurrent assets	**2,486,900**	1,890,693	2,425,487
Total assets	**7,520,431**	6,715,260	6,689,229
Deferred outflows of resources	**19,181**	25,511	21,788
Total assets & deferred outflows of resources	**7,539,612**	6,740,771	6,711,017
Liabilities and Deferred Inflows of Resources			
Current liabilities	**283,585**	278,644	313,079
Long-term liabilities	**5,410,928**	4,664,786	4,733,096
Total liabilities	**5,694,513**	4,943,431	5,046,175
Deferred inflows of resources	**344,435**	353,512	363,611
Total liabilities & deferred inflows of resources	**6,038,948**	5,296,942	5,409,785
Net Position			
Net investment in capital assets	**432,832**	519,644	473,181
Restricted	**371,571**	341,609	266,992
Unrestricted	**696,262**	582,575	561,058
Total net position	**$ 1,500,664**	$ 1,443,829	$ 1,301,232



OPERATING REVENUES (IN THOUSANDS)

FISCAL YEAR 2026 COMPARED TO 2025:

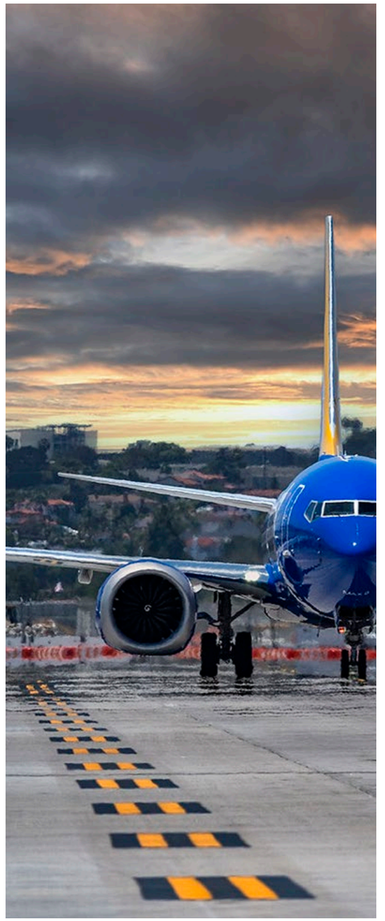
Total airline revenues increased $31.5 million, or 13.2 percent, mainly due to higher cost recovery from the airlines, driven by higher debt service costs and increased recoverable operating expenses from higher passenger volumes. Concessions revenue increased $18.8 million, or 22.0 percent. This included terminal concessions, which increased due to higher passenger levels, the opening of the concessions in the New T1, and increased sales prices. Rental car concessions increased $3.0 million, or 8.0 percent, due to higher enplanements and revenue per transaction, and Parking and ground transportation increased $15.2 million, or 18.6 percent, due to higher enplanements and the opening of the new Parking Plaza at Terminal 1.

			From 2025 to 2026	
	FY 2026	FY 2025	Increase (Decrease)	% Change
Airline revenue:				
Landing fees	**$ 61,070**	$ 59,046	$ 2,024	3.4%
Aircraft parking fees	**14,350**	15,533	(1,183)	(7.6%)
Building rentals	**181,797**	154,537	27,260	17.6%
Other aviation revenue	**13,442**	10,011	3,431	34.3%
Total airline revenue	**270,659**	239,126	31,532	13.2%
Concession revenue	**103,930**	85,159	18,770	22.0%
Parking and ground transportation revenue	**96,733**	81,569	15,164	18.6%
Ground rentals	**33,844**	25,367	8,478	33.4%
Other operating revenue	**4,242**	2,971	1,271	42.8%
Total operating revenue	**$ 509,407**	$ 434,192	$ 75,215	17.3%

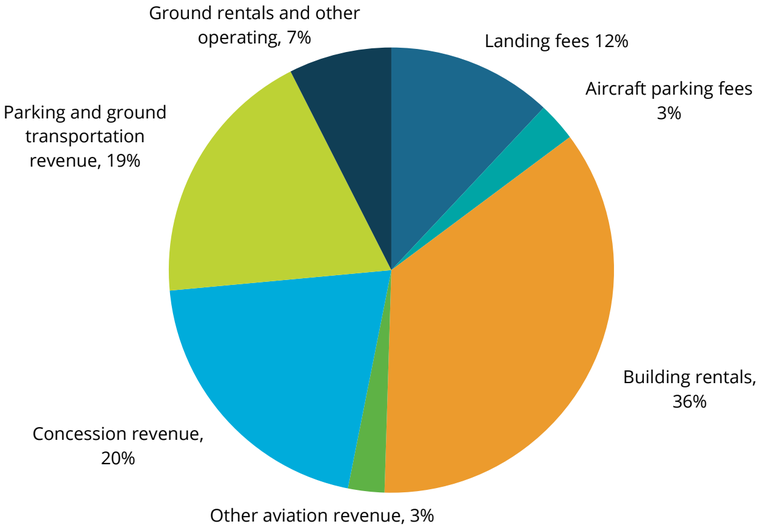
FISCAL YEAR 2025 COMPARED TO 2024:

Total airline revenues increased $17.9 million, or 8.1 percent, mainly due to higher cost recovery from airlines, driven by higher debt service costs and increased recoverable operating expenses from higher passenger volumes. Concessions revenue increased $5.6 million or 7.1 percent. This included terminal concessions, which increased due to higher passenger levels and increased sales prices, while rental car concessions decreased due to lower rental pricing. Parking and ground transportation increased $9.1 million, or 12.5 percent, due to higher enplanements and the opening of the new Parking Plaza at Terminal 1.

			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 59,046	$ 53,873	$ 5,173	9.6%
Aircraft parking fees	15,533	13,612	1,920	14.1%
Building rentals	154,537	145,169	9,367	6.5%
Other aviation revenue	10,011	8,566	1,445	16.9%
Total airline revenue	239,126	221,220	17,906	8.1%
Concession revenue	85,159	79,546	5,613	7.1%
Parking and ground transportation revenue	81,569	72,484	9,085	12.5%
Ground rentals	25,367	23,416	1,951	8.3%
Other operating revenue	2,971	3,223	(252)	(7.8%)
Total operating revenue	$ 434,192	$ 399,889	$ 34,304	8.6%



OPERATING REVENUES BY TYPE



OPERATING EXPENSES (IN THOUSANDS)

FISCAL YEAR 2026 COMPARED TO 2025:

Total fiscal year 2026 operating expenses increased by $112.7 million, or 34.2 percent.

Salaries and benefits increased by $5.9 million, or 9.3 percent, due to implementation of a compensation study, benefit increases, and an increased headcount. Contractual services increased by $6.5 million, or 11.8 percent, primarily due to higher parking and shuttle operations and Rental Car Center (RCC) bus expenses from increased enplanements. Safety and security increased by $5.5 million, or 13.8 percent, due to increased law enforcement scope related to the opening of the New T1. Utilities expenses increased by $3.1 million, or 14.9 percent, due to increased usage with the opening of the New T1 and higher electrical rates. Depreciation and Amortization increased by $88.6 million, or 72.9 percent, due to the capitalization of the New T1.

			From 2025 to 2026	
	FY 2026	FY 2025	Increase (Decrease)	% Change
Salaries and benefits	**$ 69,314**	$ 63,427	$ 5,888	9.3%
Contractual services	**61,351**	54,886	6,465	11.8%
Safety and security	**45,003**	39,541	5,462	13.8%
Space rental	**540**	493	46	9.4%
Utilities	**23,548**	20,497	3,051	14.9%
Maintenance	**16,648**	16,575	73	0.4%
Equipment and systems	**1,254**	325	930	286.4%
Materials and supplies	**936**	652	284	43.5%
Insurance	**3,058**	2,579	479	18.6%
Employee development and support	**990**	910	81	8.9%
Business development	**3,738**	3,129	608	19.4%
Equipment rentals and repairs	**6,344**	5,556	789	14.2%
Depreciation and amortization	**210,056**	121,489	88,567	72.9%
Total operating expenses	**$ 442,780**	$ 330,058	$ 112,722	34.2%

FISCAL YEAR 2025 COMPARED TO 2024:

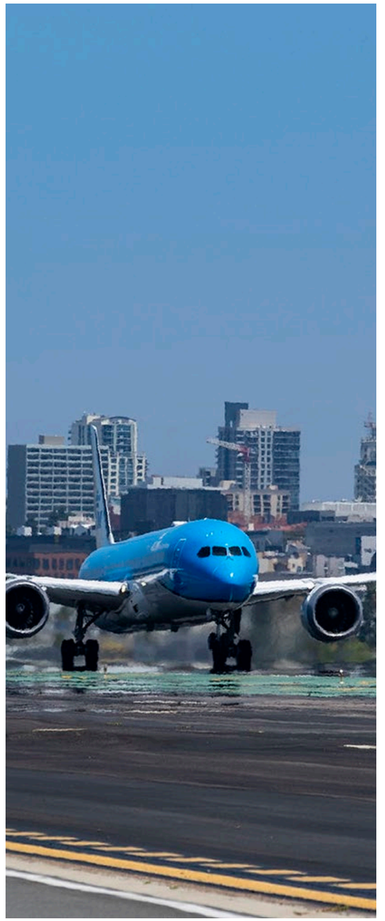
Total fiscal year 2025 operating expenses increased by $15.6 million, or 5.0 percent.

Salaries and benefits increased by $6.0 million, or 10.4 percent, due to planned wage and benefit increases and an increased headcount. Safety and security increased by $2.8 million, or 7.5 percent, due to increased law enforcement. Maintenance expenses increased by $2.5 million, or 17.3 percent, due to contract increases and airfield repairs.

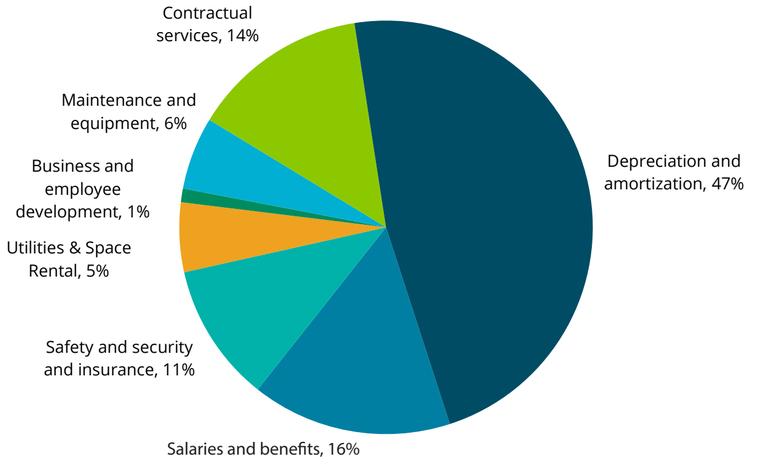
			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Salaries and benefits	$ 63,427	$ 57,444	$ 5,983	10.4%
Contractual services	54,886	52,445	2,441	4.7%
Safety and security	39,541	36,778	2,764	7.5%
Space rental	493	467	27	5.7%
Utilities	20,497	19,518	979	5.0%
Maintenance	16,575	14,125	2,450	17.3%
Equipment and systems	325	544	(220)	(40.3%)
Materials and supplies	652	650	2	0.3%
Insurance	2,579	2,314	265	11.5%
Employee development and support	910	731	179	24.4%
Business development	3,129	2,280	850	37.3%
Equipment rentals and repairs	5,556	4,992	563	11.3%
Depreciation and amortization	121,489		(686)	(0.6%)
Total operating expenses before depreciation and amortization		192,288		
Depreciation and amortization		122,175		
Total operating expenses	$ 330,058	$ 314,462	$ 15,595	5.0%

Note: FY25 has been presented in accordance with GASB Statement No. 103. FY24 is presented in the format originally reported.

DETAILED
ANALYSIS



OPERATING EXPENSES BY TYPE



NON OPERATING REVENUES, (EXPENSES), AND SUBSIDIES (IN THOUSANDS)

FISCAL YEAR 2026 COMPARED TO 2025:

Fiscal Year 2026 compared to 2025: Nonoperating revenues (net) decreased by $71.5 million or 199.0 percent. The increases in PFCs and CFCs reflect higher enplaned passengers and a higher CFC rate. Investment income decreased by $18.5 million, or 16.1 percent, primarily due to unrealized losses on investments of $8.4 million, compared to a $3.8 million unrealized gain in fiscal year 2025. Lower investment income, driven by decreased yields, contributed to the remainder of the difference. Interest expense increased by $39.3 million or 22.3 percent due to the issuance of new bonds in July 2025. Other nonoperating expense (net) for fiscal year 2026 of $6.4 million was primarily due to a $10.5 million write-off of fixed assets, offset by $4.0 million in legal settlement income.

			From 2025 to 2026	
	FY 2026	FY 2025	Increase (Decrease)	% Change
Noncapital Subsidies				
Customer facility charges	**$ 41,963**	$ 36,479	$ 5,484	15.0%
Total Noncapital Subsidies	**41,963**	36,479	5,484	
Other nonoperating income (expenses), net				
Passenger facility charges	**53,105**	49,255	3,850	7.8%
Quieter Home Program, net	**(4,703)**	(1,876)	(2,827)	(150.6%)
Other interest income	**(415)**	9,525	(9,940)	(104.4%)
Investment income (loss)	**96,284**	114,744	(18,460)	(16.1%)
Interest expense, net	**(215,410)**	(176,084)	(39,326)	(22.3%)
Other nonoperating income (expenses)	**(6,383)**	3,877	(10,260)	(264.7%)
Capital Contributions	**25,768**	2,543	23,224	913.2%
Total other nonoperating revenues (expenses), net	**(51,755)**	1,984	(53,739)	
Total nonoperating revenues (expenses) and subsidies	**$ (9,792)**	$ 38,463	$ (48,254)	(125.5%)

FISCAL YEAR 2025 COMPARED TO 2024:

Nonoperating revenues (net) decreased by $18.4 million or 33.8 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. Investment income decreased by $14.5 million, or 11.2 percent, due to unrealized gains on investments declining to $3.8 million from $57.7 million in fiscal year 2024, offset by $39.4 million from higher investment yields and the timing of income recognition on discount bonds. Interest expense increased by $11.2 million, or 6.8 percent, due to the issuance of new bonds in October 2023, which had a full 12-month impact in fiscal year 2025. Other nonoperating income for fiscal year 2025 of $7.4 million was primarily due to the refund of prior years' Social Security taxes resulting from a Section 218 Agreement vote.

			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Noncapital Subsidies				
Customer facility charges	$ 36,479			
Total Noncapital Subsidies	36,479			
Other nonoperating income (expenses), net				
Passenger facility charges	49,255	49,200	55	0.1%
Customer facility charges		$ 35,913	$ 566	1.6%
Quieter Home Program, net	(1,876)	(1,845)	(31)	(1.7%)
Other interest income	9,525	10,198	(674)	(6.6%)
Investment income (loss)	114,744	129,223	(14,479)	(11.2%)
Interest expense, net	(176,084)	(164,933)	(11,150)	(6.8%)
Other nonoperating income (expenses)	3,877	(3,490)	7,366	211.1%
Capital Contributions	2,543			
Total other nonoperating revenues (expenses), net	1,984			
Total nonoperating revenues (expenses) and subsidies	$ 38,463	$ 54,265	$ (18,346)	(33.8%)

Note: FY25 has been presented in accordance with GASB Statement No. 103. FY24 is presented in the format originally reported.

FEDERAL GRANT CONTRIBUTIONS (IN THOUSANDS)

FEDERAL GRANT CONTRIBUTIONS consist primarily of Airport Improvement Program entitlement and discretionary grants from the Federal Aviation Administration and funding from other federal and state organizations. Grant revenue is recognized after an award is made and eligible project costs are incurred. In fiscal year 2026, grant contributions increased $23.3 million, or 913.2 percent, from $2.5 million to $25.8 million because of higher awards for New T1 construction and airfield improvements under the Infrastructure Investment and Jobs Act. In fiscal year 2025, grant contributions decreased $125.9 million, or 98 percent, from $128.4 million to $2.5 million due to higher grant awards in fiscal year 2024 from the Bipartisan Infrastructure Law for the construction of New T1 and airfield improvements.

In June 2022, the Federal Aviation Administration (FAA) issued a Letter of Intent (LOI) to the Airport Authority to support construction of a new Taxiway A, relocation of Taxiway B, and development of the Terminal 1 and Remain Overnight aprons. The LOI established a total federal funding commitment of $110 million, distributed through Airport Improvement Program (AIP) Discretionary Grants over a ten-year period from 2022 through 2031.

In 2023, 2024, and 2026, the FAA amended the LOI to include additional AIP Entitlement Grants totaling $26.1 million, increasing the total funding commitment to $136.1 million. These grant awards are contingent upon the Airport Authority's continued compliance with FAA grant requirements and the availability of federal appropriations. The LOI does not constitute a binding obligation but represents the FAA's intent to provide funding as budget authority becomes available.

As of June 30, 2026, the Airport Authority had recognized $48.6 million in capital contributions under the LOI. In addition, the Airport Authority has incurred $107.2 million in eligible project costs, which are expected to generate approximately $80.4 million in future grant revenue.

			From 2025 to 2026	
	FY 2026	FY 2025	Increase (Decrease)	% Change
Federal grants	**$ 25,768**	$ 2,543	$ 23,224	913.2%

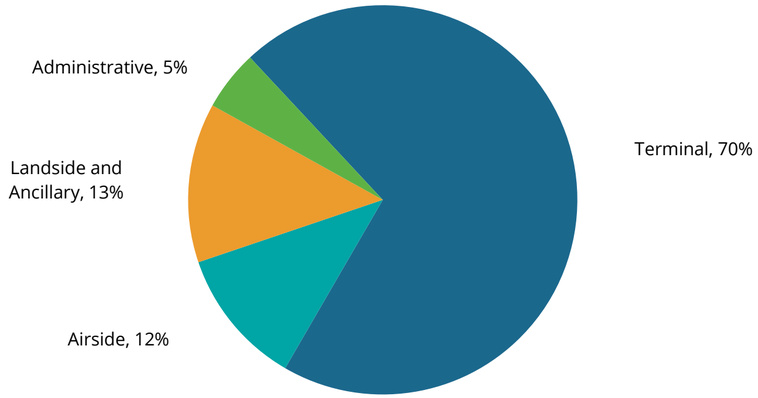
			From 2024 to 2025	
	FY 2025	FY 2024	Increase (Decrease)	% Change
Federal grants	$ 2,543	$ 128,361	$ (125,818)	(98.0%)



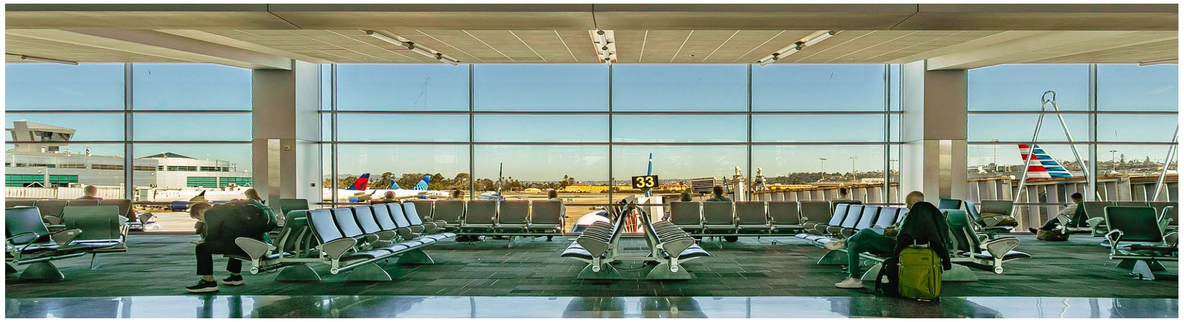
The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security and refurbishment, environmental remediation, terminal upgrades, and landside development. Funding sources 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 through revolving lines of credit.

The fiscal years 2026–2031 Capital Program totals $4.6 billion, including $3.2 billion for terminal projects, primarily the replacement of Terminal 1; $527.0 million for airside projects; $591.4 million for landside and ancillary projects; and $229.9 million for administrative projects. Capital activity during fiscal year 2026 included placing New Terminal 1 assets in service, which primarily caused the $85.6 million increase in depreciation and amortization described above.

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.



SIGNIFICANT CAPITAL ASSET AND
LONG-TERM FINANCING ACTIVITY

CAPITAL FINANCING AND DEBT MANAGEMENT

The following table summarizes the Airport Authority's bond issuances, including the lien classification, series, date of issuance and the original principal amount:

Lien	Series	Issued	Pricipal
Senior Special Facilities Revenue Bonds			
	2014A	02/19/14	29,390,000
	2014B	02/19/14	275,895,000
Subordinate Airport Revenue Bonds			
	2017A	08/03/17	146,040,000
	2017B	08/03/17	145,170,000
	2019A	12/11/19	338,775,000
	2019B	12/11/19	124,905,000
	2020A	04/08/20	26,145,000
	2020B	04/08/20	189,090,000
	2020C	04/08/20	26,405,000
	2021A	12/08/21	495,315,000
	2021B	12/08/21	1,089,260,000
	2021C	12/08/21	357,170,000
Senior Airport Revenue Bonds			
	2023A	10/25/23	74,675,000
	2023B	10/25/23	987,305,000
	2025A	07/09/25	155,815,000
	2025B	07/09/25	628,635,000

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 2026, 2025 and 2024, the outstanding balance was $0.

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Management expects the following matters to affect fiscal year 2027 and beyond. The CFC rate increase effective February 4, 2026, will affect a full year of collections in fiscal year 2027. When the second phase of New T1 opens in fiscal year 2028, airline revenue and debt service on project-related debt will increase.

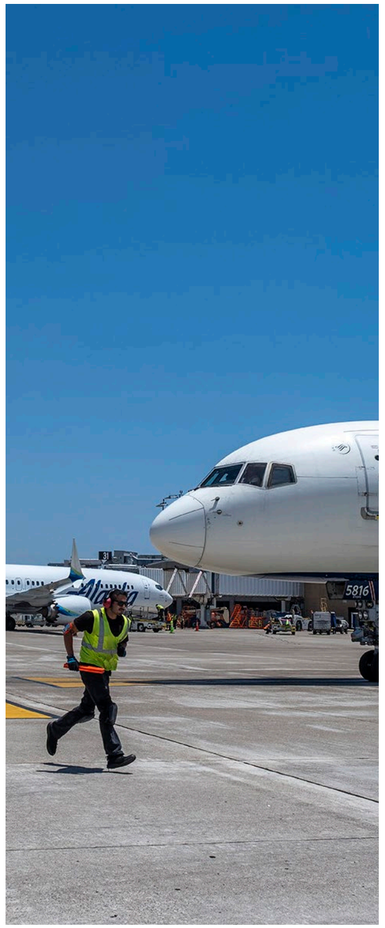
STATEMENTS OF NET POSITION
June 30, 2026 and 2025



Assets and Deferred Outflows of Resources	2026	2025
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	$ 5,594,167	$ 27,384,154
Investments (Note 2)	331,767,985	289,741,720
Tenant receivables, net	37,385,727	22,813,395
Grants receivable	7,264,753	6,174,427
Lease receivables, current portion (Note 3)	14,005,876	14,823,408
Partnership lease receivables, current portion (Note 3)	3,471,921	3,341,161
Note receivable, current portion (Note 4)	2,937,084	5,262,196
Other current assets	35,268,343	29,982,424
Investments designated for specific capital projects and other commitments (Note 2)	-	20,483,039
Total unrestricted current assets	437,695,856	420,005,924
Restricted investments with trustees (Notes 2 and 6)	180,729,539	180,276,856
Total current assets	618,425,395	600,282,780
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted investments not with trustees (Note 2)	342,720,777	329,466,105
Restricted investments with trustees (Note 2)	1,445,888,430	958,987,319
Passenger facility charges receivable (Note 1)	9,142,422	8,491,026
Customer facility charges receivable (Note 1)	4,730,819	3,540,996
Total restricted assets	1,802,482,447	1,300,485,447
Other noncurrent assets:		
Investments, noncurrent (Note 2)	167,909,309	118,272,993
Lease receivables, long-term portion (Note 3)	136,069,633	132,283,942
Partnership lease receivables, long-term portion (Note 3)	118,224,931	121,335,865
Note receivable, long-term portion (Note 4)	11,160,129	14,097,213
Investments designated for specific capital projects and other commitments (Note 2)	251,053,658	203,671,702
Net OPEB asset (Note 11)	-	545,617
Total other noncurrent assets	684,417,659	590,207,331
Capital and lease assets (Note 5):		
Nondepreciable assets and leases		
Land and intangible assets	35,307,594	22,607,594
Construction in progress	322,746,615	2,374,388,669
Total nondepreciable assets and leases	358,054,209	2,396,996,263
Depreciable assets and leases		
Land improvements	176,886,718	164,482,286
Lease assets	240,922,204	240,922,204
Buildings and structures	3,759,561,774	2,218,810,365
Machinery and equipment	170,958,854	147,849,001
Runways, roads and parking lots	1,369,839,992	634,830,060
Total depreciable assets and leases	5,718,169,542	3,406,893,915
Total capital and lease assets	6,076,223,751	5,803,890,179
Less accumulated depreciation and amortization	(1,661,118,379)	(1,579,605,501)
Capital and lease assets, net	4,415,105,372	4,224,284,678
Total noncurrent assets	6,902,005,478	6,114,977,455
Total assets	7,520,430,874	6,715,260,235
Deferred outflows of resources:		
Pensions (Note 7 and 8)	14,339,857	21,730,493
OPEB (Note 11)	4,841,576	3,780,390
Total deferred outflows of resources	19,181,433	25,510,883
Total assets and deferred outflows of resources	7,539,612,307	6,740,771,117

See Notes to Financial Statements. (Continued)

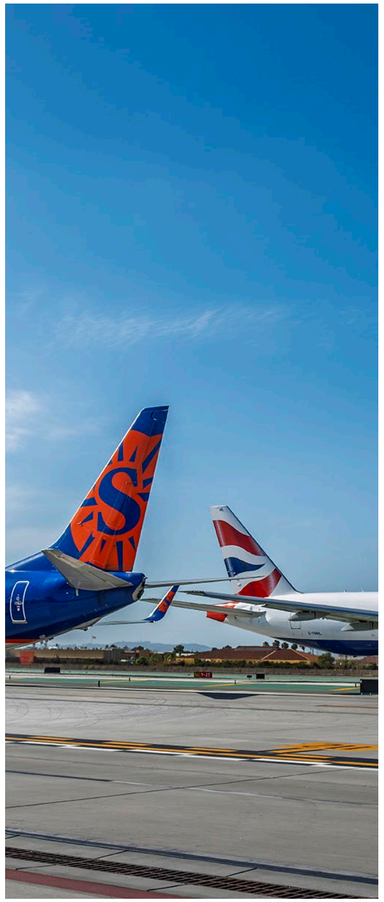
STATEMENTS OF NET POSITION (CONTINUED)
June 30, 2026 and 2025



Liabilities, Deferred Inflows of Resources and Net Position	2026	2025
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	14,067,314	16,154,369
Accrued liabilities	55,650,991	57,848,694
Compensated absences, current portion (Note 6)	5,129,625	4,496,526
Other current liabilities	24,852,022	16,572,613
Lease and subscription liabilities, current portion (Note 6)	2,645,398	2,829,863
Long-term debt, current portion (Note 6)	509,897	465,484
Total payable from unrestricted assets	102,855,245	98,367,549
Payable from restricted assets:		
Accounts payable	2,974,908	5,680,284
Accrued liabilities	20,057,096	32,420,290
Long-term debt, current portion (Note 6)	42,355,000	46,355,000
Accrued interest on variable rate debt and bonds (Note 6)	115,342,536	95,821,281
Total payable from restricted assets	180,729,539	180,276,856
Total current liabilities	283,584,784	278,644,405
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	1,481,818	1,161,349
Other noncurrent liabilities	3,155,976	1,395,396
Lease and subscription liabilities, long-term portion (Note 6)	218,888,256	221,533,654
Long-term debt, net of current portion (Note 6)	5,175,066,338	4,422,384,426
Net pension liability (Note 7 and 8)	8,944,771	18,311,416
Net OPEB liability (Note 11)	3,390,728	-
Total long-term liabilities	5,410,927,886	4,664,786,241
Total liabilities	5,694,512,670	4,943,430,645
Deferred inflows of resources		
Pensions (Note 7 and 8)	1,644,914	1,391,507
OPEB (Note 11)	-	711,586
Gain on refunding	16,075,367	16,848,668
Leases (Note 3)	131,664,435	131,819,976
Partnership leases (Note 3)	195,050,621	202,740,028
Total deferred inflows of resources	344,435,338	353,511,764
Total liabilities and deferred inflows of resources	6,038,948,008	5,296,942,409
Net Position		
Net investment in capital assets	432,831,567	519,644,414
Restricted:		
Debt Service	83,096,523	64,125,904
Construction	265,567,960	254,949,034
OPEB	-	545,617
Operation and maintenance expenses	20,906,514	19,765,678
Small business bond guarantee	2,000,000	2,223,000
Total restricted net position	371,570,996	341,609,233
Unrestricted net position	696,261,735	582,575,061
Total net position	$ 1,500,664,298	$ 1,443,828,709

See Notes to Financial Statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2026 and 2025



	2026	2025
Operating revenues:		
Airline revenue:		
Landing fees	$ 61,070,255	$ 59,046,158
Aircraft parking fees	14,349,948	15,532,560
Building rentals	181,796,770	154,536,766
Other aviation revenue	13,441,681	10,010,765
Total aviation revenue	270,658,655	239,126,248
Concession revenue	103,929,717	85,159,453
Parking and ground transportation revenue	96,732,528	81,568,966
Ground and non-airline terminal rentals	33,844,351	25,366,814
Other operating revenue	4,241,946	2,970,777
Total operating revenues	509,407,197	434,192,258
Operating expenses:		
Salaries and benefits (Notes 6, 7, 8 and 9)	69,314,386	63,426,802
Contractual services (Note 13)	61,350,574	54,885,656
Safety and security	45,003,384	39,541,449
Space rental	539,603	493,322
Utilities	23,547,991	20,496,773
Maintenance	16,647,571	16,574,904
Equipment and systems	1,254,344	324,638
Materials and supplies	935,898	652,011
Insurance	3,057,963	2,578,844
Employee development and support	990,383	909,640
Business development	3,737,775	3,129,443
Equipment rentals and repairs	6,344,240	5,555,683
Depreciation and amortization expense	210,055,569	121,488,601
Total operating expenses	442,779,681	330,057,767
Operating income	$ 66,627,516	$ 104,134,491
Noncapital subsidies:		
Customer facility charges	$ 41,963,152	$ 36,479,020
Total noncapital subsidies	41,963,152	36,479,020
Operating income and noncapital subsidies	108,590,669	140,613,511

See Notes to Financial Statements. (Continued)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2026 and 2025 (CONTINUED)

	2026	2025
Other nonoperating revenues (expenses), net:		
Passenger facility charges	53,105,158	49,254,848
Quieter Home Program grant revenue (Note 1)	14,164,039	15,683,394
Quieter Home Program expenses (Note 1)	(18,867,136)	(17,559,849)
Other Interest Income	(415,355)	9,524,810
Investment income (loss)	96,284,023	114,743,999
Interest expense (Note 6)	(215,409,894)	(176,083,510)
Other revenues (expenses), net	(6,383,469)	3,876,674
Capital contributions (Note 1)	25,767,555	2,543,183
Total other nonoperating revenues (expenses), net	(51,755,079)	1,983,549
Change in net position	56,835,590	142,597,060
Fund net position, beginning of year	1,443,828,709	1,301,231,649
Fund net position, end of year	$ 1,500,664,298	$ 1,443,828,709

See Notes to Financial Statements.



STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended
June 30, 2026 and 2025



	2026	2025
Cash flows from operating activities		
Receipts from customers	**$ 491,039,396**	$ 427,671,076
Payments to suppliers	**(174,044,650)**	(135,779,479)
Payments to employees	**(69,692,262)**	(63,441,149)
Other receipts (payments)	**4,352,410**	9,379,170
Net cash provided by operating activities	**251,654,894**	237,829,618
Cash flows from noncapital financing activities		
Settlement receipts (payments)	**4,000,167**	(620,996)
Proceeds from customer facility charges	**40,773,330**	36,540,795
Quieter Home Program grant receipts	**13,967,781**	26,468,862
Quieter Home Program payments	**(18,867,136)**	(17,559,849)
Net cash provided by (used in) noncapital financing activities	**39,874,142**	44,828,812
Cash flows from capital and related financing activities		
Capital outlay	**(424,671,556)**	(737,029,040)
Other interest income	**1,138,787**	841,547
Federal grants received (excluding Quieter Home Program)	**24,873,487**	51,676,981
Proceeds from passenger facility charges	**52,453,763**	48,319,222
Payment of principal on bonds and commercial paper	**(46,355,000)**	(49,775,000)
Proceeds from issuance of Series 2025 Bonds	**784,450,000**	-
Payment on note payable	**(465,484)**	(424,940)
Interest and debt fees paid	**(185,565,131)**	(203,007,555)
Net cash provided by (used in) capital and related financing activities	**205,858,865**	(889,398,786)
Cash flows from investing activities		
Sales and maturities of investments	**2,739,839,829**	2,544,436,382
Purchases of investments	**(3,367,421,564)**	(2,045,695,207)
Interest received on investments and note receivable	**103,141,652**	119,631,936
Principal payments received on notes receivable	**5,262,197**	5,091,865
Net cash provided by (used in) investing activities	**(519,177,887)**	623,464,977
Net increase (decrease) in cash and cash equivalents	**(21,789,986)**	16,724,621
Cash and cash equivalents, beginning of year	**27,384,154**	10,659,533
Cash and cash equivalents, end of year	**$ 5,594,167**	$ 27,384,154

See Notes to Financial Statements. (Continued)

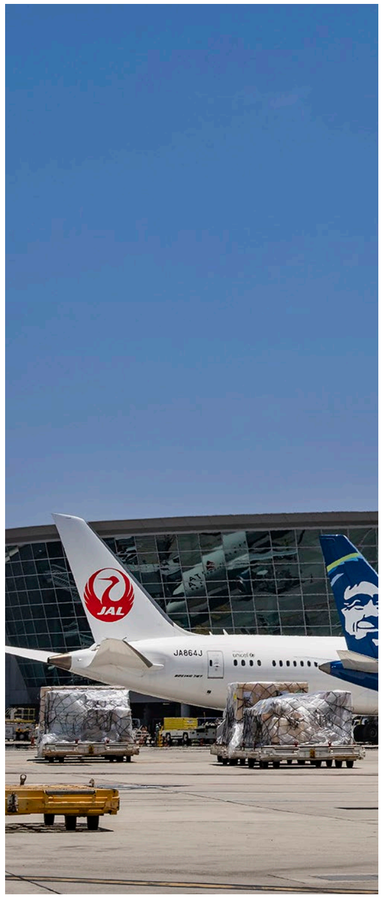
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended
June 30, 2026 and 2025 (CONTINUED)



	2026	2025
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	**$ 66,627,516**	$ 104,134,491
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	**210,055,569**	121,488,601
Other Nonoperating Revenue	**103,665**	4,466,831
Change in pensions/OPEB liability/asset	**(5,430,300)**	6,187,024
Change in deferred outflows related to pensions/OPEB	**6,329,450**	(3,722,441)
Change in deferred inflows related to pensions/OPEB	**(458,178)**	(2,728,875)
Change in deferred inflows related to leases	**(155,540)**	1,209,672
Change in deferred inflows related to partnership leases	**(7,689,407)**	(7,806,466)
Changes in assets and liabilities:		
Receivables, net	**(14,572,332)**	(332,120)
Other assets	**(5,285,919)**	(7,065,537)
Accounts payable	**(2,087,056)**	4,298,546
Accrued liabilities	**(2,197,703)**	17,578,871
Compensated absences	**953,568**	384,160
Lease receivables	**(2,817,848)**	(1,063,944)
Other liabilities	**8,279,409**	800,804
Net cash provided by operating activities	**$ 251,654,894**	$ 237,829,618
Noncash investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	**$ 23,032,004**	$ 38,100,575
Unrealized gain (loss) on investments	**(8,411,772)**	3,795,326

See 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, all airport operations and certain related assets and liabilities were transferred to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated 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 that 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 include unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 RECEIVEABLES: 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. Executed government grant agreements are 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.

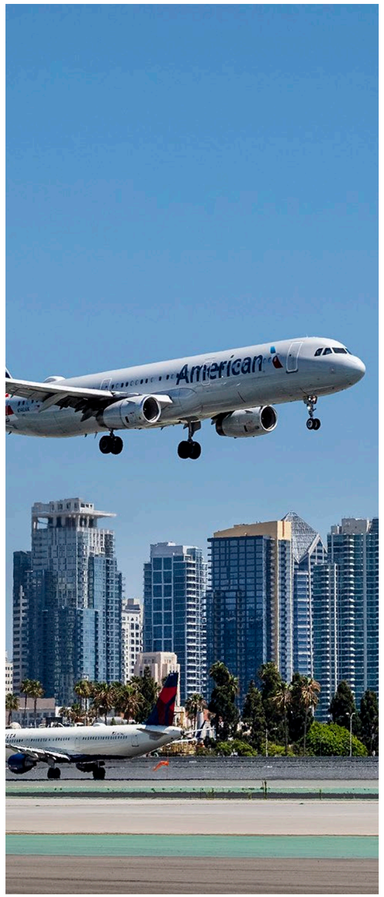
AIRPORT IMPROVEMENT PROGRAM (AIP) Grants are authorized and disbursed by the FAA under the Airway Improvement Act of 1982, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. For the fiscal years ended June 30, 2026, and 2025, the Airport Authority recovered $25.8 million and $2.5 million, respectively, for approved capital projects; and $14.2 million and $15.7 million, respectively, for the Quieter Home Program.

PASSENGER FACILITY CHARGES (PFC) The PFC program was established under the Aviation Safety and Capacity Expansion Act of 1990. In 1995, the Airport Authority received authorization to collect a $3.00 PFC from revenue enplaned passengers; the charge increased to $4.50 in 2003. Air carriers collect PFCs when passengers purchase tickets and remit them to the Airport Authority the following month, less a $0.11 administrative fee. In accordance with the program, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced based on the level of PFC imposed.

PFC revenue must be used to pay allowable costs for approved capital projects, support the Airport Authority's noise mitigation through the Quieter Home Program, or repay debt service issued for eligible capital projects. As of June 30, 2026, and 2025, accrued PFC receivables totaled $9.5 million and $8.5 million, respectively, and PFC amounts collected but not yet applied to approved capital projects or to repay debt service totaled $213.1 million and $213.5 million, respectively.

The FAA approved the latest application in May 2026. Currently, five active applications authorize the Airport Authority to impose and use $3.1 billion in PFC revenue through October 2062. Under the FAA Reauthorization Act of 2024, the AIP Passenger Entitlement Apportionment turnback for large and medium hub airports imposing a PFC greater than $3.00 is 60 percent, resulting in higher entitlement funding for SAN.

CUSTOMER FACILITY CHARGES (CFC): CFCs are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The Airport Authority received approval in May 2009 to impose a CFC on rental cars at SDIA. Rental car agencies remit the fees monthly, and the revenue is used to pay allowable costs for approved capital projects, including the consolidated Rental Car Center, and to operate the related ground transportation system. Effective February 4, 2026, the rate increased from $9.00 to $12.00 per day, up to five days, for transactions originating at the Rental Car Center; the rate for transactions by non-RCC tenants is $3.41 per day, up to five days.



NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

QUIETER HOME PROGRAM includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings and public buildings 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 expenses represent the authority's cost, net of the grant funds utilized in the fiscal year.

OTHER INTEREST INCOME includes interest earned on lease receivables and notes receivable.

INVESTMENT INCOME (LOSS) is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments.

INTEREST EXPENSE includes interest paid and accrued on bonds, variable debt, and leases.

OTHER NONOPERATING INCOME (EXPENSE) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets, and other miscellaneous revenue and expenses.

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, GASB 73, 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. Deferred inflow of resources is initially measured as the initial amount of the receivable, adjusted for payments received at or before the agreement commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the agreement term.

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, and 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.

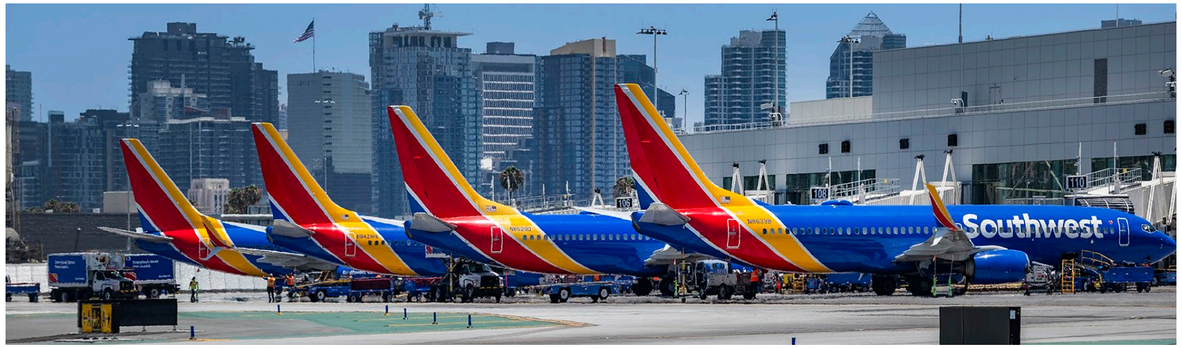
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION AND 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	10-40
Runways, roadways and parking lots	
Lighting, security and minor improvements	3-10
Airfield and parking lots and improvements	15-25
Drainage systems, pedestrian bridges	20-30
Roadways, bridges and infrastructure	25-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades and remodels	3-25
Baggage handling systems, HVAC, structural improvements, fuel and storage facility	12-20
Buildings and smart curb improvements	20-50
Works of art	5-30
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	5-20
Communication and electronic systems	3-20

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.



NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

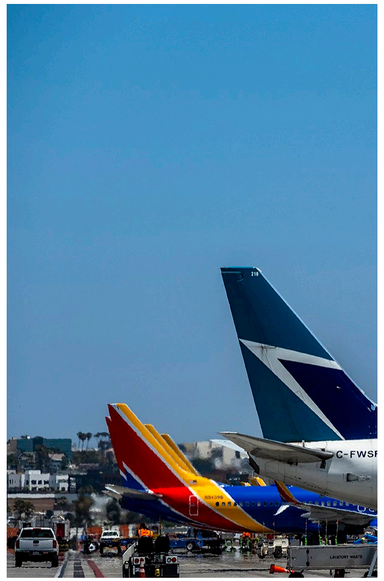
COMPENSATED ABSENCES: Eligible employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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, 2026, and 2025 includes designations of net position that represent tentative management plans that are subject to change, consisting of:



	2026	2025
Operating contingency	$ -	$ 2,000,000
Insurance contingency	15,999,942	15,279,942
Capital projects and other commitments	-	20,483,039
Major maintenance	235,053,716	186,391,760
Total designated net position	$ 251,053,658	$ 224,154,741

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

OPERATING AND NONOPERATING ACTIVITIES: Operating revenues and expenses include all activities not classified as nonoperating activities or subsidies. Operating revenues consist primarily of amounts earned from airlines, concessionaires, lessees, and parking, while operating expenses include the costs of administering the airport system and depreciation of capital assets.

Subsidies are resources provided or received without a direct exchange of goods or services that directly or indirectly reduce airport fees and charges. The Airport Authority reports Customer Facility Charges (CFCs) as noncapital subsidies. Passenger Facility Charges (PFCs), Airport Improvement Program (AIP) grants, and Quieter Home Program grants are reported as capital subsidies because they are restricted for capital asset acquisition or construction, related debt service, or program construction costs.

Nonoperating revenues and expenses include finance-related revenues and expenses, investment income and expenses, gains and losses on disposals of capital assets and inventory, contributions to permanent and term endowments, and subsidies provided or received.

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:

	2026	2025
Southwest Airlines	34.5%	31.1%
Alaska Airlines	21.1%	18.5%
United Airlines	12.0%	12.8%
Delta Airlines	11.7%	12.5%
American Airlines	10.7%	11.5%

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, 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 AND 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.

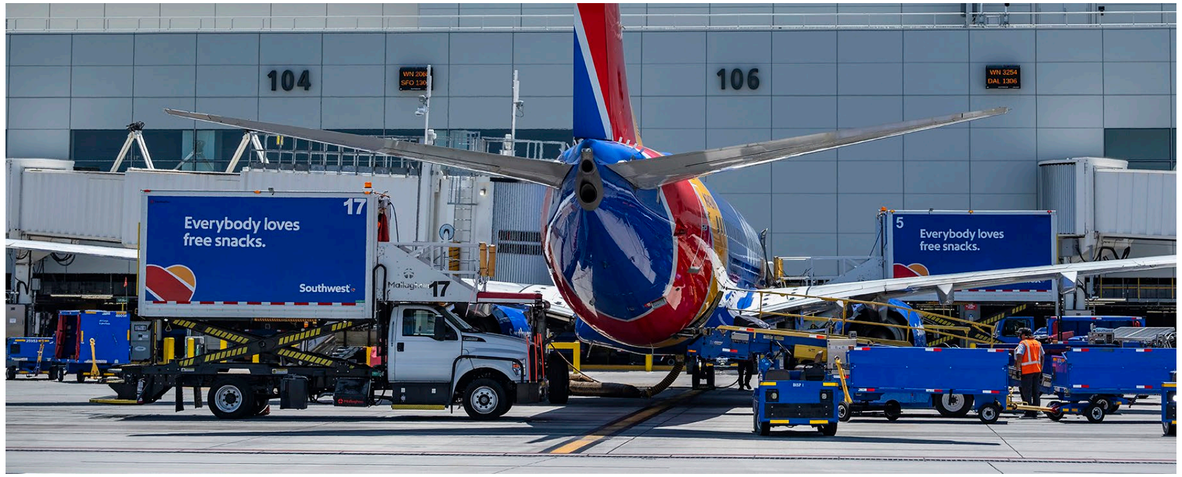
ACCOUNTING PRONOUNCEMENTS ADOPTED: The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2026:

- GASB Statement No. 103, Financial Reporting Model Improvements. Implementation did not result in a change to the Airport Authority's total net position; however, the following line items were reclassified to conform to the new presentation requirements:
  - Customer facility charges previously reported as part of nonoperating revenue (expense) are now presented within noncapital subsidies.
  - Capital grant revenue previously reported as contributions is presented within other nonoperating revenues (expenses).
- GASB Statement No. 104, Disclosure of Certain Capital Assets. Implementation did not result in any changes to the Airport Authority's capital asset disclosures.

ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED: GASB has issued additional 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. 105, Subsequent Events effective for the Authority's year ending June 30, 2027.

RECLASSIFICATIONS: Certain reclassifications have been made to the 2025 financial statements to conform to the 2026 presentation. The reclassifications had no effect on the changes in net position.



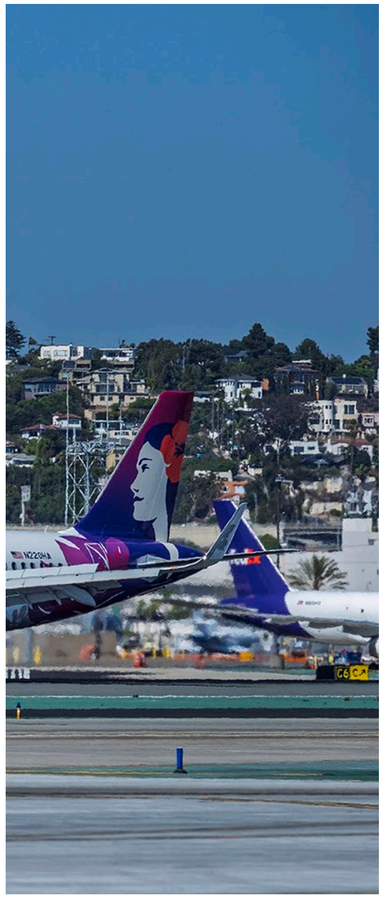
NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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:

	2026	2025
Unrestricted and Undesignated:		
Cash and cash equivalents	$ 5,594,167	$ 27,384,154
Current investments	331,767,985	289,741,720
Noncurrent investments	167,909,309	118,272,993
Total unrestricted and undesignated	505,271,461	435,398,867
Designated for specific capital projects and other commitments:		
Current investments	-	20,483,039
Noncurrent investments	251,053,658	203,671,702
Total designated	251,053,658	224,154,741
Restricted:		
Current investments, with trustees	180,729,539	180,276,856
Noncurrent investments, not with trustees	342,720,777	329,466,105
Noncurrent investments, with trustees	1,445,888,430	958,987,319
Total restricted investments	1,969,338,746	1,468,730,279
Total cash, cash equivalents and investments	$ 2,725,663,865	$ 2,128,283,887

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

	2026	2025
Restricted investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	$ 62,719,544	$ 59,297,036
Operation and maintenance subaccount	20,906,514	19,765,678
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	89,026,058	84,462,714
Passenger facility charges unapplied	211,738,327	213,491,812
Customer facility charges unapplied	39,956,392	29,425,199
Small business development bond guarantee	2,000,000	2,223,000
2014 Renew and Replace	11,533,937	11,131,702
2014 Rolling coverage fund	8,205,765	7,866,822
2014 Series debt service account	14,817,372	19,797,329
2014 Series debt service reserve fund	22,245,328	23,173,587
2017 Series debt service account	12,906,407	13,329,503
2017 Series debt service reserve fund	15,605,328	15,671,899
2019 Series CAP Interest Fund	92	89
2019 Series Construction Fund	230,922	7,510,686
2019 Series Debt Service Account	16,812,164	17,500,690
2019 Series Debt Service Reserve Fund	30,848,836	31,405,233
2020 Series Debt Service Account	16,340,560	16,555,761
2020 Series Debt Service Reserve Fund	33,354,537	32,846,415
2021 Series CAP Interest Fund	32,078	38,579,499
2021 Series Construction Fund	1,882,920	77,476,194
2021 Series Debt Service Reserve Fund	113,080,892	115,643,970
2021 Series Debt Service Account	51,524,750	24,170,268
2023 Series CAP Interest Fund	35,453,576	31,193,766
2023 Series Construction Fund	396,515,452	573,567,651
2023 Series Debt Service Reserve Fund	80,153,608	77,809,892
2023 Series Debt Service Account	17,858,587	3,896,597
2025 Series CAP Interest Fund	81,249,233	-
2025 Series Construction Fund	612,638,673	-
2025 Series Debt Service Reserve Fund	53,267,277	-
2025 Series Debt Service Account	59,675	-
Total restricted investments	$ 1,969,338,746	$ 1,468,730,279



NOTE 2. CASH, CASH EQUIVALENTS, AND 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.

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, redemption notice periods, nor are there any unfunded commitments.

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	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	397 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.



NOTES TO FINANCIAL
STATEMENTS

NOTE 2. CASH, CASH EQUIVALENTS, AND 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.

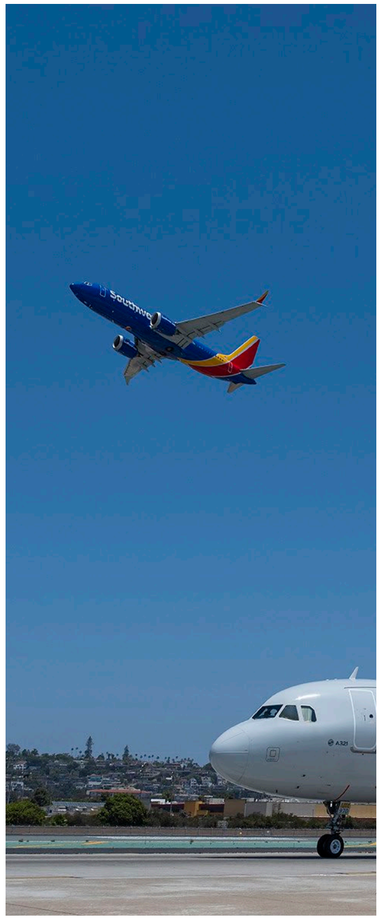
Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	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



NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)



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.

NOTES TO FINANCIAL
STATEMENTS

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30, 2026 are presented in the following table:

	2026				
		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	$ 480,551,090	$ 120,938,695	$ 115,395,885	$ 244,216,510	Not rated
U.S. Agency securities	135,940,488	34,500,420	38,861,773	62,578,295	AA+
Non-U.S. Securities	24,193,135	-	-	24,193,135	AAA
Medium-term notes	8,448,360	-	3,514,210	4,934,150	Not rated
Medium-term notes	28,957,370	2,969,940	4,992,200	20,995,230	AA+
Medium-term notes	26,209,450	2,966,770	4,488,300	18,754,380	AA
Medium-term notes	30,084,940	1,987,280	4,972,550	23,125,110	AA-
Medium-term notes	51,914,335	3,992,360	8,497,170	39,424,805	A+
Medium-term notes	56,979,726	-	9,914,950	47,064,776	A
Medium-term notes	1,976,080	1,976,080	-	-	A-
Commercial paper	5,979,240	5,979,240	-	-	Not rated
Municipal Bonds	10,045,900	-	-	10,045,900	AA-
Collaterallized Mortgage Obligation	6,728,105	6,728,105	-	-	AAA
Collaterallized Mortgage Obligation	43,502,028	9,744,005	22,226,075	11,531,948	Not rated
Money market mutual funds	1,767,291	1,767,291	-	-	Not rated
Money market mutual funds	547,644,827	547,644,827	-	-	AAA
Local Agency Investment Fund	73,234,433	73,234,433	-	-	Not rated
San Diego County Investment Pool	79,627,046	79,627,046	-	-	AAA
San Diego County Inv. Pool-Treasury	1,049,979,313	1,049,979,313	-	-	AAA
CalTrust Fund	56,306,543	56,306,543	-	-	AA
Total investments subject to credit and interest rate risk:	2,720,069,697	2,000,342,346	212,863,113	506,864,239	
Total Investments	$ 2,720,069,697				



NOTES TO FINANCIAL
STATEMENTS

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30, 2025 are presented in the following table:

	2025				
		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	$ 413,372,426	$ 124,595,055	$ 110,224,213	$ 178,553,158	AA+
U.S. Agency securities	7,888,640	-	7,888,640	-	AAA
U.S. Agency securities	150,402,505	24,018,065	34,638,335	91,746,105	AA+
U.S. Agency securities	32,050,915	-	9,823,000	22,227,915	Not rated
Non-U.S. Securities	24,405,720	-	-	24,405,720	AAA
Medium-term notes	3,545,150	-	-	3,545,150	Not rated
Medium-term notes	4,978,300	4,978,300	-	-	AAA
Medium-term notes	23,199,690	-	2,919,540	20,280,150	AA+
Medium-term notes	15,333,675	2,003,300	2,938,780	10,391,595	AA
Medium-term notes	22,227,660	-	1,972,760	20,254,900	AA-
Medium-term notes	38,438,065	-	3,995,120	34,442,945	A+
Medium-term notes	40,043,805	12,513,750	-	27,530,055	A
Medium-term notes	6,905,240	4,961,600	1,943,640	-	A-
Municipal Bonds	10,177,500	-	-	10,177,500	AA-
Negotiable Certificates of deposit	2,223,000	2,223,000	-	-	Not rated
Money market mutual funds	2,275,968	2,275,968	-	-	Not rated
Money market mutual funds	749,526,963	749,526,963	-	-	AAA
Local Agency Investment Fund	70,467,983	70,467,983	-	-	Not rated
San Diego County Investment Pool	140,922,734	140,922,734	-	-	AAA
San Diego County Inv. Pool-Treasury	297,308,604	297,308,604	-	-	AAA
CalTrust Fund	45,205,190	45,205,190	-	-	AA
Total investments subject to credit and interest rate risk:	2,100,899,733	1,481,000,513	176,344,028	443,555,193	
Total Investments	$ 2,100,899,733				



NOTES TO FINANCIAL
STATEMENTS

NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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, 2026, and 2025.

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, 2026 and 2025 :

June 30, 2026	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				
Collaterallized Mortgage Obligation	$ 50,230,133	$ -	$ 50,230,133	$ -
Commercial paper	5,979,240	-	5,979,240	-
Medium-term notes	204,570,261	-	204,570,261	-
Municipal Bonds	10,045,900	-	10,045,900	-
Non-U.S. Securities	24,193,135	-	24,193,135	-
U.S. Agency securities	135,940,488	-	135,940,488	-
U.S. Treasury obligations	480,551,090	-	480,551,090	-
Total investments by fair value level	911,510,246	$ -	$ 911,510,246	$ -
Investments measured at amortized cost				
Money market mutual funds	549,412,117			
Investments measured at net asset value				
CalTrust Fund	56,306,543			
Local Agency Investment Fund	73,234,433			
San Diego County Investment Pool	79,627,046			
San Diego County Inv. Pool-Treasury	1,049,979,313			
Total investments	$ 2,720,069,697			

June 30, 2025	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				
Medium-term notes	$ 154,671,585	$ -	$ 154,671,585	$ -
Municipal Bonds	10,177,500	-	10,177,500	-
Negotiable Certificates of deposit	2,223,000	-	2,223,000	-
Non-U.S. Securities	24,405,720	-	24,405,720	-
U.S. Agency securities	190,342,060	-	190,342,060	-
U.S. Treasury obligations	413,372,426	-	413,372,426	-
Total investments by fair value level	795,192,291	$ -	$ 795,192,291	$ -
Investments measured at amortized cost				
Money market mutual funds	751,802,931			
Investments measured at net asset value				
CalTrust Fund	45,205,190			
Local Agency Investment Fund	70,467,983			
San Diego County Investment Pool	140,922,734			
San Diego County Inv. Pool-Treasury	297,308,604			
Total investments	$ 2,100,899,733			

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 fiscal years 2026 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, 2026, 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 carrying amounts of $150.1 million and $147.1 million as of June 30, 2026, and 2025, respectively, and deferred inflows of resources of $131.7 million and $131.8 million as of June 30, 2026, and 2025, respectively, related to these agreements. The deferred inflows 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, 2026, and 2025, was $19.0 million and $16.4 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of $7.8 million and $9.4 million, for the years ended June 30, 2026, and 2025, 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, 2026.

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.

Years Ending June 30,	Principal	Interest	Total
2027	$ 14,012,382	$ 4,881,746	$ 18,894,128
2028	11,699,540	4,580,894	16,280,434
2029	10,096,923	4,290,625	14,387,549
2030	7,813,719	4,039,934	11,853,653
2031	7,698,603	3,800,802	11,499,405
2032 - 2036	32,737,282	15,450,220	48,187,501
2037 - 2041	31,566,717	9,663,884	41,230,600
2042 - 2046	32,928,229	3,453,876	36,382,104
2047 - 2051	235,110	268,528	503,638
2052 - 2056	284,647	218,979	503,625
2057 - 2061	344,621	158,989	503,610
2062 - 2066	417,231	86,360	503,591
2067 - 2071	240,508	11,281	251,788
Total	$ 150,075,509	$ 50,906,118	$ 200,981,627

NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS (CONTINUED)

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.

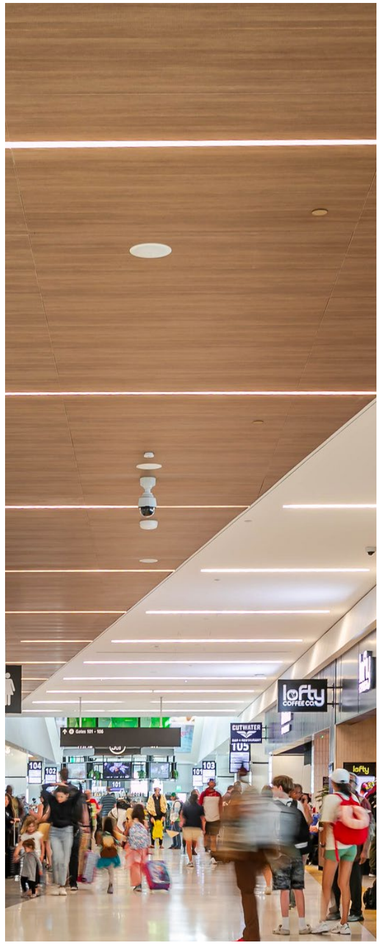
Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating 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, 2026, 38 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 108,874 square feet of the 621,231 square feet of airline designated space was subject to exclusive use. As of June 30, 2025, 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.

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 Consumer Price Index (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 $10.5 million and $10.7 million for the fiscal years ended June 30, 2026, and 2025, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were $221.2 million and $217.2 million, for the years ended June 30, 2026, and 2025, 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, 2026:

Years Ending June 30,	Principal
2027	$ 31,876,477
2028	31,876,477
2029	31,876,477
2030	2,255,463
2031	2,255,463
2032 - 2033	3,990,518
Total	$ 104,130,875



NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS (CONTINUED)

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 4.1 percent were used to measure PPP receivables.

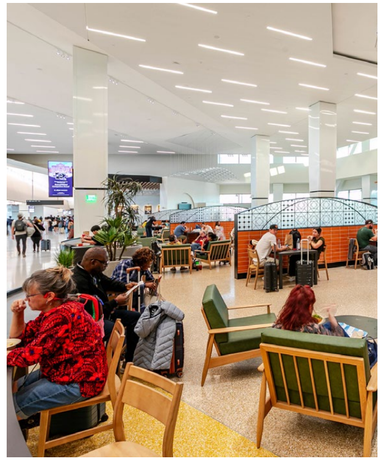
Signature Flight Support is the exclusive lessee of the Fixed Base Operator (FBO) leasehold at SDIA, with their lease expiring April 30, 2049. Ground rent at the FBO increases annually based on the CPI but cannot drop below the base rent escalation. Substantially all buildings and improvements in this 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 $121.7 million and $124.7 million as of June 30, 2026, and 2025, respectively, and deferred inflows of resources of $195.1 million and $202.7 million as of June 30, 2026, and 2025, respectively, related to these agreements. The deferred inflows of resources will be recognized as revenue over the terms of the agreements. 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, 2026.

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.



Years Ending June 30,	Principal	Interest	Total
2027	$ 3,471,921	$ 4,253,203	$ 7,725,125
2028	3,597,558	4,127,566	7,725,125
2029	3,727,742	3,997,383	7,725,125
2030	3,862,637	3,862,488	7,725,125
2031	4,002,412	3,722,712	7,725,125
2032 - 2036	22,292,278	16,333,345	38,625,623
2037 - 2041	26,628,361	11,997,262	38,625,623
2042 - 2046	31,807,857	6,817,766	38,625,623
2047 - 2051	22,306,084	1,218,045	23,524,130
Total	$ 121,696,852	$ 56,329,772	$ 178,026,623

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, 2026, and 2025, the balance of the note receivable was $14.1 million and $16.9 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. As of June 30, 2026, the note was paid in full and as of June 30, 2025, the balance was $2.4 million.

The principal payments owed on notes receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Total
2027	$ 2,937,084
2028	3,045,492
2029	3,157,901
2030	3,274,459
2031	1,682,277
Total	$ 14,097,213



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, 2026 and 2025.

	Balance at July 1, 2025	Increases	Decreases	**Balance at June 30, 2026**
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ 12,700,000	$ -	$ 34,867,594
Construction in progress	2,374,388,669	371,112,739	(2,422,754,793)	322,746,615
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	2,396,996,263	383,812,739	(2,422,754,793)	358,054,209
Depreciable assets and leases:				
Land improvements	164,482,286	13,723,787	(1,319,355)	176,886,718
Land improvements - right-to-use lease assets	240,922,204	-	-	240,922,204
Buildings and structures	2,218,810,365	1,640,276,987	(99,525,578)	3,759,561,774
Machinery and equipment	147,849,001	33,189,416	(10,079,562)	170,958,854
Runways, roads and parking lots	634,830,060	762,931,848	(27,921,916)	1,369,839,992
Total capital and lease assets being depreciated/amortized	3,406,893,915	2,450,122,037	(138,846,410)	5,718,169,542
Less accumulated depreciation and amortization for:				
Land improvements	(69,756,871)	(7,976,678)	831,991	(76,901,557)
Building and structures	(993,107,417)	(141,469,809)	91,899,663	(1,042,677,564)
Land improvements - right-to-use lease assets	(30,831,743)	(5,654,853)	-	(36,486,596)
Machinery and equipment	(109,888,487)	(9,791,260)	8,599,422	(111,080,325)
Runways, roads and parking lots	(376,020,984)	(45,848,007)	27,896,653	(393,972,338)
Total accumulated depreciation and amortization	(1,579,605,501)	(210,740,607)	129,227,729	(1,661,118,379)
Total capital and lease assets being depreciated/amortized, net	1,827,288,414	2,239,381,430	(9,618,682)	4,057,051,163
Capital and lease assets, net	$ 4,224,284,678	$ 2,623,194,169	$ (2,432,373,475)	$ 4,415,105,372

	Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Construction in progress	1,978,692,850	684,891,903	(289,196,084)	2,374,388,669
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	2,001,300,444	684,891,903	(289,196,084)	2,396,996,263
Depreciable assets and leases:				
Land improvements	159,946,387	4,535,899	-	164,482,286
Land improvements - right-to-use lease assets	240,922,204	-	-	240,922,204
Buildings and structures	1,946,434,381	272,375,984	-	2,218,810,365
Machinery and equipment	145,684,582	2,667,842	(503,423)	147,849,001
Runways, roads and parking lots	623,926,792	10,982,642	(79,374)	634,830,060
Total capital and lease assets being depreciated/amortized	3,116,914,345	290,562,368	(582,798)	3,406,893,915
Less accumulated depreciation and amortization for:				
Land improvements	(63,452,922)	(6,303,949)	-	(69,756,871)
Building and structures	(914,847,782)	(78,259,636)	-	(993,107,417)
Land improvements - right-to-use lease assets	(24,290,688)	(6,541,055)	-	(30,831,743)
Machinery and equipment	(101,599,540)	(8,698,069)	409,122	(109,888,487)
Runways, roads and parking lots	(352,763,851)	(23,257,132)	-	(376,020,984)
Total accumulated depreciation and amortization	(1,456,954,783)	(123,059,840)	409,122	(1,579,605,501)
Total capital and lease assets being depreciated/amortized, net	1,659,959,562	167,502,527	(173,675)	1,827,288,414
Capital and lease assets, net	$ 3,661,260,007	$ 852,394,430	$ (289,369,759)	$ 4,224,284,678

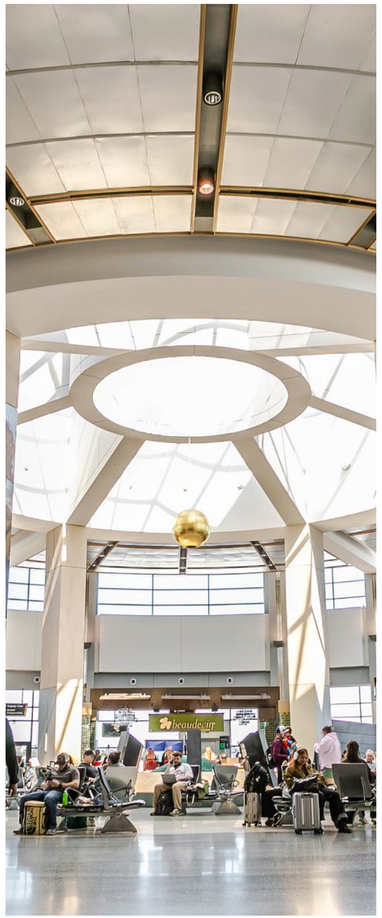
Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2026 and 2025 amounted to $205.1 million and $116.5 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to $5.0 million each year. Depreciation expense charged to capital improvement projects in accordance with GASB Statement No. 87 for the fiscal years ended June 30, 2026 and 2025, amounted to $685 thousand and $1.6 million, respectively.

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2026, and 2025:

	Principal Balance at June 30, 2025	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2026**	Due Within One Year
Bonds payable					
Series 2014 Bonds	261,970,000	-	(7,440,000)	**254,530,000**	7,855,000
Series 2017 Bonds	255,145,000	-	(6,155,000)	**248,990,000**	6,465,000
Series 2019 Bonds	442,090,000	-	(5,615,000)	**436,475,000**	5,895,000
Series 2020 Bonds	181,230,000	-	(11,275,000)	**169,955,000**	11,830,000
Series 2021 Bonds	1,862,860,000	-	(13,005,000)	**1,849,855,000**	10,310,000
Series 2023 Bonds	1,059,745,000	-	(2,865,000)	**1,056,880,000**	-
Series 2025 Bonds	-	784,450,000	-	**784,450,000**	-
Bond premiums, net	401,453,235	37,406,978	(26,310,170)	**412,550,043**	-
Total bonds payable	4,464,493,235	821,856,978	(72,665,170)	**5,213,685,043**	42,355,000
Lease Liabilities	224,363,516	-	(2,829,863)	**221,533,654**	2,645,398
Note Payable - Direct borrowing					
CRDC	4,711,675	-	(465,484)	**4,246,191**	509,897
Total debt obligations	4,693,568,427	821,856,978	(75,960,517)	**5,439,464,888**	45,510,294
Compensated absences	5,657,875	6,083,193	(5,129,625)	**6,611,443**	5,129,625
Total long-term liabilities	$ 4,699,226,301	$ 827,940,171	$ (81,090,142)	**$ 5,446,076,331**	$ 50,639,919

	Principal Balance at June 30, 2024	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2025	Due Within One Year
Bonds payable					
Series 2014 Bonds	269,015,000	-	(7,045,000)	261,970,000	7,440,000
Series 2017 Bonds	261,010,000	-	(5,865,000)	255,145,000	6,155,000
Series 2019 Bonds	448,490,000	-	(6,400,000)	442,090,000	5,615,000
Series 2020 Bonds	197,235,000	-	(16,005,000)	181,230,000	11,275,000
Series 2021 Bonds	1,875,085,000	-	(12,225,000)	1,862,860,000	13,005,000
Series 2023 Bonds	1,061,980,000	-	(2,235,000)	1,059,745,000	2,865,000
Bond premiums	426,578,230	-	(25,124,995)	401,453,235	-
Total bonds payable	4,539,393,230	-	(74,899,995)	4,464,493,235	46,355,000
Lease Liabilities	228,005,166	-	(3,641,649)	224,363,516	2,829,863
Note Payable - Direct borrowing					
CRDC	5,136,616	-	(424,940)	4,711,675	465,484
Total debt obligations	4,772,535,011	-	(78,966,585)	4,693,568,427	49,650,347
Compensated absences	5,273,715	4,880,685	(4,496,526)	5,657,875	4,496,526
Total long-term liabilities	$ 4,777,808,726	$ 4,880,685	$ (83,463,110)	$ 4,699,226,301	$ 54,146,873



NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

SENIOR LIEN SERIES 2025 BONDS:
On July 9, 2025, the Airport Authority issued $784.5 million of Series A and B Senior Airport Revenue Bonds (Series 2025 Bonds). The 2025 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, fund deposits to the senior reserve fund and capitalized interest for Series 2021, Series 2023 and Series 2025 Bonds and pay the costs of issuance of the Series 2025 Bonds.

The Series 2025 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent to 5.25 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 5.50 percent. The Series A and Series B bonds were issued at a premium of $10.7 million and $26.7 million, respectively. The premium is amortized over the life of the bonds. The interest on the Series 2025 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal year ended June 30, 2026 amounted to $40 million, including accrued interest of $20.5 million. The principal balance on the Series 2025 Bonds as of June 30, 2026 was $784.5 million.

The required debt service payments for the Series 2025 Bonds for the years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ -	$ 40,928,600	$ 40,928,600
2028	-	40,928,600	40,928,600
2029	7,830,000	40,732,850	48,562,850
2030	16,070,000	40,135,350	56,205,350
2031	16,870,000	39,311,850	56,181,850
2032 - 2036	17,710,000	38,447,350	56,157,350
2037 - 2041	102,760,000	177,679,000	280,439,000
2042 - 2046	131,680,000	147,888,769	279,568,769
2047 - 2051	169,745,000	108,846,163	278,591,163
2052 - 2056	219,070,000	58,152,844	277,222,844
2057 - 2059	102,715,000	11,475,875	114,190,875
	$ 784,450,000	$ 744,527,250	$ 1,528,977,250

On June 30, 2026, the amount held by the trustee was $747.2 million, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund.

The public ratings of the Series 2025 Bonds as of June 30, 2026, are Aa3/AA- by Moody's Investors Service and Fitch Ratings.

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 years ended June 30, 2026, and 2025 amounted to $53.8 million and $53.9 million, respectively, including accrued interest of $26.9 million and $27.0 million, respectively. The principal balance on the Series 2023 Bonds as of June 30, 2026, and 2025 was $1,056.9 million and $1,059.7 million, respectively.

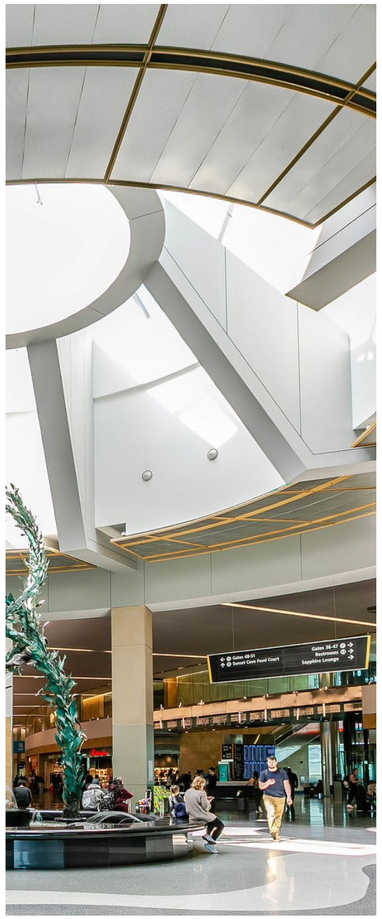
The required debt service payments for the Series 2023 Bonds for the years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
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	15,170,000	52,689,663	67,859,663
2031	15,925,000	51,912,288	67,837,288
2032 - 2036	96,550,000	245,694,100	342,244,100
2037 - 2041	123,925,000	217,206,875	341,131,875
2042 - 2046	166,635,000	180,371,438	347,006,438
2047 - 2051	194,300,000	136,154,313	330,454,313
2052 - 2056	248,105,000	80,877,481	328,982,481
2057 - 2059	181,820,000	14,610,938	196,430,938
	$ 1,056,880,000	$ 1,140,530,082	$ 2,197,410,082

On June 30, 2026, and 2025, the amount held by the trustee was $530.0 million and $686.5 million, respectively, 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 2026 and 2025 were $89.0 million and $84.5 million, respectively. The public ratings of the Series 2023 Bonds as of June 30, 2026, are Aa3/AA- by Moody's Investors Service and Fitch Ratings.

The Senior Series 2025 and 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 2025 and 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.



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 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, 2026, and 2025 amounted to $12.4 million and $12.8 million, respectively, including accrued interest of $6.2 million and $6.4 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2026, and 2025 was $249 million and $255.1 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
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	7,485,000	11,243,125	18,728,125
2031	7,860,000	10,859,500	18,719,500
2032 - 2036	45,600,000	47,836,750	93,436,750
2037 - 2041	58,200,000	34,923,500	93,123,500
2042 - 2046	74,290,000	18,440,500	92,730,500
2047 - 2048	35,170,000	1,780,000	36,950,000
	$ 248,990,000	$ 160,936,250	$ 409,926,250

NOTES TO FINANCIAL STATEMENTS

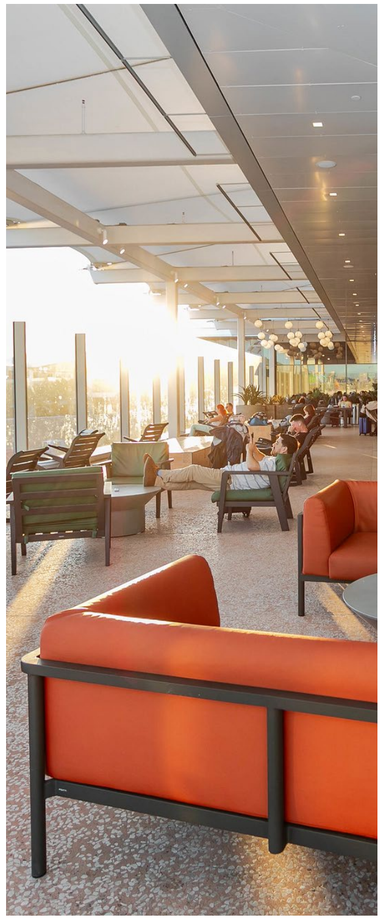
NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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.

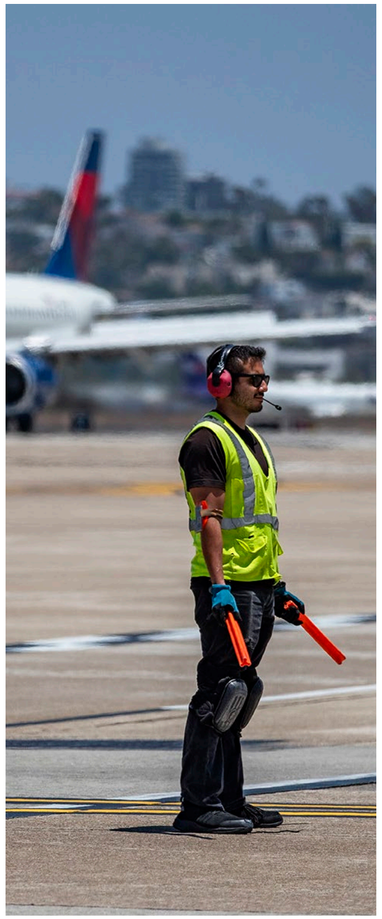
Interest for the fiscal years ended June 30, 2026, and 2025 amounted to $21 million and $21.3 million, respectively, including accrued interest of $10.5 million and $10.6 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2026, and 2025 was $436.5 million and $442.1 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
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	6,825,000	20,064,100	26,889,100
2031	7,165,000	19,722,850	26,887,850
2032 - 2036	108,750,000	87,243,000	195,993,000
2037 - 2041	163,700,000	55,332,800	219,032,800
2042 - 2046	66,135,000	25,957,200	92,092,200
2047 - 2050	65,310,000	8,362,500	73,672,500
	$ 436,475,000	$ 278,764,000	$ 715,239,000



NOTES TO FINANCIAL STATEMENTS



NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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, 2026, and 2025 amounted to $8.5 million and $9.1 million, respectively, including accrued interest of $4.2 million and $4.5 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2026, and 2025 was $170 million and $181.2 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
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	13,705,000	6,632,500	20,337,500
2031	14,385,000	5,947,250	20,332,250
2032 - 2036	57,755,000	19,881,250	77,636,250
2037 - 2041	46,805,000	7,250,250	54,055,250
	$ 169,955,000	$ 63,400,250	$ 233,355,250

NOTES TO FINANCIAL STATEMENTS

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, 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 $3.0 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, 2026, and 2025 amounted to $80.5 million and $80.7 million, respectively, including accrued interest of $40 million and $40.1 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2026, and 2025 was $1,849.9 million and $1,862.9 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
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	11,940,000	78,612,092	90,552,092
2031	13,035,000	77,994,646	91,029,646
2032 - 2036	141,045,000	374,402,344	515,447,344
2037 - 2041	194,555,000	339,687,002	534,242,002
2042 - 2046	358,325,000	285,706,757	644,031,757
2047 - 2051	363,630,000	212,157,600	575,787,600
2052 - 2056	593,280,000	106,244,750	699,524,750
2057	141,530,000	3,288,250	144,818,250
	$ 1,849,855,000	$ 1,717,317,092	$ 3,567,172,092

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, 2026, and 2025, the amount held by the trustee was $292.6 million and $390.7 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, 2026, are A/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

For the year ended June 30, 2026, the net revenues pledged for senior and subordinate lien debt service was $319.9 million compared to the net debt service (senior and subordinate lien principal and interest) of $174.2 million. At June 30, 2026, the remaining principal and interest payments required to repay the bonds through 2059 totaled $8,652.1 million.



NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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, 2026, and 2025 amounted to $14.1 million and $14.5 million, respectively, including accrued interest of $7 million and $7.2 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2026, and 2025 was $254.5 million and $262 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, 2026, and 2025, the amount held by the trustee was $56.8 million and $62.0 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, 2026, are A-/A3 by Standard & Poor's and Moody's Investors Service. On August 18, 2026, Standard & Poor's upgraded the rating to A.

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
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	9,250,000	12,411,644	21,661,644
2031	9,765,000	11,879,794	21,644,794
2032 - 2036	57,665,000	50,319,070	107,984,070
2037 - 2041	75,700,000	31,777,897	107,477,897
2042 - 2045	77,240,000	8,370,662	85,610,662
	$ 254,530,000	$ 154,910,988	$ 409,440,988

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, 2023 and 2025 Bonds for fiscal years ended June 30, 2026, and June 30, 2025, of $230.3 million and $192.3 million, respectively, was offset by bond premium amortization of $ 26.3 million in fiscal year 2026 and $25.1 million in fiscal year 2025.

NOTES TO FINANCIAL STATEMENTS

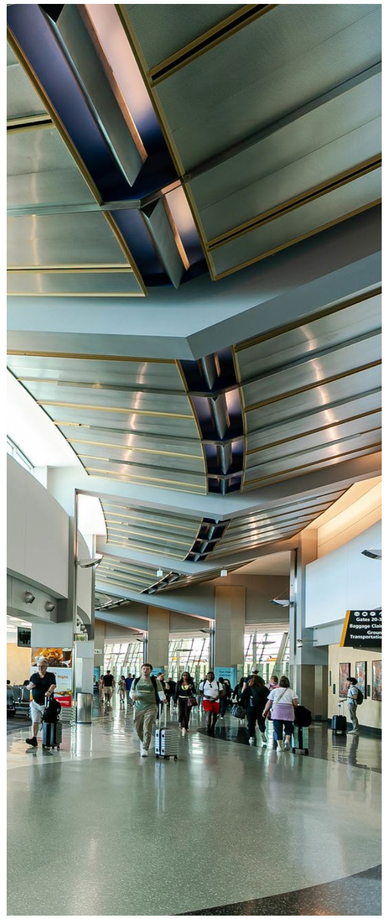
NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE SHORT-TERM DEBT PROGRAM:
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. At the end of fiscal years 2025 and 2026 the Airport Authority had no outstanding balances related to this program. 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 2025, the Airport Authority maintained a $2.0 million line of credit held with US Bank, which was collateralized with a Treasury bond. In October 2025, the $2.0 million line of credit agreement expired. The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2026, and 2025:

	June 30, 2026		June 30, 2025	
	Used	Unused	Used	Unused
Revolving line of credit	$ -	$200,000,000	$ -	$200,000,000
Line of credit	$ -	-	$ -	2,000,000
	$ -	$ 200,000,000	$ -	$ 202,000,000

EVENT OF DEFAULT: In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. 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.



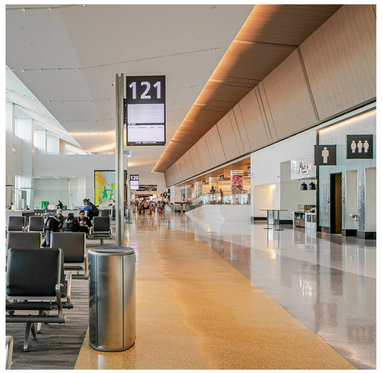
NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

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, 2025:

Years Ending June 30,	Amount
2027	$ 877,298
2028	877,298
2029	877,298
2030	877,298
2031	877,298
2032-2033	1,242,839
Total Lease Payments	5,629,328
Less amount representing interest	(1,383,137)
Present value of future lease payments	$ 4,246,191



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 2026 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, 2026, and 2025, were $221.5 million and $224.4 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2026, are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	2,645,398	8,379,303	11,024,701
2028	2,701,099	8,289,721	10,990,821
2029	2,427,028	8,199,071	10,626,099
2030	2,520,945	8,106,746	10,627,692
2031	2,622,580	8,010,877	10,633,457
2032-2036	14,880,896	38,467,525	53,348,421
2037-2041	18,153,385	35,399,690	53,553,074
2042-2046	19,721,607	31,833,532	51,555,139
2047-2051	23,948,947	27,673,376	51,622,322
2052-2056	29,075,297	22,620,928	51,696,225
2057-2061	35,291,173	16,486,344	51,777,517
2062-2066	42,827,405	9,039,534	51,866,939
2067-2069	24,717,895	1,242,570	25,960,465
	$221,533,654	$223,749,218	$445,282,872

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PLANS

INTRODUCTION: 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, 2026, and 2025:

	Defined Benefit Plan GASB 68	Preservation of Benefits Trust Plan GASB 73	Total
Balances as of and for the year ended 6/30/2026			
Net pension liability	7,491,704	1,453,067	8,944,771
Deferred outflows of resources	14,013,082	326,775	14,339,857
Deferred inflows of resources	1,245,308	399,605	1,644,913
Balances as of and for the year ended 6/30/2025			
Net pension liability	16,684,974	1,626,442	18,311,416
Deferred outflows of resources	21,250,582	479,911	21,730,493
Deferred inflows of resources	770,171	621,335	1,391,506



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. 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.

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

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, 2025, and June 30, 2024, Plan membership was as follows:

	2025	2024
Active employees	388	395
Inactive employees entitled to but not yet receiving benefits	203	208
Inactive employees or beneficiaries currently receiving benefits	236	213
Total	827	816

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, 2026, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2024, 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, 2026, and 2025, employees contributed $5.1 million and $4.9 million, respectively, and the Airport Authority contributed $6.1 million and $9.2 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 100% percent of the executive classic members' contribution. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

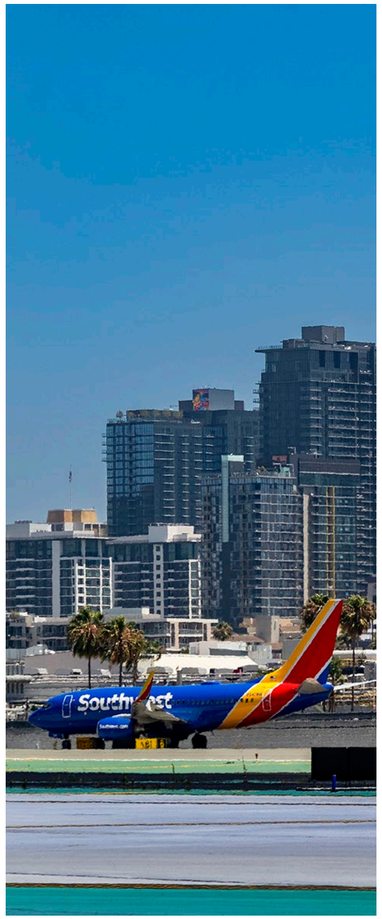
NET PENSION LIABILITY: The Airport Authority's net pension liability as of June 30, 2026, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2026, is measured as of June 30, 2025. The annual valuation used is as of June 30, 2024, rolled forward to June 30, 2025, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follows.

ACTUARIAL ASSUMPTIONS: The total pension liability in the June 30, 2025 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2026	June 30, 2025
Valuation date	June 30, 2024	June 30, 2023
Measurement date	June 30, 2025	June 30, 2024
Actuarial 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	3.00%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase [2]	3.25%, plus merit component	3.25%, plus merit component
Cost-of-living adjustment	2.0% per annum, compounded	2.09% per annum, compounded
Termination rate [3]	2.0% - 18.0%	2.0% - 18.0%
Disability rate [4]	0.01% - 0.20%	0.01% - 0.20%
Mortality [5]	SOA Pub-2010 Mortality Tables	SOA Pub-2010 Mortality Tables

[1] Net of investment expense
[2] Merit component based on years of service ranging from 4.75% to 0.25%
[3] Based on years of service
[4] Based on age
[5] All active and retired healthy members based on SOA Pub-2010 Public Retirement Plans Mortality Tables. annuitants based on the sex distinct CalPERS Industrial Related Disability Retirees Mortality Table

Further details about the actuarial assumptions can be found in the SDCERS June 30, 2025 and June 30, 2024 actuarial reports.



NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)



DISCOUNT RATE: For the June 30, 2025 and June 30, 2024 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.

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 30,2025 are summarized below:

Asset Class	Target Allocation	Long-term Expected Rates of Return Real	Nominal
Domestic equity	18.0%	4.4%	6.8%
International equity	12.0%	4.2%	6.6%
Global equity	6.0%	4.4%	6.8%
Domestic fixed income	22.0%	2.6%	5.0%
Return-Seeking Fixed Income	5.0%	4.6%	7.0%
Real estate	11.0%	4.0%	6.4%
Private equity	10.0%	7.6%	10.1%
Infrastructure	4.0%	6.3%	8.8%
Private Debt	5.0%	4.4%	6.8%
Diversifying	4.0%	2.9%	5.3%
Opportunity fund	3.0%	4.4%	6.8%
	100.0%		

NOTES TO FINANCIAL STATEMENTS

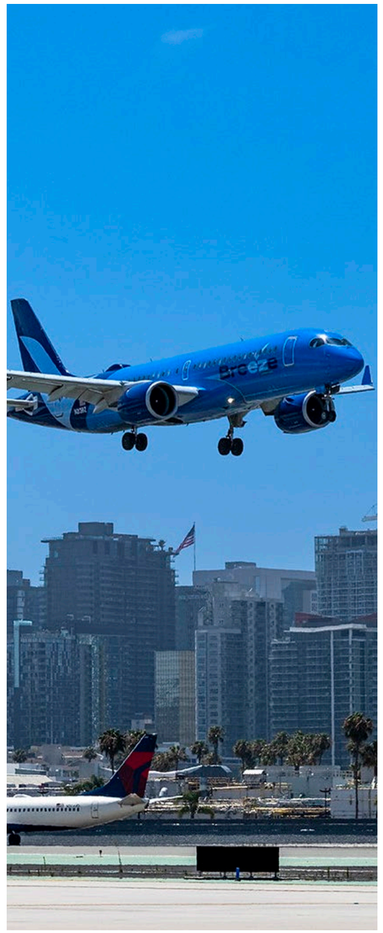
NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY: Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2026, were as follows:

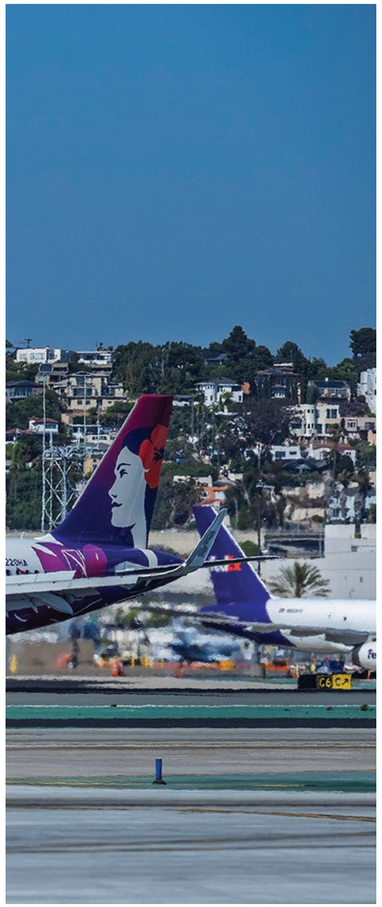
	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2025	$ 314,983,975	$ 298,299,001	$ 16,684,974
Changes for the year:			
Service cost	8,516,552	-	8,516,552
Interest on total pension liability	20,347,416	-	20,347,416
Difference between expected and actual experience	1,697,788	-	1,697,788
Changes in assumptions	-	-	-
Employer contributions	-	9,299,940	(9,299,940)
Member contributions	-	3,924,726	(3,924,726)
Net investment income	-	27,010,658	(27,010,658)
Benefit payments	(12,472,432)	(12,472,432)	-
Administrative expense	-	(480,298)	480,298
Net changes	18,089,324	27,282,594	(9,193,270)
Balances as of June 30, 2026	$ 333,073,299	$ 325,581,595	$ 7,491,704

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2025, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of June 30, 2024	$ 287,458,835	$ 277,214,692	$ 10,244,143
Changes for the year:			
Service cost	7,979,893	-	7,979,893
Interest on total pension liability	18,614,363	-	18,614,363
Difference between expected and actual experience	5,608,954	-	5,608,954
Changes in assumptions	5,504,534	-	5,504,534
Employer contributions	-	8,010,734	(8,010,734)
Member contributions	-	3,730,545	(3,730,545)
Net investment income	-	19,966,331	(19,966,331)
Benefit payments	(10,182,604)	(10,182,604)	-
Administrative expense	-	(440,697)	440,697
Net changes	27,525,140	21,084,309	6,440,831
Balances as of June 30, 2025	$ 314,983,975	$ 298,299,001	$ 16,684,974



NOTES TO FINANCIAL STATEMENTS



NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

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, 2026:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 377,672,076	$ 333,073,299	$ 296,501,941
Plan fiduciary net position	325,581,595	325,581,595	325,581,595
Net pension liability (asset)	$ 52,090,481	$ 7,491,704	$ (29,079,654)
Plan fiduciary net position as a percentage of the total pension liability	86.2%	97.8%	109.8%

A 1% decrease in the discount rate increases the total pension liability by approximately 13% and increases the net pension liability by approximately 595%. A 1% increase in the discount rate increases the total pension liability by approximately 11% and decreases the net pension liability by approximately 448%.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN: For the years ended June 30, 2026 and June 30, 2025, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of $4.7 million and $9.2 million, respectively. At June 30, 2026 and June 30, 2025, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2026	Deferred of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 5,123,546	$ -
Changes in assumptions	2,752,266	-
Net difference between projected and actual earnings	-	1,245,308
Employer contributions made subsequent to June 30, 2025 measurement date	6,137,270	-
Total	$ 14,013,082	$ 1,245,308

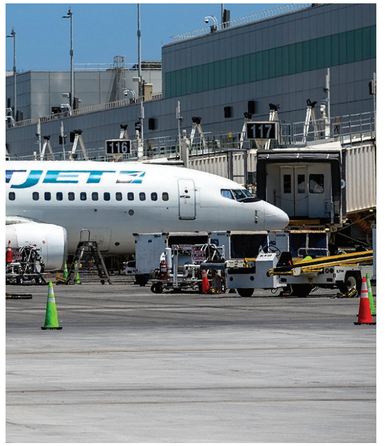
For June 30, 2025	Deferred of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 6,298,173	$ 770,171
Changes in assumptions	4,128,400	-
Net difference between projected and actual earnings	1,605,865	-
Employer contributions made subsequent to June 30, 2024 measurement date	9,218,144	-
Total	$ 21,250,582	$ 770,171

NOTE 7. DEFINED BENEFIT PLANS (CONTINUED)

The deferred outflows of resources at June 30, 2025 and June 30, 2024 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 2027 and 2026.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2026, will be recognized in pension expense as follows:

Years ended June 30,	
2027	7,470,887
2028	2,109,403
2029	(1,446,988)
2030	(1,502,798)
Thereafter	-
	$ 6,630,504



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.

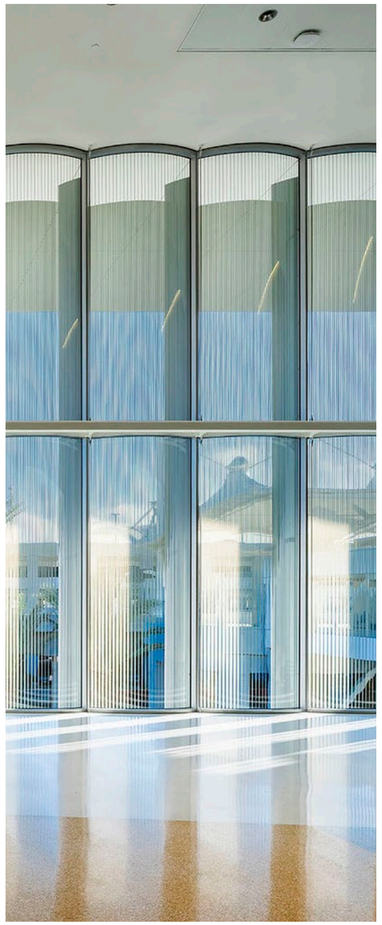
The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

BENEFITS PROVIDED: Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in 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, 2026, and June 30, 2025, were $8.1 thousand and $13.5 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, 2025, and 2024, Plan membership was as follows:

	2025	2024
Active employees	1	1
Retired or DROP members	2	2
Total	3	3

TOTAL PENSION LIABILITY: The Airport Authority's total pension liability as of June 30, 2026 and June 30, 2025, was $1.5 million and $1.6 million, respectively. The pension liability as of June 30, 2026, is measured as of June 30, 2025, using an annual actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, 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, 2026, and June 30, 2025, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2026	June 30, 2025
Valuation date	June 30, 2025	June 30, 2024
Measurement date	June 30, 2025	June 30, 2024
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	5.20%	3.93%
Price Inflation rate	3.00%	3.00%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases [1]	3.25%, plus merit component	3.25%, plus merit component

[1] Merit component based on years of service ranging from 4.75% to 0.25%

CHANGES IN THE TOTAL PENSION LIABILITY: Changes in the total pension liability through the year ended June 30, 2026, was as follows:

Balances as of June 30, 2025	$ 1,626,442
Changes for the year:	
Service cost	35,131
Interest on total pension liability	64,445
Difference between expected and actual experience	12,510
Changes in assumptions	(277,333)
Benefit payments	(8,128)
Net changes	(173,375)
Balances as of June 30, 2026	$ 1,453,067

Changes in the total pension liability through the year ended June 30, 2025, was as follows:

Balances as of June 30, 2024	$ 961,287
Changes for the year:	
Service cost	42,413
Interest on total pension liability	35,609
Difference between expected and actual experience	623,963
Changes in assumptions	(23,292)
Benefit payments	(13,538)
Net changes	665,155
Balances as of June 30, 2025	$ 1,626,442

NOTES TO FINANCIAL STATEMENTS

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 5.2 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, 2026:

	1% Decrease 4.20%	Current 5.20%	1% Increase 6.20%
Total pension liability	$ 1,665,008	$ 1,453,067	$ 1,280,355

A 1% decrease in the discount rate increases the total pension liability by approximately 15%, while a 1% increase in the discount rate decreases the total pension liability by approximately 12%.

PENSION EXPENSE (INCOME) AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE POB: For the year ended June 30, 2026, and 2025, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of $(235.9) thousand and $(70.4) thousand. At June 30, 2026 and June 30, 2025, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

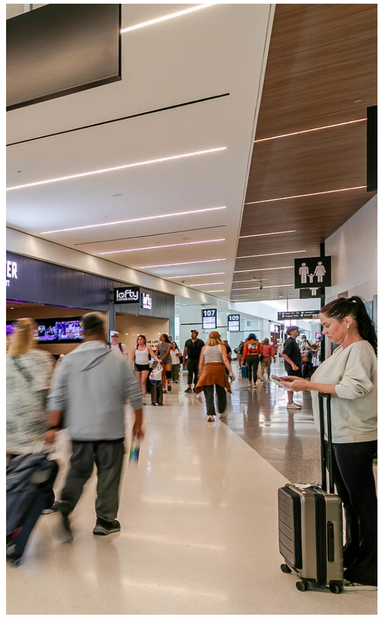
For June 30, 2026	Deferred of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 321,363	$ 175,649
Changes in assumptions	-	223,956
Employer contributions subsequent to June 30, 2025 measurement date	5,412	-
Total	$ 326,775	$ 399,605

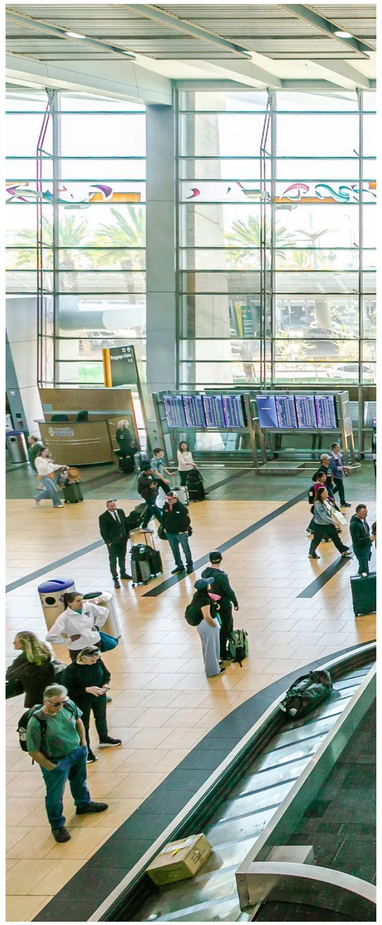
For June 30, 2025	Deferred of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 467,972	$ 485,808
Changes in assumptions	4,424	135,527
Employer contributions subsequent to June 30, 2024 measurement date	7,515	-
Total	$ 479,911	$ 621,335

The deferred outflows of resources, at June 30, 2026, and June 30, 2025, 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 2027 and 2026, 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,	
2027	$ (95,996)
2028	83,962
2029	(66,208)
Thereafter	-
	$ (78,242)





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. Employee contributions are not required. Employees may voluntarily contribute to the Authority's 457(b) Deferred Compensation Plan. 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, 2026, and 2025, the Airport Authority contributed $413.0 thousand and $155.7 thousand, 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 457(b) 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 457(b) 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(b) 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.

NOTES TO 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.

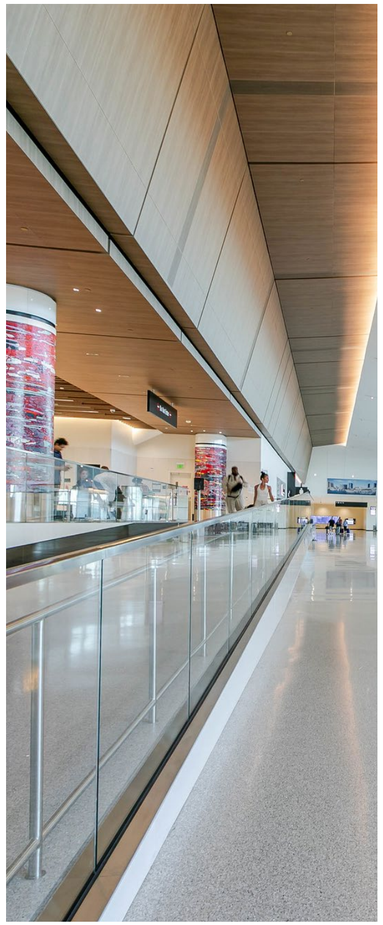
PLAN DESCRIPTION: As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for nearly 2.4 million California 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, 2025, CalPERS managed $563 billion in assets for 2,906 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, 2026, and 2025, the Airport Authority's contributions were $1.6 million and $1.3 million, respectively.

A measurement date of June 30, 2025, and 2024, was used for the June 30, 2026, and June 30, 2025 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2025, and June 30, 2024, respectively.

Membership in the OPEB by membership class at June 30, 2025, and 2024, is as follows:

	2025	2024
Active employees	85	96
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	127	125
Total	212	221





NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS: The total OPEB liability in the June 30, 2025 and June 30, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2025	June 30, 2023
Actuarial Valuation Date		
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 2015-2022 Experience Study
Mortality	CalPERS 2000-2023 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 - 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 6.5% for 2027, decreasing to an ultimate rate of 3.45% in 2076	Non-Medicare -8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for 2022, decreasing to an ultimate rate of 3.45% 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%
Fixed Income	51%	1.56%
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%

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

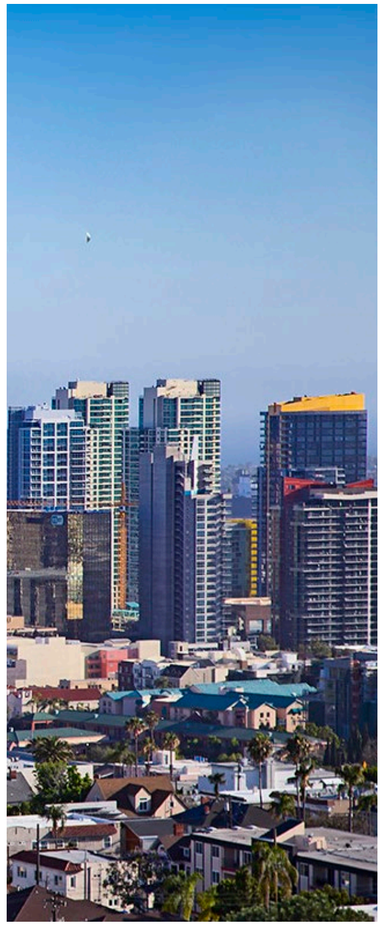
DISCOUNT RATE: The discount rate used to measure the net OPEB liability (asset) at June 30, 2026, and June 30, 2025, was 5.25 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. 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, 2026, were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2025	$ 31,920,637	$ 32,466,254	$ (545,617)
Changes for the year:			
Service cost	400,045	-	400,045
Interest on total OPEB liability	1,662,940	-	1,662,940
Changes of benefit terms	276,728		276,728
Difference between expected and actual experience	5,866,394	-	5,866,394
Changes in assumptions	15,717	-	15,717
Employer contributions	-	1,291,235	(1,291,235)
Member contributions	-	-	-
Net investment income	-	3,004,315	(3,004,315)
Benefit payments	(1,291,235)	(1,291,235)	-
Administrative expense	-	(10,071)	10,071
Net changes	6,930,589	2,994,244	3,936,345
Balances as of June 30, 2026	$ 38,851,226	$ 35,460,498	$ 3,390,728

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2025, were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2024	$ 30,932,097	$ 30,558,752	$ 373,345
Changes for the year:			
Service cost	468,371	-	468,371
Interest on total OPEB liability	1,619,662	-	1,619,662
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	1,099,493	(1,099,493)
Member contributions	-	-	-
Net investment income	-	1,917,257	(1,917,257)
Benefit payments	(1,099,493)	(1,099,493)	-
Administrative expense	-	(9,755)	9,755
Net changes	988,540	1,907,502	(918,962)
Balances as of June 30, 2025	$ 31,920,637	$ 32,466,254	$ (545,617)



NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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)	$ 8,659,740	$ 3,390,728	$ (964,708)

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 7.35 percent decreasing to 3.45 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)	$ (1,033,044)	$ 3,390,728	$ 8,714,134



NOTES TO FINANCIAL
STATEMENTS

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE OPEB: For the years ended June 30, 2026, and 2025, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of $3.8 million and $1.2 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

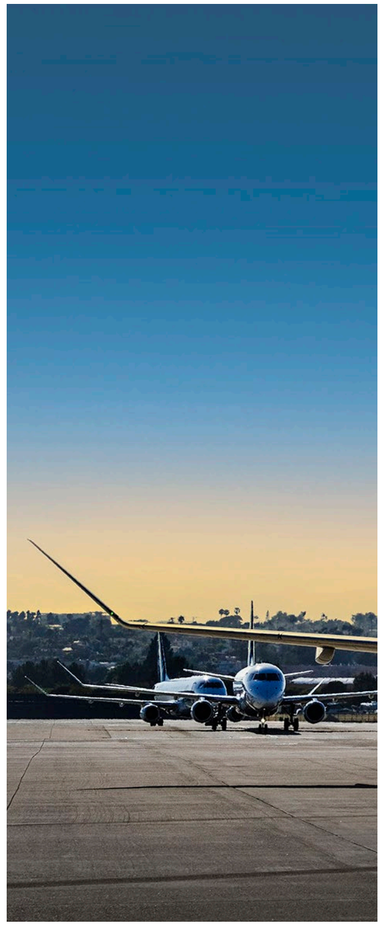
For June 30, 2026	Deferred of Resources	Deferred Inflow of Resources
Net difference between expected and actual experience	$ 2,933,197	$ -
Changes in assumptions	7,859	-
Net difference between projected and actual earnings	293,883	-
Employer contributions made subsequent to June 30, 2025 measurement date	1,606,637	-
Total	$ 4,841,576	$ -

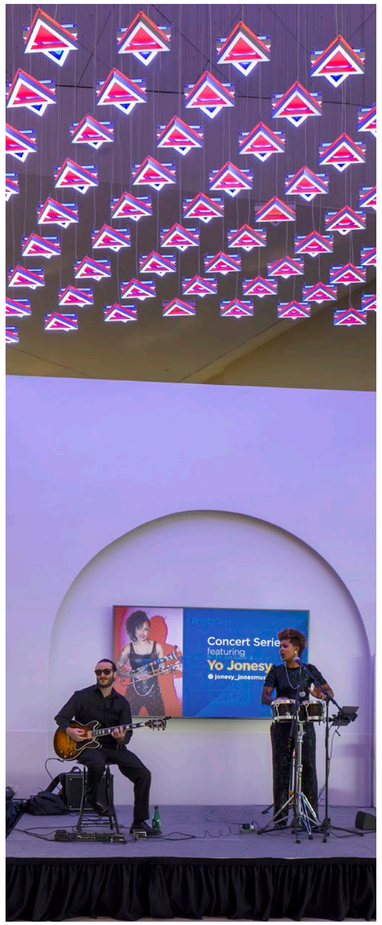
For June 30, 2025	Deferred of Resources	Deferred Inflow of Resources
Net difference between expected and actual experience	$ -	$ 711,586
Changes in assumptions	523,565	-
Net difference between projected and actual earnings	1,965,590	-
Employer contributions made subsequent to June 30, 2024 measurement date	1,291,235	-
Total	$ 3,780,390	$ 711,586

The deferred outflows of resources at June 30, 2026, and June 30, 2025, 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 2027 and 2026, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2026, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2027	$ 3,919,175
2028	(101,561)
2029	(322,655)
2030	(260,020)
Thereafter	-
	$ 3,234,939





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 $1billion 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, 2026, and 2025, the Airport Authority has designated $16.0 million and $15.3 million, respectively, from its net position, as an insurance contingency.

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 one 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 2026, 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.

NOTES TO FINANCIAL
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NOTE 13. COMMITMENTS AND CONTINGENCIES

COMMITMENTS: As of June 30, 2026, and 2025, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

Under the Airport Authority's enabling act (California Public Utilities Code section 170062(f)) (The Act), the San Diego Unified Port District Harbor Police have the exclusive contract for law enforcement services at San Diego International Airport during the time the Airport continues to operate in its current location. In accordance with the Act, the Airport Authority and the District are parties to a Police Services Agreement whereby the Airport Authority purchases police services from the District. During the years ended June 30, 2026, and 2025, the Airport Authority expensed $27.7 million and $25.3 million, respectively, for these services.

In fiscal year 2024, the Authority entered into a $140 million contract with AECOM Technical Services, Inc. for On-Call program management, staffing support, and consulting services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $66.4 million had been expended under this contract.

In fiscal year 2025, the Authority entered into a $56 million contract with SP Plus Corporation, for parking management services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $17.9 million had been expended under the contract.

In fiscal year 2023, the Authority entered into a $70.0 million contract with Ace Parking III, LLC for airport shuttle services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $39.0 million has been spent for shuttle services.

In fiscal year 2022, the Authority entered into 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. The contract term is three years, with the option for two one-year extensions. As of June 30, 2026, $55.5 million has been spent for shuttle services.

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. In fiscal year 2025, the Board approved an additional $550.9 million. As of June 30, 2026, $2.4 billion had been spent and the contract is scheduled for completion in early fiscal year 2029.

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, 2026, $32.9 million had been spent and the contract is scheduled for completion in fiscal year 2027.

CONTINGENCIES: As of June 30, 2026, 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.



NOTES TO FINANCIAL
STATEMENTS

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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability:										
Service cost	$ 8,516,552	$ 7,979,893	$ 7,147,242	$ 6,980,223	$ 7,970,646	$ 7,857,035	$ 7,632,696	$ 7,390,428	$ 6,996,180	$ 6,205,263
Interest (includes interest on service cost)	20,347,416	18,614,363	17,355,715	16,489,161	15,693,834	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610
Differences between expected and actual experience	1,697,788	5,608,954	4,182,916	(1,288,936)	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)
Effect of changes of assumptions	-	5,504,534	-	-	-	6,767,000	-	6,416,088	5,871,218	10,473,890
Benefit payments, including refunds of member contributions	(12,472,432)	(10,182,604)	(9,295,008)	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)
Net change in total pension liability	18,089,324	27,525,140	19,390,865	13,602,073	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845
Total pension liability - beginning	314,983,975	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
Total pension liability - ending	$ 333,073,299	$ 314,983,975	$ 287,458,835	$ 268,067,970	$ 254,465,897	$ 241,862,071	$ 218,788,911	$ 204,875,918	$ 185,541,212	$ 161,951,893
Plan Fiduciary Net Position:										
Contributions - employer	$ 9,299,940	$ 8,010,734	$ 7,742,583	$ 9,181,680	$ 8,596,163	$ 8,424,834	$ 7,848,712	$ 7,318,546	$ 5,480,984	$ 4,047,780
Contributions - employee	3,924,726	3,730,545	3,494,204	3,070,398	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269
Net investment income	27,010,658	19,966,331	13,293,511	(4,188,463)	53,140,343	390,013	12,086,349	14,036,710	19,480,875	1,651,283
Benefit payments, including refunds of member contributions	(12,472,432)	(10,182,604)	(9,295,008)	(8,578,375)	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)
Administrative expense	(480,298)	(440,697)	(504,882)	(461,899)	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)
Net change in plan fiduciary net position	27,282,594	21,084,309	14,730,408	(976,659)	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124
Plan fiduciary net position - beginning	298,299,001	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
Plan fiduciary net position - ending	$ 325,581,595	$ 298,299,001	$ 277,214,692	$ 262,484,284	$ 263,460,943	$ 207,843,276	$ 202,827,408	$ 186,502,637	$ 166,797,759	$ 143,840,411
Net pension liability (asset) - ending	$ 7,491,704	$ 16,684,974	$ 10,244,143	$ 5,583,686	$ (8,995,046)	$ 34,018,795	$ 15,961,503	$ 18,373,281	$ 18,743,453	$ 18,111,482
Plan fiduciary net position as a percentage of the total pension liability	97.75%	94.70%	96.44%	97.92%	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%
Covered payroll	$ 39,531,654	$ 35,607,167	$ 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 covered payroll	18.95%	46.86%	31.49%	18.12%	(26.99%)	103.63%	50.54%	58.09%	60.21%	62.05%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2026

SIGNIFICANT ASSUMPTION CHANGES: The following were significant changes in assumption for the year presented in the schedule above.

- 2025 - Based in the results of the 2023 Actuarial Experience Study, the Cost-of-Living Adjustment increased from 1.9% to 2.0%. Additionally, price inflation and wage inflation assumptions were updated.
- 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.

REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS

DEFINED BENEFIT PLAN

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

	2026	2025	2024	2023	2022
Actuarially determined contribution	$ 6,137	$ 6,052	$ 4,960	$ 4,944	$ 6,570
Contributions in relation to the actuarially determined contribution	6,137	9,218	7,939	7,664	9,102
Contribution deficiency (excess)	$ -	$ (3,166)	$ (2,979)	$ (2,720)	$ (2,532)
Covered payroll	$ 40,921	$ 39,532	$ 35,607	$ 32,529	$ 30,810
Contributions as a percentage of covered payroll	15.00%	23.32%	22.30%	23.56%	29.54%

	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 6,125	$ 6,159	$ 5,740	$ 5,416	$ 3,765
Contributions in relation to the actuarially determined contribution	8,522	8,356	7,783	7,247	5,421
Contribution deficiency (excess)	$ (2,397)	$ (2,197)	$ (2,043)	$ (1,831)	$ (1,656)
Covered payroll	$ 33,329	$ 32,828	$ 31,585	$ 31,628	$ 31,132
Contributions as a percentage of covered payroll	25.57%	25.45%	24.64%	22.91%	17.41%



SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

PRESERVATION OF BENEFITS TRUST

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability										
Service cost	$ 35,131	$ 42,413	$ 39,567	$ 68,342	$ 88,557	$ 55,276	$ 49,343	$ 51,774	$ 60,994	$ 29,270
Interest cost	64,445	35,609	57,310	51,359	54,559	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	12,510	623,963	(702,599)	(381,597)	(195,545)	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	(277,333)	(23,292)	(17,243)	(437,754)	22,116	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	(8,128)	(13,538)	(29,871)	(59,667)	(41,662)	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	(173,375)	665,155	(652,836)	(759,317)	(71,975)	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	1,626,442	961,287	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	$ 1,453,067	$ 1,626,442	$ 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	$ 39,531,654	$ 35,607,167	$ 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	3.68%	4.57%	2.96%	5.24%	7.12%	7.45%	5.60%	5.24%	4.75%	4.14%

SCHEDULE OF CONTRIBUTIONS

PRESERVATION OF BENEFITS TRUST

Last 9 fiscal years (in thousand)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	5	8	9	21	52	43	41	45	57
Contribution deficiency (excess)	$ (5)	$ (8)	$ (9)	$ (21)	$ (52)	$ (43)	$ (41)	$ (45)	$ (57)
Covered payroll	$ 40,921	$ 39,532	$ 35,607	$ 32,529	$ 30,810	$ 33,329	$ 32,828	$ 31,585	$ 31,628
Contributions as a percentage of covered employee payroll	0.01%	0.02%	0.03%	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 9 fiscal years (plan year reported in subsequent fiscal year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Changes inTotal OPEB Liability									
Service cost	$ 400,045	$ 468,371	$ 517,853	$ 570,006	$ 446,233	$ 501,198	$ 449,596	$ 436,501	$ 411,052
Interest cost	1,662,940	1,619,662	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	5,866,394		(2,744,688)		(3,669,756)	-	(169,582)	-	-
Changes of assumptions	15,717		2,019,463		4,568,725	-	(1,531,369)	-	766,830
Changes of benefit terms	276,728								
Benefit payments	(1,291,235)	(1,099,493)	(1,002,148)	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	6,930,589	988,540	394,581	1,165,497	2,255,213	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	31,920,637	30,932,097	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)	$ 38,851,226	$ 31,920,637	$ 30,932,097	$ 30,537,516	$ 29,372,019	$ 27,116,806	$ 25,660,994	$ 25,804,494	$ 24,217,840
Changes in Plan Fiduciary Net Position									
Contributions—employer	$ 1,291,235	$ 1,099,493	$ 1,002,148	$ 951,488	$ 919,462	$ 784,845	$ 775,225	$ 622,425	$ 2,012,419
Net investment income	3,004,315	1,917,257	474,185	(3,627,823)	4,973,926	982,113	1,604,058	1,896,351	2,175,582
Benefit payments	(1,291,235)	(1,099,493)	(1,002,148)	(951,488)	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Administrative expense	(10,071)	(9,755)	(8,543)	(8,562)	(10,452)	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	2,994,244	1,907,502	465,642	(3,636,385)	4,963,474	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	32,466,254	30,558,752	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)	$ 35,460,498	$ 32,466,254	$ 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)	$ 3,390,728	$ (545,617)	$ 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	91.27%	101.71%	98.79%	98.54%	114.84%	106.08%	108.33%	101.53%	100.40%
Covered employee payroll	$ 12,049,157	$ 13,259,814	$ 14,296,047	$ 14,296,047	$ 12,786,000	$ 14,608,940	$ 13,869,000	$ 16,625,857	$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	28.14%	(4.11%)	2.61%	3.11%	(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, 2025

SIGNIFICANT ASSUMPTION CHANGES: The following were significant changes in assumption for the year presented in the schedule above.

- 2026 – Mortality assumptions were updated based on the CalPERS 2000-2023 Experience Study.
- 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: The following were significant changes in benefit terms for the year presented in the schedule above.

- 2026 – The employer paid portion of the premium increased.

SCHEDULE OF CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS

Last 8 fiscal years (dollar in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 831**	$ 512	$ 581	$ 264	$ 326	$ 365	$ 427	$ 486
Contributions in relation to the actuarially determined contribution	**1,607**	1,291	1,099	1,002	951	919	785	339
Contribution deficiency (excess)	**$ (776)**	$ (779)	$ (518)	$ (738)	$ (625)	$ (554)	$ (358)	$ 147
Covered employee payroll	**$ 12,379**	$ 12,049	$ 13,260	$ 14,296	$ 14,494	$ 12,786	$ 14,609	$ 13,869
Contributions as a percentage of covered employee payroll	**13.0%**	10.71%	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

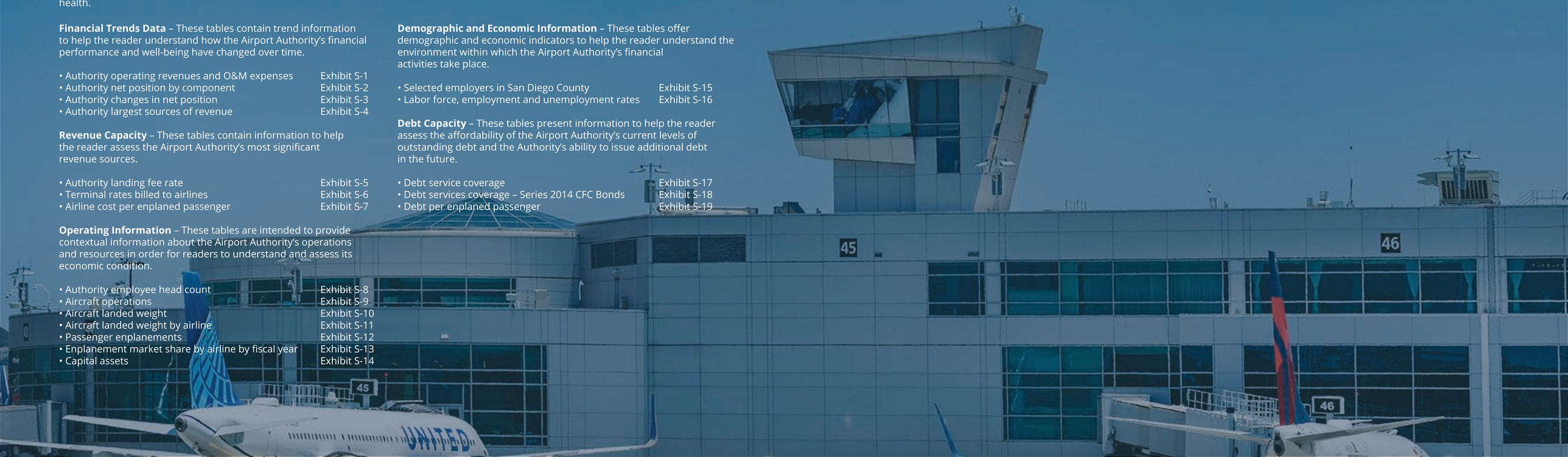


EXHIBIT S-1
AUTHORITY REVENUES AND O&M EXPENSES ($000)

FISCAL YEARS ENDED JUNE 30

Operating Revenues	2026	2025	2024	2023	2022 [3]	2021 [2]	2020	2019	2018	2017
Airline revenue										
Landing fees	$ 61,070	$ 59,046	$ 53,873	$ 44,741	$ 35,354	$ 34,046	$ 33,242	$ 24,816	$ 23,900	$ 24,612
Aircraft parking fees	14,350	15,533	13,612	11,189	8,856	8,542	8,354	3,471	3,236	2,927
Building rentals	181,797	154,537	145,169	129,744	97,047	83,090	82,453	70,912	62,241	56,575
Security surcharge	-	-	-	-	-	-	-	33,559	32,303	29,468
Other aviation revenue	13,442	10,011	8,566	7,123	6,518	8,192	7,789	1,596	1,477	2,799
Concession revenue	103,930	85,159	79,546	75,559	88,138	41,801	57,243	71,256	65,610	61,256
Parking and ground transportation revenue	96,733	81,569	72,484	65,415	57,076	27,447	50,751	62,818	53,254	49,407
Ground and non-airline terminal rentals	33,844	25,367	23,416	23,257	19,651	19,809	21,386	22,810	22,109	20,053
Other operating revenue	4,242	2,971	3,223	3,735	2,999	1,680	1,818	2,441	1,949	1,750
Total Operating Revenues	$ 509,407	$ 434,192	$ 399,889	$ 360,762	$ 315,640	$ 224,606	$ 263,036	$ 293,679	$ 266,079	$ 248,847

Operating Expenses Before Depreciation and Amortization	2026	2025	2024	2023	2022 [4]	2021 [1]	2020	2019	2018	2017
Salaries and benefits	$ 69,314	$ 63,427	$ 57,444	$ 51,231	$ 46,373	$ 52,922	$ 51,667	$ 49,578	$ 47,866	$ 46,874
Contractual services	61,351	54,886	52,445	45,581	34,491	24,977	37,694	49,903	45,249	44,372
Safety and security	45,003	39,541	36,778	33,043	34,191	35,086	29,457	31,397	30,733	28,422
Space rental	540	493	467	313	839	64	10,207	10,191	10,190	10,190
Utilities	23,548	20,497	19,518	17,567	14,193	11,730	12,748	13,194	12,509	10,736
Maintenance	16,648	16,575	14,125	16,417	10,747	9,111	11,584	13,436	12,603	14,270
Equipment and systems	1,254	325	544	922	340	425	336	375	598	506
Materials and supplies	936	652	650	661	496	450	651	656	655	611
Insurance	3,058	2,579	2,314	1,997	1,741	1,519	1,308	1,200	1,098	956
Employee development and support	990	910	731	681	537	442	967	1,045	1,248	1,347
Business development	3,738	3,129	2,280	1,916	1,781	209	2,033	2,630	3,246	2,347
Equipment rentals and repairs	6,344	5,556	4,992	4,010	3,472	3,380	3,598	3,614	3,124	3,095
Total operating expenses before depreciation and amortization	$ 232,724	$ 208,569	$ 192,288	$ 174,339	$ 149,201	$ 140,313	$ 162,250	$ 177,219	$ 169,119	$ 163,726

EXHIBIT S-2
AUTHORITY NET POSITION BY COMPONENT ($000)

FISCAL YEARS ENDED JUNE 30

	2026	2025 [4]	2024	2023	2022 [3]	2021 [2]	2020	2019	2018 [1]	2017
Net investment in capital assets	$ 432,832	$ 519,644	$ 473,181	$ 320,779	$ 410,960	$ 325,062	$ 266,213	$ 281,491	$ 294,937	$ 263,952
Total restricted net position	371,571	341,609	266,992	228,233	172,638	192,484	211,329	246,508	230,954	225,088
Unrestricted net position	696,262	582,575	561,058	484,167	330,470	372,011	407,524	325,303	284,034	294,133
Total net position	$ 1,500,664	$ 1,443,829	$ 1,301,232	$ 1,033,179	$ 914,068	$ 889,557	$ 885,066	$ 853,302	$ 809,925	$ 783,173

[1] Amounts for 2018 were restated as per GASB 75

[2] Amounts for 2021 were restated as per GASB 87

[3] Amounts for 2022 were restated as per GASB 94 & 96

[4] Amounts for 2025 were restated as per GASB 103

EXHIBIT S-3
AUTHORITY CHANGES IN NET POSITION ($000)

FISCAL YEARS ENDED JUNE 30

	2026	2025 [4]	2024	2023	2022 [3]	2021 [2]	2020	2019	2018 [1]	2017
Operating revenues:										
Airline revenue:										
Landing fees	$ 61,070	$ 59,046	$ 53,873	$ 44,741	$ 35,354	$ 34,046	$ 33,242	$ 24,816	$ 23,900	$ 24,612
Aircraft parking fees	14,350	15,533	13,612	11,189	8,856	8,542	8,354	3,471	3,236	2,927
Building rentals	181,797	154,537	145,169	129,744	97,047	83,090	82,453	70,912	62,241	56,575
Security surcharge	-	-	-	-	-	-	-	33,559	32,303	29,468
Other aviation revenue	13,442	10,011	8,566	7,123	6,518	8,192	7,789	1,596	1,477	2,799
Concession revenue	103,930	85,159	79,546	75,559	88,138	41,801	57,243	71,256	65,610	61,256
Parking and ground transportation revenue	96,733	81,569	72,484	65,415	57,076	27,447	50,751	62,818	53,254	49,407
Ground and non-airline terminal rentals	33,844	25,367	23,416	23,257	19,651	19,809	21,386	22,810	22,109	20,053
Other operating revenue	4,242	2,971	3,223	3,735	2,999	1,680	1,818	2,441	1,949	1,750
Total operating revenues	509,407	434,192	399,889	360,762	315,640	224,606	263,036	293,679	266,079	248,847
Operating expenses:										
Salaries and benefits	69,314	63,427	57,444	51,231	46,373	52,922	51,667	49,578	47,866	46,874
Contractual services	61,351	54,886	52,445	45,581	34,491	24,977	37,694	49,903	45,249	44,372
Safety and security	45,003	39,541	36,778	33,043	34,191	35,086	29,457	31,397	30,733	28,422
Space rental	540	493	467	313	839	64	10,207	10,191	10,190	10,190
Utilities	23,548	20,497	19,518	17,567	14,193	11,730	12,748	13,194	12,509	10,736
Maintenance	16,648	16,575	14,125	16,417	10,747	9,111	11,584	13,436	12,603	14,270
Equipment and systems	1,254	325	544	922	340	425	336	375	598	506
Materials and supplies	936	652	650	661	496	450	651	656	655	611
Insurance	3,058	2,579	2,314	1,997	1,741	1,519	1,308	1,200	1,098	956
Employee development and support	990	910	731	681	537	442	967	1,045	1,248	1,347
Business development	3,738	3,129	2,280	1,916	1,781	209	2,033	2,630	3,246	2,347
Equipment rentals and repairs	6,344	5,556	4,992	4,010	3,472	3,380	3,598	3,614	3,124	3,095
Depreciation and amortization expense	210,056	121,489	122,175	131,586	142,012	137,496	131,587	124,329	105,532	95,229
Total operating expenses	442,780	330,058	314,462	305,926	291,213	277,808	293,837	301,548	274,651	258,955
Operating income (loss)	66,628	104,134	$ 85,426	$ 54,837	$ 24,427	$ (53,202)	$ (30,801)	$ (7,869)	$ (8,572)	$ (10,108)
Noncapital Subsidies:										
Customer facility charges	41,963	36,479								
Total noncapital subsidies	41,963	36,479								
Operating income (loss) and noncapital subsidies	$ 108,591	$ 140,614								
Other nonoperating revenues and expenses, net:										
Passenger facility charges	$ 53,105	$ 49,255	$ 49,200	$ 46,755	$ 40,394	$ 22,110	$ 34,393	$ 49,198	$ 46,953	$ 42,200
Customer facility charges			35,913	34,375	30,333	15,755	30,240	41,918	41,036	36,528
CARES Act/ACRGP Act Grants	-	-	-	-	78,922	77,219	36,895	-	-	-
Quieter Home Program, net	(4,703)	(1,876)	(1,845)	(2,051)	(2,541)	(3,233)	(3,295)	(3,192)	(2,747)	(785)
Joint Studies Program	-	-	-	-	-	-	-	(99)	(114)	-
Other interest income	(415)	9,525	10,198	11,145	11,893	6,748	-	-	-	-
Investment income	96,284	114,744	129,223	50,882	(48,884)	2,495	32,430	25,533	9,426	5,689
Interest expense	(215,410)	(176,084)	(164,933)	(127,464)	(109,675)	(76,628)	(73,612)	(74,501)	(68,411)	(58,179)
Build America Bonds Rebate	-	-	-	-	-	-	-	4,686	4,666	4,651
Other revenues (expenses), net	(6,383)	3,877	(3,490)	(1,654)	(13,316)	(705)	1,442	(510)	(9,281)	(14,676)
Capital contributions	25,768	2,543								
Total other nonoperating revenues and expenses,	(51,755)	1,984	54,265	11,987	(12,874)	43,761	58,493	43,033	21,528	15,428
Change in net position	56,836	142,597	139,691	66,824	11,552	(9,441)	27,692	35,164	12,956	5,320
Capital contributions			128,361	52,287	12,958	13,932	4,072	8,213	13,079	1,904
Change in net position			268,052	119,111	24,510	4,491	31,764	43,377	26,035	7,224
Prior Period Adjustment	-	-	-	-	-	-	-	-	717	-
Fund net position, beginning of year	1,443,828	1,301,230	1,033,178	914,067	889,557	885,066	853,302	809,925	783,173	775,949
Fund net position, end of year	$ 1,500,663	$ 1,443,828	$ 1,301,230	$ 1,033,178	$ 914,067	$ 889,557	$ 885,066	$ 853,302	$ 809,925	$ 783,173

[1] Amounts for 2018 were restated as per GASB 75

[2] Amounts for 2021 were restated as per GASB 87

[3] Amounts for 2022 were restated as per GASB 94 & 96

[4] Amounts for 2025 were restated as per GASB 103

EXHIBIT S-4
AUTHORITY LARGEST SOURCES OF REVENUE ($000)

FISCAL YEARS ENDED JUNE 30

Tenant	2026	2025	2024	2023	2022	2021 [3]	2020	2019	2018 [2]
Southwest Airlines	$ 85,180,785	$ 68,360,708	$ 63,381,322	$ 59,517,741	$ 46,676,116	$ 32,981,547	$ 44,940,626	$ 42,358,547	$ 38,403,919
Alaska Airlines [4]	55,595,215	41,984,385	33,254,784	29,361,297	25,229,826	19,163,465	20,633,199	17,436,299	16,352,834
United Airlines	33,437,898	33,774,730	30,941,701	26,967,634	19,809,053	16,629,587	20,204,377	18,335,068	17,520,412
Delta Airlines	33,386,488	32,937,448	30,211,588	28,222,722	23,051,398	16,637,440	22,063,736	18,367,799	17,007,240
Enterprise Rent-A-Car	30,921,587	27,122,777	14,533,959	14,532,491	12,725,271	5,913,051	12,238,158	12,779,605	12,285,652
American Airlines	28,759,374	28,309,424	25,639,648	21,754,057	19,653,281	17,009,804	17,150,267	17,073,172	16,581,217
Avis Rent-A-Car [5]	25,488,289	24,956,899	14,508,788	15,715,254	14,247,125	4,666,097	8,446,736	-	-
Hertz Rent-A-Car	21,392,775	19,941,898	11,416,582	12,587,839	11,065,293	5,303,020	10,829,239	11,538,847	11,017,486
Uber Technologies, Inc	15,785,805	14,247,041	11,974,153	11,222,131	6,805,565	-	-	-	-
SSP America		9,194,765							

[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] 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.

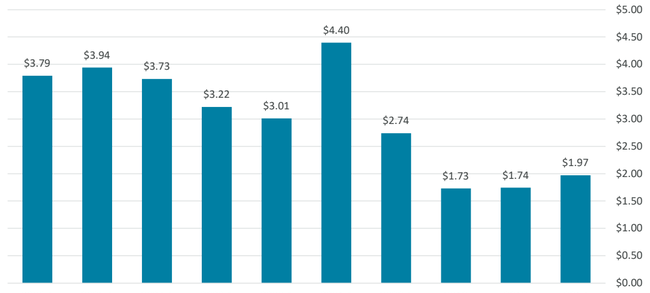
[5] On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC aquiring all agreemts at SAN. Data for BW-Budget and Avis have been combined on this table.

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



^ Signatory Rate

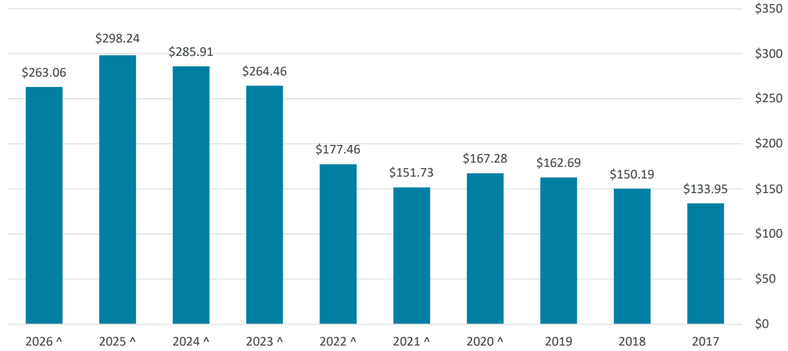
Landing Fees are the revenues from passenger and cargo air carriers from landing aircraft at SDIA



EXHIBIT S-6
TERMINAL RATES BILLED TO AIRLINES

FISCAL YEARS ENDED JUNE 30

AUTHORITY LANDING FEE RATE



^ Signatory Rate

Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

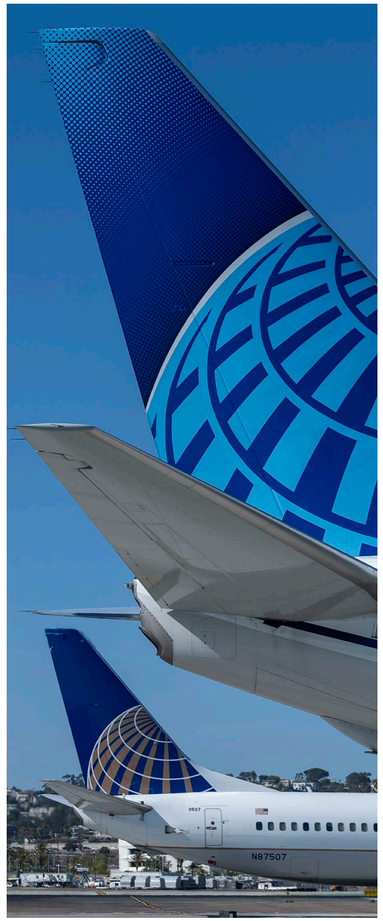
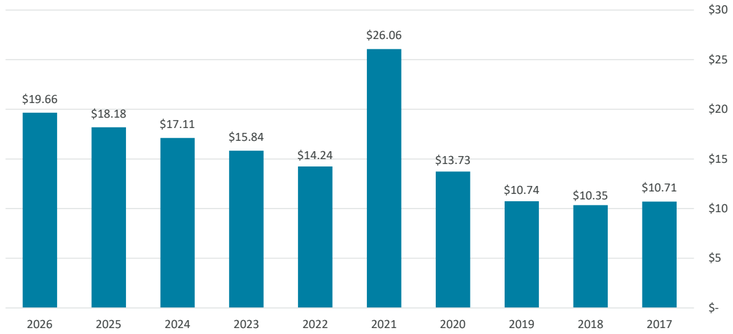


EXHIBIT S-7
AIRLINE COST PER ENPLANED PASSENGER

FISCAL YEARS ENDED JUNE 30

COST PER ENPLANED PASSENGER

Fiscal Year	Enplaned Passengers (in thousands)	Cost per Enplaned Passenger
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	$17.11
2025	12,644	$18.18
2026	13,302	$19.66



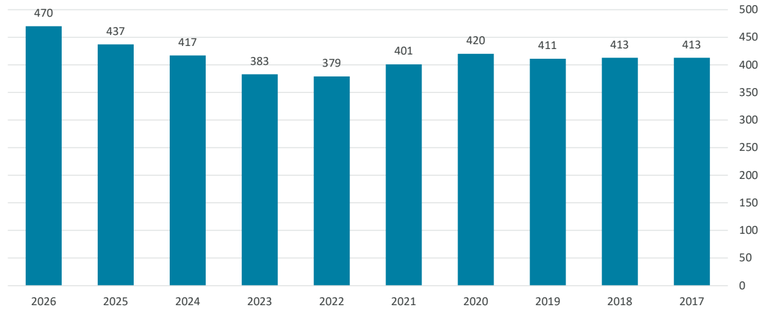
Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.



EXHIBIT S-8
AUTHORITY EMPLOYEE HEAD COUNT

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.



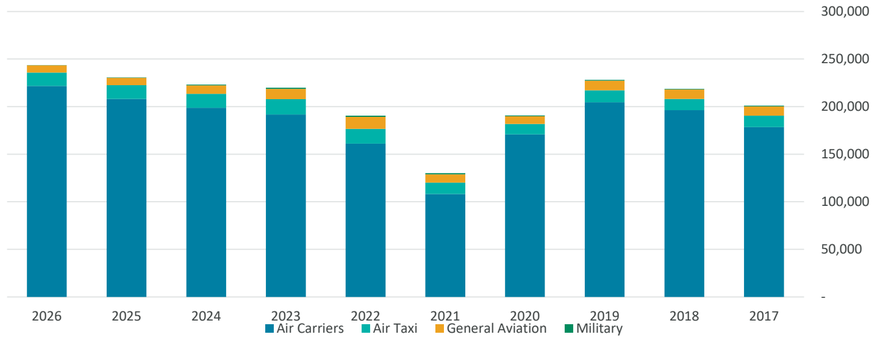
EXHIBIT S-9
AIRCRAFT OPERATIONS
(TAKEOFFS & LANDING)

FISCAL YEARS ENDED JUNE 30

Year	Air Carriers	Air Taxi	Aviation	Military	Total
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
2025	208,173	14,343	7,649	447	230,612
2026	221,809	13,987	7,616	318	243,730

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only) -See image

AIRCRAFT OPERATIONS



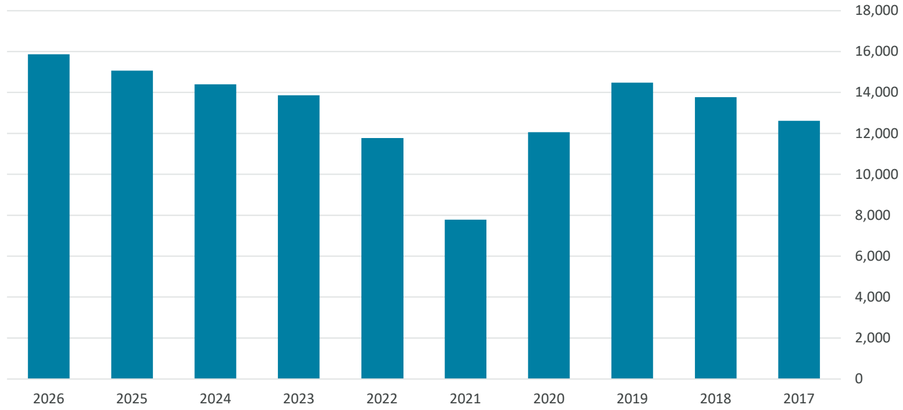
Aircraft operations are the takeoffs and landings at SDIA.

They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10
AIRCRAFT LANDED WEIGHT
(IN MILLION LBS)

FISCAL YEARS ENDED JUNE 30

AIRCRAFT LANDED WEIGHTS (IN MILLION LBS)



Source: San Diego Regional Airport Authority

Landed Weight is the maximum gross certificated landed weight in one thousand 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	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Southwest Airlines	5,280,952	4,642,938	4,758,859	5,001,008	3,688,292	2,277,011	4,422,096	5,180,064	4,924,451	4,470,104
Alaska Airlines	2,049,156	1,742,008	1,504,134	1,410,162	1,196,955	769,364	1,162,582	1,411,255	1,131,807	999,875
United Airlines	1,653,759	1,696,251	1,664,205	1,450,512	1,260,134	694,980	1,201,192	1,566,148	1,492,873	1,355,185
Delta Air Lines	1,614,722	1,645,527	1,573,722	1,516,632	1,497,160	1,049,374	1,221,773	1,389,312	1,183,702	1,175,285
American Airlines	1,517,321	1,556,024	1,498,180	1,317,772	1,238,945	917,691	1,201,659	1,415,134	1,471,318	1,428,538
SkyWest Airlines	1,113,796	1,032,217	844,860	755,828	709,412	504,012	481,705	637,117	627,038	465,023
Horizon Air	383,400	89,475	80,100	41,325	166,950	145,050	146,100	82,650	100,303	54,799
Frontier Airlines	342,858	456,349	434,930	311,884	264,830	199,836	204,924	247,145	232,794	167,590
JetBlue Airways	277,194	274,866	313,015	316,168	292,311	171,957	260,940	281,715	293,160	244,364
British Airways	254,893	254,667	207,564	173,266	98,141	-	141,615	210,432	208,926	217,360
FedEx Express	212,834	233,727	321,999	405,893	476,195	466,734	394,288	375,807	388,782	390,716
Hawaiian Airlines	207,580	221,869	205,340	209,839	211,844	122,574	155,345	237,560	161,486	147,568
UPS Airlines	186,638	182,958	139,418	137,094	138,064	138,926	146,624	138,860	143,678	146,778
Lufthansa	133,256	120,478	88,077	98,117	24,643	-	72,466	103,322	29,727	-
Japan Airlines	114,870	101,500	86,260	82,090	119,120	32,680	104,500	138,700	138,745	139,626
Subtotal	**15,343,228**	**14,250,853**	**13,720,662**	**13,227,589**	**11,382,996**	**7,490,188**	**11,317,810**	**13,415,220**	**12,528,790**	**11,402,810**
All Others	515,549	816,445	680,744	631,466	381,087	289,340	735,270	1,066,010	1,241,155	1,213,255
Total	**15,858,777**	**15,067,298**	**14,401,407**	**13,859,055**	**11,764,083**	**7,779,528**	**12,053,080**	**14,481,229**	**13,769,945**	**12,616,066**
Annual % Change	5.3%	4.6%	3.9%	17.8%	51.2%	-35.5%	-16.8%	5.2%	9.1%	4.7%

Source: San Diego County Regional Airport Authority
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	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Southwest Airlines	33.3%	33.0%	33.0%	36.1%	31.4%	29.3%	36.7%	35.8%	35.8%	35.4%
Alaska Airlines	12.9%	10.4%	10.4%	10.2%	10.2%	9.9%	9.6%	9.7%	8.2%	7.9%
United Airlines	10.4%	11.6%	11.6%	10.5%	10.7%	8.9%	10.0%	10.8%	10.8%	10.7%
Delta Air Lines	10.2%	10.9%	10.9%	10.9%	12.7%	13.5%	10.1%	9.6%	8.6%	9.3%
American Airlines	9.6%	10.4%	10.4%	9.5%	10.5%	11.8%	10.0%	9.8%	10.7%	11.3%
SkyWest Airlines	7.0%	5.9%	5.9%	5.5%	6.0%	6.5%	4.0%	4.4%	4.6%	3.7%
Horizon Air	2.4%	3.0%	0.6%	0.3%	1.4%	1.9%	1.2%	0.6%	0.7%	0.4%
Frontier Airlines	2.2%	2.2%	3.0%	2.3%	2.3%	2.6%	1.7%	1.7%	1.7%	1.3%
JetBlue Airways	1.7%	2.2%	2.2%	2.3%	2.5%	2.2%	2.2%	1.9%	2.1%	1.9%
British Airways	1.6%	2.2%	1.4%	1.3%	0.8%	0.0%	1.2%	1.5%	1.5%	1.7%
FedEx Express	1.3%	1.4%	2.2%	2.9%	4.0%	6.0%	3.3%	2.6%	2.8%	3.1%
Hawaiian Airlines	1.3%	1.0%	1.4%	1.5%	1.8%	1.6%	1.3%	1.6%	1.2%	1.2%
UPS Airlines	1.2%	0.6%	1.0%	1.0%	1.2%	1.8%	1.2%	1.0%	1.0%	1.2%
Lufthansa	0.8%	0.3%	0.6%	0.7%	0.2%	0.0%	0.6%	0.7%	0.2%	0.0%
Japan Airlines	0.7%	0.0%	0.6%	0.6%	1.0%	0.4%	0.9%	1.0%	1.0%	1.1%
Subtotal	**96.7%**	**94.6%**	**95.3%**	**95.4%**	**96.8%**	**96.3%**	**93.9%**	**92.6%**	**91.0%**	**90.4%**
All Others	3.3%	5.4%	4.7%	4.6%	3.2%	3.7%	6.1%	7.4%	9.0%	9.6%
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

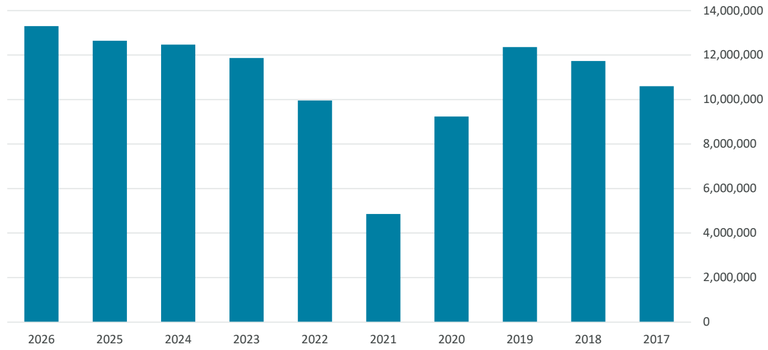
FISCAL YEARS ENDED JUNE 30



FiscalYear	Enplaned Passengers	% Change SAN	% Change US Average *
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 %
2025	12,644,082	1.4 %	0.3 %
2026	13,302,166	5.2 %	(0.4)%

* Source: U.S. Department of Transportation T-100
[1] International data for 2026 not available at time of publication.

PASSENGER ENPLANEMENTS



Source: San Diego County Regional Airport Authority
Enplaned Passenger is any revenue passenger boarding at the airport, including any passenger that previously disembarked from another aircraft (i.e. connecting passenger).



EXHIBIT S-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

FISCAL YEARS ENDED JUNE 30

Airline	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Air Canada	115,246	130,591	150,385	135,080	43,376	-	90,425	130,404	110,684	93,274
Alaska Airlines	1,792,904	1,600,386	1,409,363	1,350,550	1,099,999	474,179	976,326	1,253,433	1,215,209	1,130,999
Allegiant Air	8,663	26,798	40,984	75,959	49,355	22,391	13,162	30,750	44,934	49,480
American Airlines	1,428,505	1,457,414	1,469,523	1,282,356	1,238,336	767,833	1,050,613	1,339,334	1,366,634	1,339,489
Breeze Airways	43,365	43,517	13,276	-	-	-	-	-	-	-
British Airways	116,663	126,838	112,146	91,914	41,417	-	57,998	83,492	82,543	90,200
Condor Flugdienst	-	-	-	-	-	-	-	-	7,815	3,902
Copa Airlines	27,844	597	-	-	-	-	-	-	-	-
Delta Air Lines	1,446,442	1,471,844	1,500,480	1,411,595	1,215,201	567,589	1,058,188	1,336,885	1,126,873	1,088,647
Edelweiss Air	-	-	-	-	-	-	2,317	6,271	6,990	1,215
Frontier Airlines	361,889	444,343	449,549	349,379	272,802	180,181	201,280	277,320	254,760	180,235
Hawaiian Airlines	153,163	153,650	141,924	148,305	133,525	61,754	102,759	149,744	108,971	107,776
Japan Airlines	49,198	42,223	32,670	31,380	12,784	1,027	43,596	66,688	62,034	59,916
JetBlue Airways	218,961	225,536	273,590	285,079	249,217	90,332	195,279	230,909	248,325	224,700
KLM Royal Dutch Airlines	25,545	5,093	-	-	-	-	-	-	-	-
Lufthansa	68,379	61,774	46,227	47,928	13,695	-	34,654	49,974	13,037	-
Porter Airlines	-	10,326	-	-	-	-	-	-	-	-
Southwest Airlines	4,587,829	3,936,989	4,086,618	4,190,108	3,393,713	1,627,594	3,474,860	4,656,029	4,457,984	3,967,487
Spirit Airlines	55,926	356,000	323,698	303,804	168,192	111,604	225,279	323,623	318,201	287,208
Sun Country Airlines (MN)	41,301	47,256	47,605	41,618	35,962	23,461	37,073	40,167	41,466	40,109
Swoop Inc.	-	-	-	543	3,637	-	-	-	-	-
United Airlines	1,545,970	1,550,335	1,556,765	1,412,222	1,256,748	552,709	1,043,393	1,481,166	1,405,663	1,266,055
Volaris	-	-	-	-	-	-	-	-	-	3,948
WestJet	41,481	51,960	42,592	32,290	11,836	-	28,905	42,939	39,285	41,043
Mainline Carriers	**12,129,274**	**11,743,470**	**11,697,395**	**11,190,110**	**9,239,795**	**4,480,654**	**8,636,107**	**11,499,128**	**10,911,408**	**9,975,683**
Compass Airlines	-	-	-	-	-	-	161,113	296,091	251,066	225,769
Horizon Air	307,900	78,039	70,064	35,578	137,421	89,894	107,373	64,135	82,131	53,517
SkyWest Airlines	864,992	822,573	699,655	641,881	575,946	290,383	330,866	496,932	487,228	341,514
Regional	**1,172,892**	**900,612**	**769,719**	**677,459**	**713,367**	**380,277**	**599,352**	**857,158**	**820,425**	**620,800**
Total	**13,302,166**	**12,644,082**	**12,467,114**	**11,867,569**	**9,953,162**	**4,860,931**	**9,235,459**	**12,356,286**	**11,731,833**	**10,596,483**
Annual % Change	5.2%	1.4%	5.1%	19.2%	104.8%	-47.4%	-25.3%	5.3%	10.7%	-12.1%

Source: San Diego County Regional Airport Authority
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-13
ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

FISCAL YEARS ENDED JUNE 30

Airline	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Air Canada	0.9%	1.0%	1.2%	1.1%	0.4%	0.0%	1.0%	1.1%	0.9%	0.9%
Alaska Airlines	13.5%	12.7%	11.3%	11.4%	11.1%	9.8%	10.6%	10.1%	10.4%	10.7%
Allegiant Air	0.1%	0.2%	0.3%	0.6%	0.5%	0.5%	0.1%	0.2%	0.4%	0.5%
American Airlines	10.7%	11.5%	11.8%	10.8%	12.4%	15.8%	11.4%	10.8%	11.6%	12.6%
Breeze Airways	0.3%	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
British Airways	0.9%	1.0%	0.9%	0.8%	0.4%	0.0%	0.6%	0.7%	0.7%	0.9%
Condor Flugdienst	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%
Copa Airlines	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Delta Air Lines	10.9%	11.6%	12.0%	11.9%	12.2%	11.7%	11.5%	10.8%	9.6%	10.3%
Edelweiss Air	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
Frontier Airlines	2.7%	3.5%	3.6%	2.9%	2.7%	3.7%	2.2%	2.2%	2.2%	1.7%
Hawaiian Airlines	1.2%	1.2%	1.1%	1.2%	1.3%	1.3%	1.1%	1.2%	0.9%	1.0%
Japan Airlines	0.4%	0.3%	0.3%	0.3%	0.1%	0.0%	0.5%	0.5%	0.5%	0.6%
JetBlue Airways	1.6%	1.8%	2.2%	2.4%	2.5%	1.9%	2.1%	1.9%	2.1%	2.1%
KLM Royal Dutch Airlines	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lufthansa	0.5%	0.5%	0.4%	0.4%	0.1%	0.0%	0.4%	0.4%	0.1%	0.0%
Porter Airlines	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Southwest Airlines	34.5%	31.1%	32.8%	35.3%	34.1%	33.5%	37.6%	37.7%	38.0%	37.4%
Spirit Airlines	0.4%	2.8%	2.6%	2.6%	1.7%	2.3%	2.4%	2.6%	2.7%	2.7%
Sun Country Airlines (MN)	0.3%	0.4%	0.4%	0.4%	0.4%	0.5%	0.4%	0.3%	0.4%	0.4%
Swoop Inc.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
United Airlines	11.6%	12.3%	12.5%	11.9%	12.6%	11.4%	11.3%	12.0%	12.0%	11.9%
Volaris	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WestJet	0.3%	0.4%	0.3%	0.3%	0.1%	0.0%	0.3%	0.3%	0.3%	0.4%
Mainline Carriers	**91.2%**	**92.9%**	**93.8%**	**94.3%**	**92.8%**	**92.2%**	**93.5%**	**93.1%**	**93.0%**	**94.1%**
Compass Airlines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	2.4%	2.1%	2.1%
Horizon Air	2.3%	0.6%	0.6%	0.3%	1.4%	1.8%	1.2%	0.5%	0.7%	0.5%
SkyWest Airlines	6.5%	6.5%	5.6%	5.4%	5.8%	6.0%	3.6%	4.0%	4.2%	3.2%
Regional	**8.8%**	**7.1%**	**6.2%**	**5.7%**	**7.2%**	**7.8%**	**6.5%**	**6.9%**	**7.0%**	**5.9%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

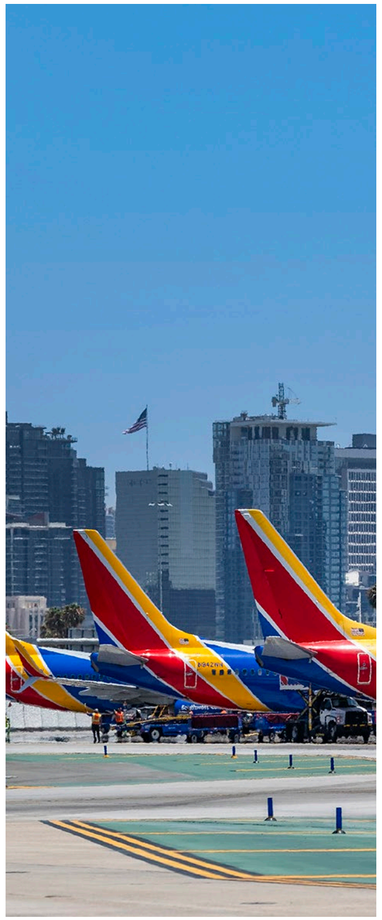


EXHIBIT S-14
CAPITAL ASSETS

San Diego International Airport	
Number of runways	1
Length of runway (feet)	9,401 feet
Number of gates	49
Remote aircraft parking positions	40
Terminal rentable square footage *	1,040,615
Airport Land Area	661 acres
On airport parking spaces (public)**	7,311

*The terminal rentable square footage reflects the amount of space that is leaseable.

**The parking spaces shown above are controlled and operated by the Airport Authority.

EXHIBIT S-15
SIGNIFICANT EMPLOYERS IN SAN DIEGO COUNTY

Company / Entity	Location	Industry
Naval Base San Diego	San Diego	Military / Government
University of California, San Diego	La Jolla	Higher Education / Healthcare
Sharp HealthCare	San Diego	Healthcare
County of San Diego	San Diego	Local Government
San Diego Unified School District	San Diego	K-12 Education
Scripps Health	La Jolla	Healthcare
Qualcomm Inc.	San Diego	Technology / Semiconductors
City of San Diego	San Diego	Municipal Government
Kaiser Permanente	San Diego	Healthcare
General Atomics	San Diego	Defense & Aerospace
San Diego Community College District	San Diego	Higher Education
San Diego Gas & Electric	San Diego	Utilities / Infrastructure
Solar Turbines Inc.	San Diego	Industrial Manufacturing
General Dynamics NASSCO	San Diego	Defense / Shipbuilding

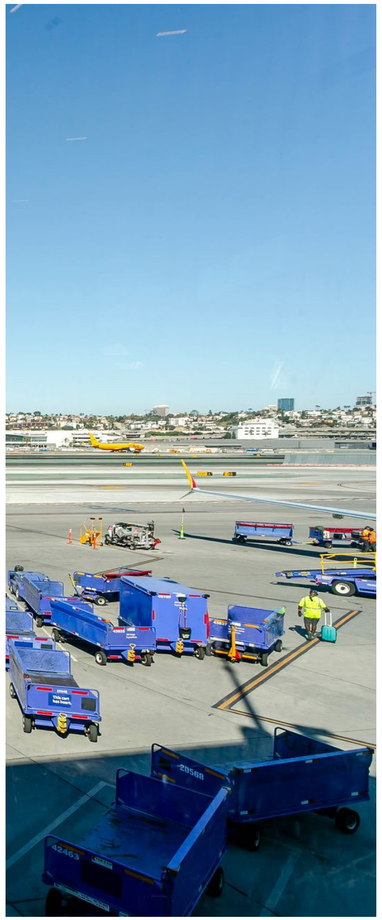


EXHIBIT S-16
LABOR FORCE, EMPLOYMENT, & UNEMPLOYMENT RATES

Year	Labor Force	Employment	Unemployment	Unemployment Rate SD County	Unemployment Rate State
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%
2025	1,590,000	1,513,000	77,000	4.8%	5.4%
2026	**1,640,000**	**1,566,800**	**73,200**	**4.5%**	**5.2%**

Source: California Employment Development Dept., 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	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenues [1]	$ 548,806,503	$ 478,751,920	$ 449,402,733	$ 397,652,115	$ 321,285,474	$ 225,154,340	$ 279,294,343	$ 306,683,097	$ 276,983,726	$ 255,540,858
Operating and Maintenance Expenses	(229,794,412)	(201,602,874)	(189,012,370)	(177,921,959)	(96,134,968)	(88,039,540)	(136,297,647)	(165,925,555)	(157,246,523)	(154,455,699)
Net Revenues [2]	$ 319,012,091	$ 277,149,046	$ 260,390,363	$ 219,730,156	$ 225,150,506	$ 137,114,800	$ 142,996,696	$ 140,757,542	$ 119,737,204	$ 101,085,159
Senior Bond Debt Service [3]										
Principal	$ -	$ 2,865,000	$ 2,235,000	$ -	$ 3,635,598	$ 8,315,000	$ 7,925,000	$ 2,320,000	$ 2,240,000	$ 2,155,000
Interest	33,438,119	1,321,282	979,238	-	7,195,563	17,685,100	18,081,350	18,174,150	18,263,750	18,349,950
PFCs used to pay debt service	(18,558,617)	-	-	-	(4,691,941)	(11,172,249)	(11,260,741)	(9,544,261)	(9,547,482)	(9,548,626)
Federal Relief used to pay debt service	-	-	-	-	(1,539,286)	(3,406,934)	(6,501,585)	-	-	-
Total Debt Service for the Senior Bond	$ 14,879,502	$ 4,186,282	$ 3,214,238	$ -	$ 4,599,934	$ 11,420,918	$ 8,244,024	$ 10,949,889	$ 10,956,268	$ 10,956,324
Senior Bonds Debt Service Coverage	21.44	66.20	81.01	-	48.95	12.01	17.35	12.85	10.93	9.23
Subordinate Debt										
Subordinate Net Revenues [2]	$ 304,132,589	$ 272,962,764	$ 257,176,125	$ 219,730,156	$ 220,550,572	$ 125,693,882	$ 134,752,672	$ 129,807,653	$ 108,780,936	$ 90,128,835
Subordinate Annual Debt Service [4]										
Principal	$ 34,500,000	$ 36,050,000	$ 40,495,000	$ 43,385,000	$ 34,040,000	$ 22,315,000	$ 13,302,166	$ 15,895,000	$ 14,830,000	$ 9,430,000
Interest	106,254,471	56,513,339	59,106,383	56,052,373	48,876,516	41,720,733	39,404,449	37,917,500	37,197,656	26,085,029
Variable Rate Debt [5]					-	-	1,894,813	7,497,649	7,335,123	7,000,066
PFCs used to pay debt service	(37,511,878)	-	-	-	(25,313,393)	(8,833,085)	(18,744,592)	(20,461,072)	(20,457,851)	(20,456,707)
Federal Relief used to pay debt service	-	-	-	-	(16,460,714)	(22,593,066)	(14,313,843)	-	-	-
Total Subordinate Annual Debt Service	$ 103,242,593	$ 92,563,339	$ 99,601,383	$ 99,437,373	$ 41,142,409	$ 32,609,582	$ 21,542,993	$ 40,849,077	$ 38,904,928	$ 22,058,389
Subordinate Obligations Debt Service Coverage	2.95	2.95	2.58	2.33	5.36	3.85	6.26	3.18	2.80	4.09
Aggregate Debt										
Aggregate Net Revenues	$ 319,012,091	$ 277,149,046	$ 260,390,363	$ 219,730,156	$ 225,150,506	$ 137,114,800	$ 142,996,696	$ 140,757,542	$ 119,737,204	$ 101,085,159
Aggregate Annual Debt Service										
Principal	$ 34,500,000	38,915,000	42,730,000	43,385,000	37,675,598	30,630,000	21,227,166	18,215,000	17,070,000	11,585,000
Interest	139,692,590	57,834,621	60,085,621	56,052,373	56,072,079	59,405,833	57,485,799	56,091,650	55,461,406	44,434,979
Variable Rate Debt [5]	-	-	-	-	-	-	1,894,813	7,497,649	7,335,123	7,000,066
PFC Funds Applied to Debt Service	(56,070,495)	-	-	-	(30,005,334)	(20,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)
CARES Act used to pay debt service	-	-	-	-	(18,000,000)	(26,000,000)	(20,815,428)	-	-	-
Total Annual Debt Service	$ 118,122,095	$ 96,749,621	$ 102,815,621	$ 99,437,373	$ 45,742,343	$ 44,030,500	$ 29,787,017	$ 51,798,966	$ 49,861,196	$ 33,014,712
Aggregate Obligations Debt Service Coverage	2.70	2.86	2.53	2.21	4.92	3.11	4.80	2.72	2.40	3.06
Aggregate Net Revenues (Including PFC, BAB Subsidy and CARES Act Grant)	$ 375,082,586	$ 277,149,046	$ 260,390,363	$ 219,730,156	$ 273,155,840	$ 183,120,133	$ 195,906,855	$ 175,449,049	$ 154,408,727	$ 135,721,711
Total Annual Debt Service (Excluding PFC, BAB Subsidy and CARES Act Grant)	$ 174,192,590	96,749,621	102,815,621	99,437,373	93,747,677	90,035,833	82,697,175	86,490,473	84,532,719	67,651,265
Revenue Method - Debt Service Coverage on Aggregate Debt	2.15	2.86	2.53	2.21	2.91	2.03	2.37	2.03	1.83	2.01

[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.

EXHIBIT S-18
DEBT SERVICE COVERAGE - SERIES 2014 CFC BONDS

FISCAL YEARS ENDED JUNE 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
CFC Collections	$ 41,963,152	$ 36,479,020	$ 35,912,592	$ 34,374,844	$ 30,333,350	$ 15,755,254	$ 30,239,698	$ 41,918,554	$ 41,036,526	$ 36,527,853
Transfers from CFC Stabilization Fund		-	-	-	14,357	9,540,452	3,563,874	-	-	-
Interest Earnings[1]	2,502,534	2,639,816	2,061,329	1,405,285	324,938	855,813	1,502,382	1,544,474	919,740	466,134
Total Amounts Available	44,465,686	39,118,836	37,973,921	35,780,128	30,672,645	26,151,519	35,305,954	43,463,028	41,956,266	36,993,987
Rolling Coverage Fund Balance[2]	6,575,649	6,576,008	6,575,737	6,575,173	6,576,235	6,575,382	6,575,637	6,575,894	6,576,363	4,902,363
Total Amounts Available, plus Rolling Coverage Fund Balance	$ 51,041,335	$ 45,694,843	$ 44,549,658	$ 42,355,301	$ 37,248,880	$ 32,726,901	$ 41,881,591	$ 50,038,922	$ 48,532,629	$ 41,896,350
Series 2014 Debt Service Requirements	21,918,832	21,920,025	21,919,123	21,917,242	21,920,783	21,917,940	21,918,789	21,919,646	21,921,210	16,341,210
Coverage excluding Rolling Coverage Fund	2.03	1.78	1.73	1.63	1.40	1.19	1.61	1.98	1.91	2.26
Coverage including Rolling Coverage Fund	2.33	2.08	2.03	1.93	1.70	1.49	1.91	2.28	2.21	2.56

[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	Leases	Total Outstanding Debt	Enplaned Passengers	Debt per Enplaned Passenger
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
2025	4,464,493,235	-	4,711,675	4,469,204,910	12,644,082	353.46
2026	**5,213,685,043**	**-**	**4,246,191**	**5,217,931,234**	**13,302,166**	**392.26**

[1] Outstanding Bond Debt includes unamortized bond premium





SAN DIEGO
INTERNATIONAL AIRPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 4

Audit Committee Report

Meeting Date: November 16, 2026

Subject:

Fiscal Year 2027 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 to the Authority's Audit Committee and executive management regarding the Office of the Chief Auditor's (OCA) performance relative to the Audit Plan, the results of completed audit engagements and other activities, and any risk exposures or control issues identified that could interfere with the achievement of the Authority's strategic objectives.

The Fiscal Year 2027 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 accomplishments of the OCA during the period July 1, 2026, through September 30, 2027, and includes details on all recommendations completed or in progress during the 1st Quarter of Fiscal Year 2027.

A presentation by the OCA on its first quarter activities will be provided to the Audit Committee on November 16, 2026. Staff requests that the Audit Committee review the Fiscal Year 2027 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 *(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” as defined by the California Environmental Quality Act (“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

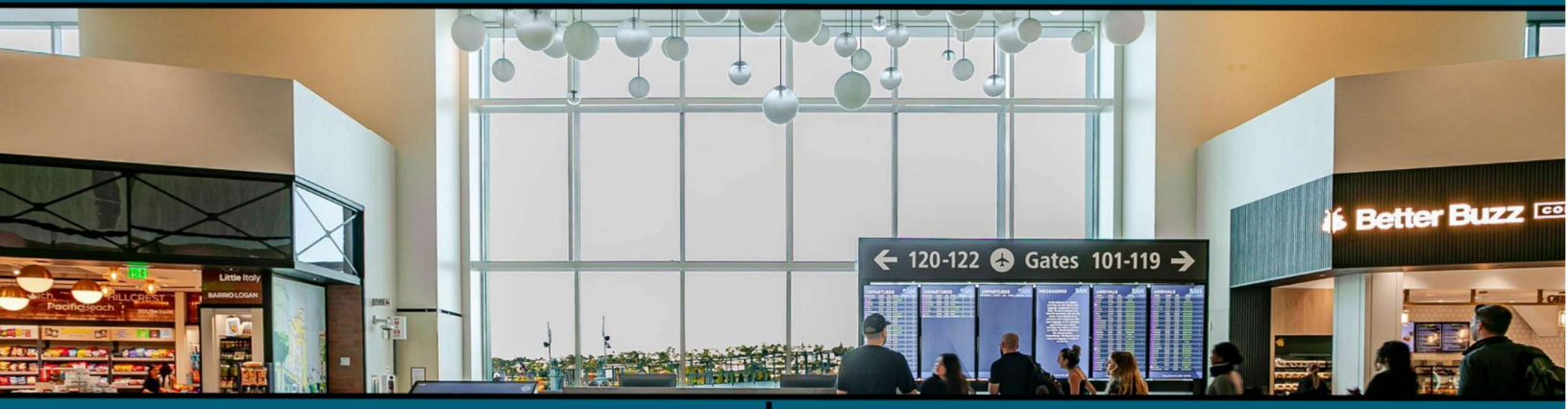
Prepared by:

Lee M. Parravano
Chief Auditor

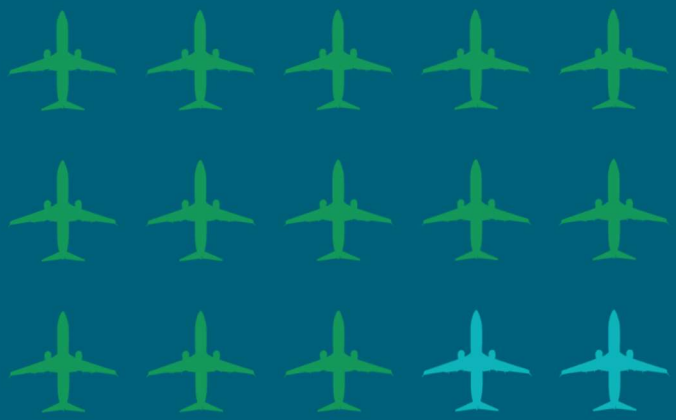
ATTACHMENT A

Office of the Chief Auditor
Fiscal Year 2027 First Quarter Report

SAN DIEGO INTERNATIONAL AIRPORT

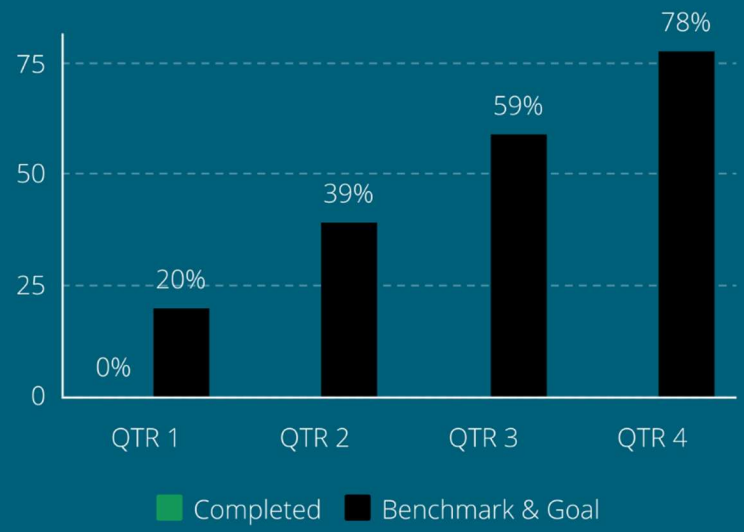


Audit Engagement Progress

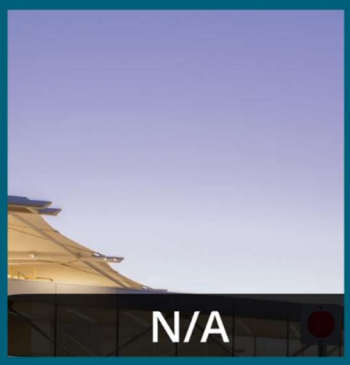


In Progress (86.67%) Not Started (13.33%)

Audit Engagements Completed vs. Benchmark & Goal



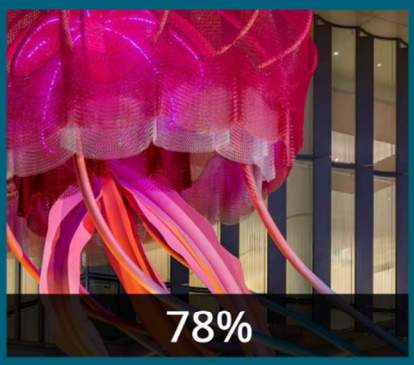
By The Numbers



Auditee Satisfaction Rating



Engagements Completed Under Budget



Auditor Utilization Percentage



Recommendations Accepted By Management

Office of the Chief Auditor
Fiscal Year 2027 First Quarter Report

Issue Date: November 16, 2026

SAN DIEGO INTERNATIONAL AIRPORT



Office of the Chief Auditor

Lee Parravano, Chief Auditor
Fred Bolger, Manager Audit Services
Andrea Cook, Senior Auditor
Marnie Dale, Auditor
Shane Ellis, Senior Auditor
Scott Thein, Senior Auditor

First Quarter Summary

Executive Summary

During the first quarter of Fiscal Year 2027, the Office of the Chief Auditor (OCA) began working on the audit and advisory engagements included in its Audit Plan. As of September 30, 2026, 13 engagements were in progress, and none had been completed. Engagement completions have historically been lowest in the first quarter, reflecting annual reporting, quality assurance activities, and engagement planning and initiation. The OCA also amended the Audit Plan to include a Prompt Payment audit and continued exploring the use of data analytics and artificial intelligence to expand audit coverage and improve data testing.

Other significant activities during the quarter included transitioning the Authority's confidential hotline to Red Flag Reporting and completing ongoing monitoring of Fiscal Year 2026 activities under the Quality Assurance and Improvement Program. The OCA also prepared its Fiscal Year 2026 Annual Report and coordinated the annual review and proposed revisions to the Audit Committee and OCA Charters.

Performance Measures

For Fiscal Year 2027, five major performance measures were developed to evaluate the OCA. The OCA's performance against the selected performance measures is displayed in Table 1.[1]

Table 1: Status of Performance Measures as of September 30, 2026

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	N/A	4.0
2	Percentage of audit and advisory engagements completed	20%	0%	20%
3	Percentage of recommendations accepted	95%	N/A	95%
4	Percentage of staff time spent on audit and advisory engagements and general audit activities	71%	78%	71%
5	Percentage of audit and advisory engagements completed within budgeted time	82%	N/A	82%

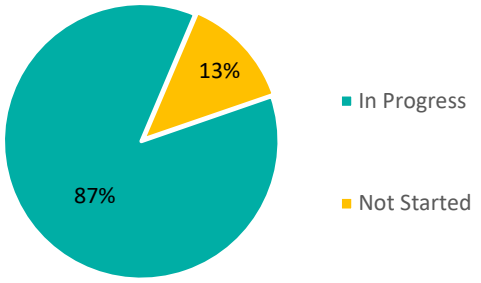
Customer Satisfaction Rating

After the completion of an audit or advisory engagement, a survey is sent to the department to obtain customer satisfaction data. The OCA's goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). This performance metric is not applicable in the first quarter as no engagements were completed in the first quarter of Fiscal Year 2027.

[1] The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

Percentage of Audit and Advisory Engagements Completed

Figure 1: Status of Audit and Advisory Engagements



No audit or advisory engagements were completed during the first quarter, compared with the 20% completion goal. Historically, engagement completions have been lowest in the first quarter of the Fiscal Year, reflecting time devoted to annual reporting, quality assurance activities, engagement planning and initiation, and scheduled summer leave.

As of September 30, 2026, the OCA had 13 engagements (87%) in progress[2], as shown in Figure 1.

The status of all activities in the Fiscal Year 2027 Audit Plan is included in Appendix A.

Percentage of Recommendations Accepted

This measure helps assess whether OCA recommendations are practical, relevant, and accepted by management. No results are reported for the first quarter of Fiscal Year 2027 because no recommendations were issued.

Percentage of Staff Time Spent on Audit & Advisory Engagements and General Audit Activities

This measure tracks the percentage of staff time spent on audit and advisory engagements and general audit activities.[3] During the first quarter of Fiscal Year 2027, OCA staff spent 78% of working time[4] on these activities, exceeding the 71% goal.

Percentage of Audit and Advisory Engagements Completed within Budgeted Time

This measure evaluates the OCA's efficiency in completing audit and advisory engagements within the internally developed budget hours established for each engagement. No results are reported for the first quarter of Fiscal Year 2027 because no engagements were completed.

[2] For purposes of this measure, the Fiscal Year 2027 Audit Plan includes 15 engagements scheduled for completion during the fiscal year: 12 audits and three advisory engagements. The "Tenant Lease Administration and Management – FY2027 Rental Car Companies audit (Audit Engagement #27003) is excluded because it is scheduled to carry forward into Fiscal Year 2028.

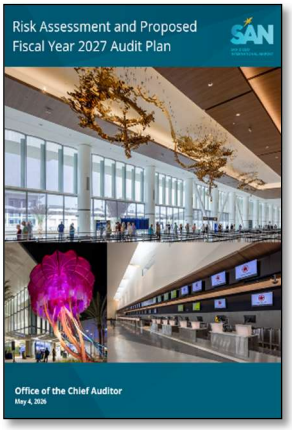
[3] Appendix A details all planned activities in these categories for Fiscal Year 2027.

[4] Time Off (e.g., Holidays, Paid Time off) has been excluded from this calculation.

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[5] 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 risk-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. In September, the OCA amended the Audit Plan to include an audit of Prompt Payment, following consideration of a management request.

Construction Activities

Construction audit activity during the first quarter of Fiscal Year 2027 included continued work with Baker Tilly, the OCA's on-call construction audit consultant. The Pay Applications and Subcontracts audits remain in progress. The OCA expects the Pay Applications audit to be completed in the second quarter of Fiscal Year 2027 and the Subcontracts audit in late Fiscal Year 2027. As discussed above, the OCA added a Prompt Payment audit to the Audit Plan and is partnering with Baker Tilly on the engagement, with completion also expected in late Fiscal Year 2027.

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 Airport Development and Construction 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 continues to explore opportunities to expand audit coverage through data analytics and identify areas warranting in-depth audits. During the first quarter of Fiscal Year 2027, the OCA, along with representatives from Business Intelligence and Terminal Business Development, participated in a meeting with another airport to discuss its use of data analytics to analyze point-of-sale data from in-terminal concessionaires. The OCA also focused on using artificial intelligence (AI) to expedite rental car data cleaning and testing.

[5] Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the Global Internal Audit Standards.

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 2027, the OCA transitioned to Red Flag Reporting, the Authority's new confidential ethics and compliance reporting system. The system provides employees, contractors, tenants, travelers, and members of the public with multiple ways to report fraud, waste, abuse, ethics, safety, security, workplace misconduct, and regulatory compliance concerns.

Web and telephone reporting are available 24 hours a day, seven days a week and support anonymous communications. Reporters may restrict access by recipients involved in their concern. Red Flag Reporting provides the reporting and communication tools; responsibility for investigating and resolving concerns remains with the Authority.

During the first quarter of Fiscal Year 2027, the OCA received seven tips/reports through the hotline. Of these, two were considered FWA&E-related and five were not. Tips/reports not investigated by the OCA were referred to management or another appropriate party for review, as applicable.

The hotline also allows individuals to ask questions regarding potential ethical matters before taking action. During the first quarter of Fiscal Year 2027, the OCA received one ethics-related question. The OCA appreciates individuals who seek guidance to help ensure informed and ethical decision-making.

A summary of the hotline reporting and investigation activity in the first quarter is shown in Table 2 below.

Table 2: Hotline Reporting and Investigation Activity—First Quarter Fiscal Year 2027

Category	Tips / Reports Received	Investigation Initiated by OCA/Others	Investigation Carried Over from Prior FY	Investigation Status/Outcome	
				In Progress	Partially Substantiated
Fraud, Waste, Abuse, & Ethics (FWA&E) Tips/Reports					
Business Integrity	1	1	2	2	1
Environment, Health and Safety	1	-	-	-	-
Total FWA&E Tips/Reports	**2**	**1**	**2**	**2**	**1**
Non-FWA&E Tips/Reports					
Business Integrity	2	-	-	-	-
Workplace Conduct	2	-	-	-	-
Environment, Health and Safety	1	-	-	-	-
Total Non-FWA&E Tips/Reports	**5**	**-**	**-**	**-**	**-**
Total Hotline Tips/Reports	**7**	**1**	**2**	**2**	**1**

The Environment, Health and Safety FWA&E tip/report was forwarded to management, which advised that it had previously reviewed the matter and taken corrective action. The OCA determined that a separate investigation was not necessary.

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 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 2027, along with the estimated/actual implementation 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, four are still within the initial timeframe identified for implementation. The three recommendations over 1 year are related to Information Technology items.

In general, the OCA is satisfied with the progress that Authority departments are currently making with the implementation, 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[6]
Completed	-	2	-	2
In Progress	-	5	3	8

Quality Assurance and Improvement Program

The Global Internal Audit 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 Fiscal Year 2028).
3. External assessments (required every five years – scheduled for Fiscal Year 2029 and will cover the five-year period ending June 30, 2028).

The OCA completed ongoing monitoring of its Fiscal Year 2026 activities and operations during the first quarter of Fiscal Year 2027. The OCA found no items that would impact audit report quality. Full results were included in the Fiscal Year 2026 OCA Annual Report as part of the September 14, 2026, Audit Committee Meeting materials.

The OCA began developing refinements to its engagement workpaper structure and guidance for cybersecurity engagements involving external specialists. These efforts focused on audit planning, documentation, review processes, and reporting under the Global Internal Audit Standards.

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.

[6] 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 $280,000 through the end of the first quarter, which represents 18% of the Fiscal Year 2027 budget. No unexpected or large outlays occurred within the department during the first quarter of Fiscal Year 2027. The OCA expects to remain close to budget through the fiscal year-end. The $280,000 excludes costs related to Baker Tilly, the on-call construction audit consultant. Baker Tilly costs are funded from the capital budget.

Continuing Professional Development

Staff continue to obtain Continuing Professional Education (CPE) credits as required by their various certifications. In the first quarter of Fiscal Year 2027, staff attended training on topics that included Fraud, Governmental Accounting, Information Technology, and Internal Controls.

Audit Committee Support

During the quarter, the OCA prepared its Fiscal Year 2026 Annual Report. The OCA also coordinated the annual review and proposed revisions to the Audit Committee and OCA Charters. These items were included in the September Audit Committee meeting and forwarded for Board consideration in October.

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 2027 Audit Plan

#	Activity	Status as of 9/30/2026	Over/ Under Budget
	Audit		
1	Parking Management Contract Administration. *Audit Engagement # 25009*	In Progress	
2	Harbor Police Contract Management – Fiscal Year 2021, 2022, 2023, 2024 and 2025. *Audit Engagement # 25013*	In Progress	
3	Construction – Subcontracts. *Audit Engagement # 25016*	In Progress	
4	Construction – Pay Applications. *Audit Engagement # 25017*	In Progress	
5	Tenant Lease Admin. & Management – FY 2026 Rental Car Companies. *Audit Engagement # 26003*	In Progress	
6	ARFF Management. *Audit Engagement # 26005*	In Progress	
7	Turo. *Audit Engagement # 27001*	Not Started	
8	Employee Shuttles. *Audit Engagement # 27002*	In Progress	
9	Tenant Lease Admin. & Management – FY 2027 Rental Car Companies. *Audit Engagement # 27003*[7]	Not Started	
10	System Security. *Audit Engagement # 27004*	In Progress	
11	Parking Management Expenses. *Audit Engagement # 27005*	Not Started	
12	Maintenance Service Contracts. *Audit Engagement # 27006*	In Progress	
13	Construction – Prompt Payment. *Audit Engagement # 27010*	In Progress	
	Advisory		
14	Harbor Police Contract Management. *Advisory Engagement # 27007-AS*	In Progress	
15	Tenant Lease Admin. & Management – Rental Car Company Reporting. *Advisory Engagement # 27008-AS*	In Progress	
16	Rental Car Shuttle – SP Plus. *Advisory Engagement # 27009-AS*	In Progress	
	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	

[7] Audit engagement is not anticipated to be completed in Fiscal Year 2027 and will be carried forward to Fiscal Year 2028.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
Completed						
26-05	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT and PROCUREMENT	Medium	Management should develop and implement a formal MRO contract management framework that includes: a) documented guidelines (defining eligible materials, restrictions and sourcing protocols, b) step-by-step requestion procedures (with designated contacts and escalation paths), c) pre-purchase eligibility reviews, d) regular vendor performance evaluations (monitor service quality and adherence to contract terms), and e) staff training (to ensure consistent understanding and application of MRO procedures).	5/1/2026	9/3/2026	The MRO was approved by the Board on 9/3/26. FMD will work with the selected vendor to use Procurement's Contract Administration Guide to develop and implement SOPs within the department.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
Completed						
26-21	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	We recommend that LBD require that Supplemental Monthly reports sent to the Authority are accurate and LBD should review all reports for accuracy when received. Additionally, LBD should utilize ETA to confirm the data included in the Monthly billings from SP+.	6/30/2026	8/31/2026	1. LBD and SP+ created a "Bussing Summary" spreadsheet to be included as part of the monthly reporting package. 2. This sheet highlights data on SP+ daily and monthly operations - including costs for operations, personnel, maintenance dollars and hours, fuel, staff hours, fleet performance, and other metrics. 3. Preparation of the report required additional training for SP+ staff. The report is currently in use and provided by SP+ with each monthly billing submittal.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
In Progress						
26-24	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	High	Management should clarify and standardize ABRM permission levels by documenting role purposes, removing unnecessary elevated permissions from user roles, restricting access to modules based on job responsibilities, and eliminating access to unused system functions.	9/30/2026	1/31/2027	Since July 1, TBD, LBD, AR, Accounting, and IT&S have met four times and made significant progress. The teams have completed the majority of the tasks required under this recommendation item. At this stage, the team requires direct assistance from Tadera to clarify a few permissions and roles modules, as these areas are not yet fully understood by staff. Meeting dates are being scheduled.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
In Progress						
26-25	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	High	We recommend management configure and implement agreement type restrictions within ABRM to ensure user access is appropriately limited based on job responsibilities. Management should review all existing Agreement assignments and remove access for individuals who do not require full agreement type permissions. Access to all agreements should be granted only to users with a demonstrated business need, such as BI and Accounting staff who support cross functional activities.	9/30/2026	1/31/2027	Since July 1, TBD, LBD, AR, Accounting, and IT&S have met four times and made significant progress. The teams have completed the majority of the tasks required under this recommendation item. At this stage, the team requires direct assistance from Tadera to clarify a few permissions and roles modules, as these areas are not yet fully understood by staff. Meeting dates are being scheduled.
26-01	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: FACILITIES MANAGEMENT	Medium	Management should implement a centralized inventory management system by leveraging the Computerized Maintenance Management System (CMMS) or other inventory tools across all FMD shops to track maintenance supplies and attic stock and ensure that periodic inventory audits/counts are conducted to ensure accuracy and accountability.	6/1/2027	6/1/2027	FMD continues the process of implementing a centralized inventory management system in the Computerized Maintenance Management System (CMMS). To establish a baseline, FMD is conducting an inventory of maintenance shop supplies and attic stock for each shop and area within FMD with the areas at various levels of completion.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
In Progress						
26-09	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Medium	Management should establish detailed Standard Operating Procedures (SOPs) for the receiving, inspection, documentation, and distribution of goods across the Authority. These procedures should be easily accessible to staff, integrated into onboarding and ongoing training programs, and reviewed and updated regularly to reflect changes in policy or operational needs.	7/15/2026	11/9/2026	Procurement has drafted and finalized new SOPs. The new SOPs will be administered by the Storage & Distribution Technician and the new Procurement Coordinator role. The SOPs will be fully implemented and published in the Authority wide Procurement Manual and Contract Administration Guide. As of September 30, Procurement has offered the Procurement Coordinator role to a candidate. The offer was accepted and the candidate has started the onboarding process.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
In Progress						
26-07	Audit Report 25014 Issued: November 14, 2025 Title: Facilities Management Department Purchasing and Inventory Management Department: PROCUREMENT	Medium	Management should revise/update the receiving process to include item-level verification upon receipt and require that packing slips be retained and matched to purchase orders and invoices.	7/15/2026	11/9/2026	Procurement has finalized testing and has integrated a new tablet for paperless copies of packing slips, delivery confirmation forms, and photos of delivered packages. The new SOPs will be administered by the Storage & Distribution Technician and the new Procurement Coordinator position. As of September 30, Procurement has offered the Procurement Coordinator role to a candidate. The offer was accepted and the candidate has started the onboarding process. Procedures will be fully implemented once the candidate is approved and fully trained on the requirements.
26-28	Audit Report 26001 Issued: March 27, 2026 Title: Airport Business Revenue Management (ABRM) Application Internal Controls Department: TERMINAL BUSINESS DEVELOPMENT	Medium	Enhance the existing alert-management framework by prioritizing critical notifications, assigning accountable reviewers, and implementing routine monitoring to ensure timely review and clearance of alerts.	9/30/2026	1/31/2027	Since July 1, TBD, LBD, and AR met several times and established the framework that would work for all three teams. During implementation, it was discovered that the proposed approach could not be completed as intended. AR has since proposed an alternative solution and will meet with TBD and LBD to confirm it will work for the other two teams.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
In Progress						
26-19	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	We recommend that LBD direct SP+ to work with ETA Transit to equip all shuttles with the necessary equipment to enable tracking of all shuttles. This will provide independent verification for the monthly In-Service calculations and the additional reports that are included.	6/30/2026	12/31/2026	1. Currently, the 30 original RCC buses have ETA Transit installed. But these systems are not operating optimally. 2. SP+ recently installed Lift/Tango on the 5 New Flyer buses to evaluate services & options, and are still evaluating reporting capabilities of this system. 3. Staff met with Bus Genius on October 20, 2026, to determine the cost of getting all 35 RCC buses (El Dorado, Gillig, and New Flyer) on the same system. 4. SP+ met Passio on October 21, 2026, to review evaluate their system and reporting capabilities.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2026
In Progress						
26-20	Audit Report 25008 Issued: December 30, 2025 Title: SP+ Shuttle Operations Department: LANDSIDE BUSINESS DEVELOPMENT	Medium	We recommend that LBD direct SP+ to fully implement the ETA Transit system on all SP+ shuttles and configure, test, and verify ETA accurately tracks data (e.g., In Service hours) which can be used to calculate monthly data for required reports to the Authority. Additionally, SP+ should be trained on the ETA Transit system.	6/30/2026	12/31/2026	1. Currently, the 30 original RCC buses have ETA Transit installed. But these systems are not operating optimally. 2. SP+ recently installed Lift/Tango on the 5 New Flyer buses to evaluate services & options, and are still evaluating reporting capabilities of this system. 3. Staff met with Bus Genius on October 20, 2026, to determine the cost of getting all 35 RCC buses (El Dorado, Gillig, and New Flyer) on the same system. 4. SP+ met Passio on October 21, 2026, to review evaluate their system and reporting capabilities.

Item 4

SAN DIEGO
INTERNATIONAL AIRPORT

Fiscal Year 2027 First Quarter Report from the Office of the Chief Auditor

Audit Committee Meeting November 16, 2026

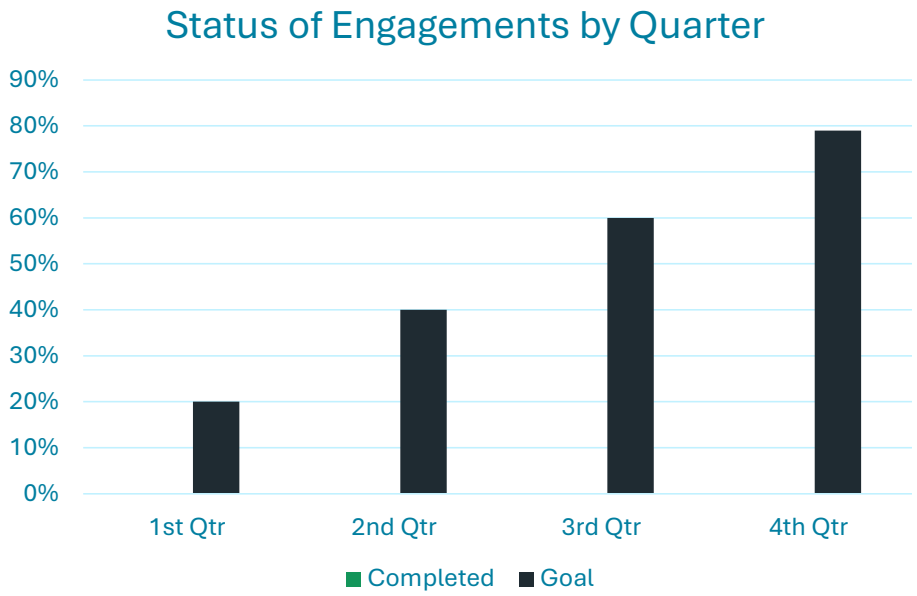


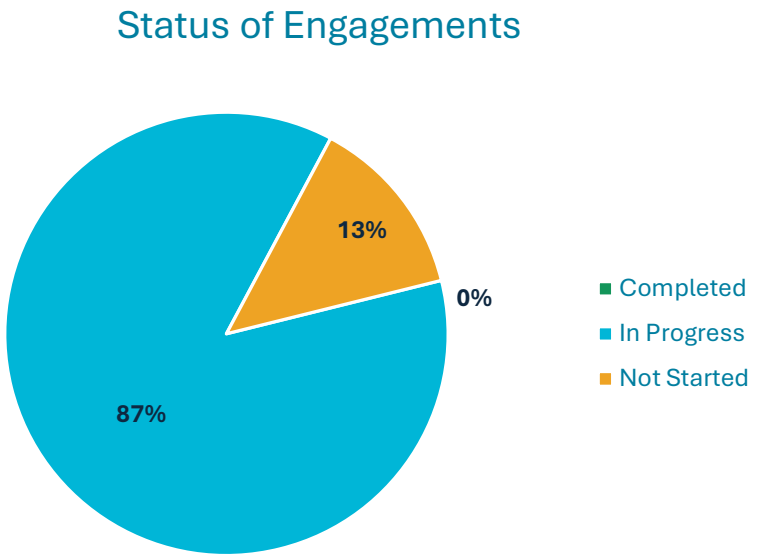
Performance Measures

Performance Measure	Goal	Actual	Benchmark
Customer Satisfaction Rating from Auditee	4.0	N/A	4.0
Percentage of Audit and Advisory Engagements Completed	20%	0%	20%
Percentage of Recommendations Accepted	95%	N/A	95%
Percentage of Staff Time Spent on Audit and Advisory Engagements and General Audit Activities	71%	78%	71%
Percentage of Audits and Advisory Engagements Completed within Budget	82%	N/A	82%

SAN DIEGO INTERNATIONAL AIRPORT

Performance Measures – Percentage of Engagements Completed





General Audit Activities – Recommendation Follow-Up

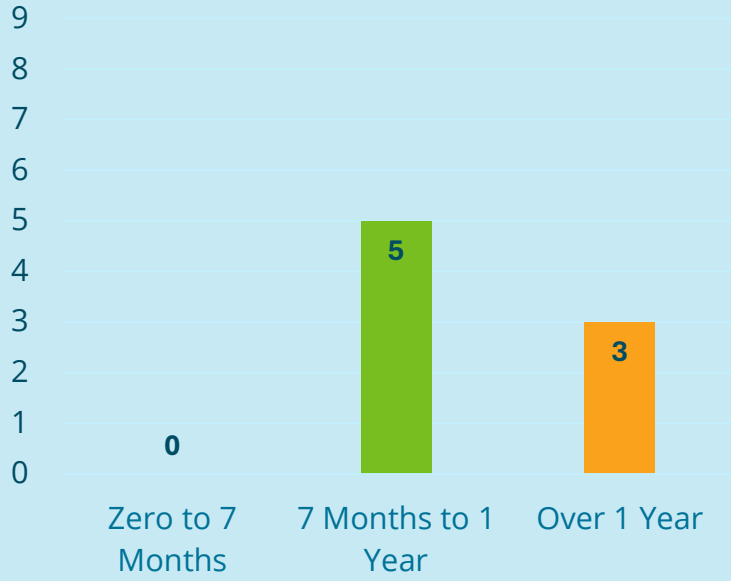
Recommendation Follow Up

Status as of September 30, 2026			
Completed	**In Progress**	**Not Accepted**	**Tracked**
2*	**8****	**-**	**10**

* 0 recommendations were completed within the initial timeframe identified for implementation.

** 4 recommendations are still within the initial timeframe identified for implementation.

Estimated Implementation Timeframe for In Progress Recommendations



General Audit Activity – Fraud, Waste, Abuse, & Ethics

Category	Tips / Reports	Investigation Initiated by OCA/Others	Investigation Carried Over from Prior FY	Investigation Outcome	
				In Progress	Partially Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports					
Business Integrity	1	1	2	2	1
Environment, Health, and Safety	1	-	-	-	-
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	**2**	**1**	2	**2**	**1**

SAN DIEGO INTERNATIONAL AIRPORT

Questions?

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