LOS ANGELES WORLD AIRPORTS

ANNUAL FINANCIAL INFORMATION
for the Fiscal Year Ended June 30, 2025

Relating to:

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
(LOS ANGELES INTERNATIONAL AIRPORT)

Subordinate Revenue Bonds, 2009 Series C
(Federally Taxable – Build America Bonds – Direct Payment to Issuer)

Subordinate Revenue Bonds, 2010 Series C
(Federally Taxable – Build America Bonds – Direct Payment to Issuer)

Subordinate Revenue Bonds, 2016 Series A (AMT)

Subordinate Revenue Bonds, 2016 Series B (AMT)

Senior Refunding Revenue Bonds, 2016 Series C (Federally Taxable)

Subordinate Revenue Bonds, 2017 Series A (AMT)

Subordinate Revenue Bonds, 2017 Series B (Non-AMT)

Subordinate Revenue Bonds, 2018 Series A (AMT)

Senior Refunding Revenue Bonds, 2018 Series B (AMT)

Subordinate Revenue Bonds, 2018 Series C (AMT)

Subordinate Revenue Bonds, 2018 Series D (AMT)

Subordinate Revenue Bonds, 2018 Series E (Non-AMT)

Subordinate Revenue Bonds, 2019 Series A (Private Activity/AMT)

Subordinate Revenue Bonds, 2019 Series B (Governmental/Non-AMT)

Subordinate Refunding Revenue Bonds, 2019 Series C (Private Activity/Non-AMT)

Subordinate Revenue Bonds, 2019 Series D (AMT)

Subordinate Revenue Bonds, 2019 Series E (Non-AMT)

Subordinate Revenue Bonds, 2019 Series F (AMT)

Senior Refunding Revenue Bonds, 2020 Series A (Private Activity/Non-AMT)

Senior Refunding Revenue Bonds, 2020 Series B (Private Activity/Non-AMT)

Senior Revenue Bonds, 2020 Series C (Private Activity/AMT)

Senior Revenue Bonds, 2020 Series D (Governmental Purpose/Non-AMT)

Subordinate Revenue and Refunding Revenue Bonds, 2021 Series A (Private Activity/AMT)

Subordinate Revenue and Refunding Revenue Bonds, 2021 Series B (Governmental Purpose/Non-AMT)

Subordinate Refunding Revenue Bonds, 2021 Series C (Federally Taxable)

Subordinate Revenue Bonds, 2021 Series D (Private Activity/AMT)

Subordinate Refunding Revenue Bonds, 2021 Series E (Federally Taxable)

Subordinate Revenue Bonds, 2022 Series A (Private Activity/AMT)

Subordinate Revenue Bonds, 2022 Series B (Governmental Purpose/Non-AMT)

Subordinate Revenue and Refunding Revenue Bonds, 2022 Series C (Private Activity/AMT)

Subordinate Refunding Revenue Bonds, 2022 Series D (Private Activity/Non-AMT)

Subordinate Refunding Revenue Bonds, 2022 Series E (Governmental Purpose/Non-AMT)

Subordinate Refunding Revenue Bonds, 2022 Series F (Federally Taxable)

Senior Revenue Bonds, 2022 Series G (Private Activity/AMT) (Green Bonds)

Senior Revenue Bonds, 2022 Series H (Private Activity/AMT)

Senior Revenue Bonds, 2022 Series I (Governmental Purpose/Non-AMT) (Green Bonds)

Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility Project)
2022 Series A (Federally Taxable) (Green Bonds)

Subordinate Refunding Revenue Bonds 2023 Series A (Private Activity/AMT)(Green Bonds)

Subordinate Refunding Revenue Bonds2023 Series B (Governmental Purpose/Non-AMT)

Subordinate Revenue and Refunding Revenue Bonds 2025 Series A (Private Activity/AMT)
(Green Bonds)

Subordinate Revenue and Refunding Revenue Bonds 2025 Series B (Private Activity/AMT)

Subordinate Refunding Revenue Bonds 2025 Series C (Governmental Purpose/Non-AMT)

Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D
(Governmental Purpose/Non-AMT) (Green Bonds)

Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E
(Governmental Purpose/Non-AMT)

Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT)

Dated: December 22, 2025

TABLE OF CONTENTS

INTRODUCTION

This Annual Financial Information for the Fiscal Year Ended June 30, 2025 (this "Report") is being furnished by the Department of Airports of the City of Los Angeles (the "Department") in accordance with continuing disclosure certificates executed in connection with the issuance of the following Bonds (collectively, the "Continuing Disclosure Certificates").

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2009 Series C (Federally Taxable — Build America Bonds — Direct Payment to Issuer) (the "Series 2009C Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2010 Series C (Federally Taxable — Build America Bonds — Direct Payment to Issuer) (the "Series 2010C Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2016 Series A (AMT) (the "Series 2016A Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2016 Series B (AMT) (the "Series 2016B Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2016 Series C (Federally Taxable) (the "Series 2016C Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2017 Series A (AMT) (the "Series 2017A Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2017 Series B (Non-AMT) (the "Series 2017B Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series A (AMT) (the "Series 2018A Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2018 Series B (AMT) (the "Series 2018B Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series C (AMT) (the "Series 2018C Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series D (AMT) (the "Series 2018D Bonds");
- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2018 Series E (Non-AMT) (the "Series 2018E Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series A (Private Activity/AMT) (the "Series 2019A Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series B (Governmental/Non-AMT) (the "Series 2019B Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2019 Series C (Private Activity/Non-AMT) (the "Series 2019C Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series D (AMT) (the "Series 2019D Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport Subordinate Revenue Bonds, 2019 Series E (Non-AMT) (the "Series 2019E Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2019 Series F (AMT) (the "Series 2019F Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2020 Series A (Private Activity/Non-AMT) (the "Series 2020A Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Refunding Revenue Bonds, 2020 Series B (Private Activity/Non-AMT) (the "Series 2020B Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2020 Series C (Private Activity/AMT) (the "Series 2020C Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2020 Series D (Governmental Purpose/Non-AMT) (the "Series 2020D Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2021 Series A (Private Activity/AMT) (the "Series 2021A Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2021 Series B (Governmental Purpose/Non-AMT) (the "Series 2021B Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2021 Series C (Federally Taxable) (the "Series 2021C Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2021 Series D (Private Activity/AMT) (the "Series 2021D Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2021 Series E (Federally Taxable) (the "Series 2021E Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2022 Series A (Private Activity/AMT) (the "Series 2022A Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue Bonds, 2022 Series B (Governmental Purpose/Non-AMT) (the "Series 2022B Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2022 Series C (Private Activity/AMT) (the "Series 2022C Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2022 Series D (Private Activity/Non-AMT) (the "Series 2022D Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2022 Series E (Governmental Purpose/Non-AMT) (the "Series 2022E Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2022 Series F (Federally Taxable) (the "Series 2022F Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2022 Series G (Private Activity/AMT) (Green Bonds) (the "Series 2022G Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2022 Series H (Private Activity/AMT) (the "Series 2022H Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Senior Revenue Bonds, 2022 Series I (Governmental Purpose/Non-AMT) (Green Bonds) (the "Series 2022I Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Customer Facility Charge Revenue Bonds (Consolidated Rental Car Facility Project) 2022 Series A (Federally Taxable) (Green Bonds) (the "Series 2022A CFC Bonds");

- Subordinate Refunding Revenue Bonds 2023 Series A (Private Activity/AMT)(Green Bonds) (the "Series 2023A Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds 2023 Series B (Governmental Purpose/Non-AMT) (the "Series 2023B Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds 2025 Series A (Private Activity/AMT) (Green Bonds) (the "Series 2025A Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds 2025 Series B (Private Activity/AMT) (the "Series 2025B Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds 2025 Series C (Governmental Purpose/Non-AMT) (the "Series 2025C Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series D (Governmental Purpose/Non-AMT) (Green Bonds) (the "Series 2025D Bonds");

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Revenue and Refunding Revenue Bonds, 2025 Series E (Governmental Purpose/Non-AMT) (the "Series 2025E Bonds"); and

- Department of Airports of the City of Los Angeles, California, Los Angeles International Airport, Subordinate Refunding Revenue Bonds, 2025 Series F (Private Activity/AMT) (the "Series 2025F Bonds").

Disclaimers

To the extent the Department provides information in this Report that the Department is not obligated to present or update, the Department is not obligated to present or update such information in future reports of annual financial information. By providing the information in this Report, the Department does not imply or represent (a) that all information provided in this Report is material to investors' decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational or other information not included in this Report (except as such material may be incorporated in this Report), (c) that no changes, circumstances or events have occurred since the dated date of the information provided or incorporated in this Report (other than as contained in this Report) or (d) that no other information exists which may have a bearing on the Department's financial condition, the security for the Bonds or an investor's decision to buy, sell or hold the Bonds.

Statements contained in or incorporated by this Report which involve estimates, forecasts or other matters of opinion, whether or not expressly so described in this Report, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained in this Report or incorporated hereby are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Department.

Due to its date of publication, certain information contained in this Report, including information concerning prior years, has been updated and is more current than some of the information contained in the Annual Financial Report (as defined below), certain of the Department's official statements, previous audited financial statements and prior reports of the Department, including, but not limited to, the unaudited information therein.

No statement contained in this Report should be construed as a prediction or representation about future financial performance of the Department. Historical results presented in this Report may not be indicative of future operating results.

FURTHER INFORMATION

For additional information regarding this Report, please address your questions to:

City of Los Angeles
Department of Airports
P.O. Box 92216
Los Angeles, CA 90009-2216
Attn: Marla Bleavins, Chief Airport Administrative Officer
(424) 646-5253

or

City of Los Angeles
Department of Airports
P.O. Box 92216
Los Angeles, CA 90009-2216
Attn: Alina Slamar, Debt and Treasury Manager,
Finance & Budget Division
(424) 646-5285

FINANCIAL AND OPERATING INFORMATION

Senior Bonds

The following table sets forth information about the Senior Bonds that were outstanding as of December 5, 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
SENIOR BONDS
AS OF DECEMBER 5, 2025

Series	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date (May 15)
2016C	$226,410,000	$148,005,000	2038
2018B	226,500,000	192,250,000	2034
2020A	738,575,000	697,905,000	2040
2020B	558,500,000	498,450,000	2040
2020C	380,000,000	363,930,000	2050
2020D	120,000,000	114,680,000	2048
2022G	602,820,000	592,810,000	2052
2022H	373,735,000	369,955,000	2052
2022I	206,825,000	202,170,000	2048
Total	$3,433,365,000	$3,180,155,000	

Source: Department of Airports of the City of Los Angeles

[Remainder of page intentionally left blank]

Subordinate Bonds, Subordinate Commercial Paper Notes and Subordinate Revolving Obligations

The following table sets forth information about the Subordinate Bonds, the Subordinate Commercial Paper Notes and Subordinate Revolving Obligations that were outstanding as of December 5, 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
SUBORDINATE BONDS AND SUBORDINATE COMMERCIAL PAPER NOTES*
AS OF DECEMBER 5, 2025

	Original Principal Amount	Principal Amount Outstanding	Final Maturity Date (May 15)
Subordinate Bonds			
Series 2009C	$ 307,350,000	$209,250,000	2039
Series 2010C	59,360,000	59,360,000	2040
Series 2016A	289,210,000	8,250,000	2026
Series 2016B	451,170,000	400,505,000	2046
Series 2017A	260,610,000	237,520,000	2047
Series 2017B	88,730,000	72,490,000	2042
Series 2018A	426,475,000	401,525,000	2048
Series 2018C	425,000,000	364,790,000	2044
Series 2018D	418,390,000	341,890,000	2048
Series 2018E	159,980,000	153,110,000	2048
Series 2019A	199,830,000	175,745,000	2049
Series 2019B	49,410,000	44,220,000	2049
Series 2019C	189,095,000	62,035,000	2039
Series 2019D	167,955,000	157,955,000	2049
Series 2019E	265,190,000	251,770,000	2049
Series 2019F	411,575,000	381,925,000	2049
Series 2021A	405,405,000	398,525,000	2051
Series 2021B	395,005,000	386,240,000	2048
Series 2021C	92,945,000	83,480,000	2036
Series 2021D	753,195,000	735,015,000	2051
Series 2021E	125,815,000	115,380,000	2051
Series 2022A	347,415,000	347,415,000	2049
Series 2022B	157,625,000	157,625,000	2048
Series 2022C	307,070,000	300,540,000	2049
Series 2022D	101,545,000	90,100,000	2036
Series 2022E	20,225,000	20,225,000	2039
Series 2022F	40,985,000	40,985,000	2042
Series 2023A	248,010,000	231,285,000	2048
Series 2023B	46,875,000	42,420,000	2038
Series 2025A	1,308,460,000	1,308,460,000	2055
Series 2025B	123,215,000	123,215,000	2055
Series 2025C	167,650,000	167,650,000	2045
Series 2025D	971,325,000	971,325,000	2051
Series 2025E	285,085,000	285,085,000	2055
Series 2025F	74,800,000	74,800,000	2035
Total Subordinate Bonds	$10,141,980,000	$9,202,110,000	
Subordinate Commercial Paper Notes			
Series A[(1)]	–[(4)]	$0	Various[(5)]
Series B[(2)]	–[(4)]	0	Various[(5)]
Series C[(3)]	–[(4)]	0	Various[(5)]
Total Subordinate Commercial Paper Notes	–[(4)]	0	
Total Subordinate Revolving Obligations[(6)]		$0	December 3, 2027
Total Outstanding Subordinate Bonds and, Subordinate Commercial Paper Notes	–	$9,202,110,000	

Notes on following page.

[1] The Subordinate Commercial Paper Notes Series A (Governmental – Non AMT) may be issued in various Subseries designated Subseries A-1 through A-3.
[2] The Subordinate Commercial Paper Notes Series B (Private Activity - AMT) may be issued in various Subseries designated Subseries B-1 through B-3.
[3] The Subordinate Commercial Paper Notes Series C (Federally Taxable) may be issued in various Subseries designated Subseries C-1 through C-3.
[4] Original Principal Amount of Subordinate Commercial Paper Notes varies.
[5] The Subordinate Commercial Paper Notes have rolling maturities of 270 days or less.
[6] On December 5, 2024, the Department entered into a Revolving Credit Agreement with Wells Fargo Municipal Capital Strategies, LLC, pursuant to which the Department can issue and have outstanding, from time to time, up to $500,000,000 in aggregate principal amount of Subordinate Revolving Obligations. The Subordinate Revolving Obligations can be issued as Non-AMT, AMT and Taxable Subordinate Revolving Obligations. The Revolving Credit Agreement has a stated expiration date of December 3, 2027.

Source: Department of Airports of the City of Los Angeles

Debt Service Requirements (Senior Bonds and Subordinate Bonds)

The following table sets forth the debt service requirements on all outstanding Senior Bonds and Subordinate Bonds.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
SENIOR BONDS AND SUBORDINATE BONDS
DEBT SERVICE REQUIREMENTS[1][2]

Fiscal Year	Total Debt Service on Senior Bonds	Total Debt Service on Subordinate Bonds	Total Debt Service on Senior and Subordinate Bonds
2026	$249,745,829	$686,998,668	$936,744,498
2027	254,812,829	703,439,340	958,252,169
2028	242,792,079	721,952,503	964,744,582
2029	256,028,329	703,176,601	959,204,931
2030	260,700,579	698,447,551	959,148,130
2031	260,931,579	684,386,400	945,317,979
2032	261,267,079	664,962,160	926,229,239
2033	261,605,329	693,925,482	955,530,811
2034	261,783,579	694,486,064	956,269,644
2035	268,361,329	693,162,177	961,523,506
2036	259,544,603	678,958,148	938,502,751
2037	259,810,513	652,209,311	912,019,824
2038	260,091,191	632,722,227	892,813,418
2039	277,288,350	594,015,027	871,303,377
2040	312,251,475	601,550,582	913,802,057
2041	116,068,650	638,138,071	754,206,721
2042	112,215,050	601,684,814	713,899,864
2043	148,462,000	582,415,354	730,877,354
2044	148,452,500	556,031,003	704,483,503
2045	148,458,425	529,919,542	678,377,967
2046	148,458,550	510,403,964	658,862,514
2047	148,468,500	466,558,758	615,027,258
2048	51,851,400	441,414,661	493,266,061
2049	25,112,050	334,820,708	359,932,758
2050	25,116,700	216,261,616	241,378,316
2051	5,226,000	259,131,986	264,357,986
2052	5,229,000	137,001,500	142,230,500
2053		109,234,963	109,234,963
2054		108,906,125	108,906,125
2055		108,582,225	108,582,225
Total	$5,030,133,500	$15,704,897,533	$20,735,031,033

(1) Totals may not add due to individual rounding.
(2) Debt service on the Subordinate Commercial Paper Notes (which may be outstanding from time to time up to $500 million aggregate principal amount) and payment obligations under the CP Reimbursement Agreements , and debt service on the Subordinate Revolving Obligations (which may be outstanding from time to time up to $500 million aggregate principal amount) are not reflected in this table.

Source: Department of Airports of the City of Los Angeles

Air Carriers Service LAX

The following table sets forth the air carriers serving LAX as of December 1, 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
AIR CARRIERS SERVING LAX*
AS OF DECEMBER 1, 2025

U.S. Flag Airlines (15)	Foreign Flag airlines (55)		Non-Scheduled Carriers (8)	All-Cargo Carriers (49)
Network Airlines	***Asia***	***Europe***	Ameristar Air Cargo	21 Air
Alaska Airlines	Air China	Aer Lingus	Antonov Airlines	ABX Air Inc.
American Airlines	Air Premia	Air France	CAL Cargo Airlines	AeroLogic GmbH
Delta Air Lines	All Nippon Airways	Austrian Airlines	Clay Lacy Aviation	Aero Micronesia
Hawaiian Airlines	Asiana Airlines	British Airways	DHL Air Ltd	Aerotransporte De Carga Union
United Airlines	Cathay Pacific Airways	Condor	Ethiopian Airlines	Aerotransportes Mas De Carga
	China Airlines	Finnair	Kalitta Charters	Air Atlanta Icelandic
Regional Airlines	China Eastern Airlines	French Bee	Omni Air	Air China Cargo
Horizon Air[1]	China Southern Airlines	Iberia		Air Transport International
SkyWest[2]	EVA Airways	ITA Airways		Air Zeta
Southern Airways Express	Japan Airlines Co.	KLM		All Nippon Airways
	Korean Air Lines	LEVEL		Ameriflight
Low-Cost Airlines	Philippine Airlines	LOT		Amerijet
Allegiant Air	Sichuan Airlines	Lufthansa		Atlas Air Cargo
Breeze	Singapore Airlines	Norse		Awesome Cargo
Frontier	Starlux Airlines	SAS		CargoJet Airways
JetBlue Airways	Xiamen Airlines	SWISS		Cargolux
Southwest Airlines	ZIPAIR	TAP		Cathay Pacific Cargo
Spirit Airlines[3]		Virgin Atlantic Airways		China Airlines Cargo
Sun Country	***South Pacific***			China Cargo Airlines
	Air New Zealand	***Middle East/Africa***		China Eastern Airlines
	Air Tahiti Nui	El Al Israel		China Southern Cargo
	Fiji Airways	Emirates		European Air Transport Leipzig
	Qantas Airways	Qatar Airways		Eva Airways Cargo
		Saudi Arabia Airlines		FedEx
	Latin America	Turkish Airlines		Galistair Trading Ltd
	Avianca Airlines[4]			GlobalX
	Cayman Airways	***Mexico***		Gridiron Air
	Copa	Aeroméxico		Hi Fly Ltd.
	LATAM Airlines[5]	VivaAerobus		Kalitta Air LLC
		Volaris[6]		Korean Airlines Cargo
				LATAM Cargo Chile
		Canada		LATAM Cargo Colombia
		Air Canada[8]		LATAM Cargo Ecuador
		Flair Airlines		Maleth Aero
		Porter		National Air Cargo Group
		WestJet		Nippon Cargo
				Northern Air Cargo
				Polar Air Cargo
				Qantas Airways Cargo
				Qatar Airways Cargo
				SF Airlines Co. Ltd.
				Silk Way West
				Singapore Airlines Cargo
				Sky Lease
				Tampa Cargo
				United Parcel Service
				USA Jet Airlines
				Western Global Airlines

Note: Airlines providing scheduled service are shown.
(1) Horizon Airlines flies for Alaska Airlines.
(2) SkyWest Airlines flies for Alaska Airlines, American Airlines, Delta Air Lines and United Airlines.
(3) In September 2024, Alaska Airlines has acquired Hawaiian Airlines
(4) Avianca Airlines includes Avianca Costa Rica and Avianca El Salvador.
(5) Includes LATAM Peru and LATAM Brasil
(6) Includes Volaris Costa Rica and Volaris El Salvador.
(7) Includes Jazz Air.
Source: Department of Airports of the City of Los Angeles.

Air Traffic Data

The following table presents historical total revenue operations (landings and takeoffs) and total domestic and international enplanements and deplanements at LAX for Fiscal Years 2021 through 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
AIR TRAFFIC DATA*

	Revenue Operations		Enplanements and Deplanements					
Fiscal Year	**Total Operations**	**Operations Growth**	**Domestic(1)**	**Domestic Growth**	**International(1)**	**International Growth**	**Total(1)**	**Total Passenger Growth**
2021	366,879	(30.4)	24,688,871	(44.9)	4,361,760	(75.7)	29,050,631	(53.7)
2022	529,477	44.3	48,485,050	96.4	12,203,194	179.8	60,688,244	108.9
2023	525,237	(0.8)	51,079,280	5.4	19,841,170	62.6	70,920,450	16.9
2024	548,690	4.5	52,895,885	3.6	23,663,156	19.3	76,559,041	8.0
2025	549,208	0.9	51,406,112	(2.8)	23,806,584	0.6	75,212,696	(1.8)

* Data in the table represents most recent data available to the Department, and may differ from amounts reported in the Department's audited financial reports due to updates provided by the airlines since the preparation of the audited financial reports.
(1) Enplaned and deplaned passengers.
Source: Department of Airports of the City of Los Angeles

[Remainder of page intentionally left blank]

Enplanements and Market Share

Enplanements at LAX for the air carriers with the largest share of enplanements at LAX for Fiscal Years 2021 through 2025 are shown in the table below.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL TOTAL ENPLANEMENTS BY AIRLINE*[1]
(RANKED BY FISCAL YEAR 2025 RESULTS)

		Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023		Fiscal Year 2024		Fiscal Year 2025	
	Airline	Enplanements	Share(%)	Enplanements	Share(%)	Enplanements	Share(%)	Enplanements	Share(%)	Enplanements	Share(%)
1	Delta Air Lines[2]**	3,220,176	22.1	6,180,455	20.4	6,818,564	19.2	7,574,865	19.7	7,111,184	18.9
2	United Airlines[4]†	2,170,164	14.9	4,930,724	16.3	5,484,481	15.4	5,782,680	15.1	5,903,867	15.7
3	American Airlines[3]‡	2,947,274	20.2	5,809,233	19.2	5,563,124	15.7	5,798,281	15.1	5,713,207	15.2
4	Southwest Airlines	1,523,531	10.4	3,036,261	10	3,381,599	9.5	3,500,144	9.1	3,144,905	8.3
5	Alaska Airlines‡	1,254,373	8.6	2,329,911	7.7	2,350,115	6.6	2,419,481	6.3	2,538,928	6.7
6	Spirit Airlines	935,538	6.4	1,410,893	4.7	1,758,879	5	1,842,525	4.8	1,535,541	4.1
7	JetBlue	675,008	4.6	1,467,999	4.9	1,668,362	4.7	1,647,835	4.3	1,113,533	3
8	Frontier Airlines	186,000	1.3	14,569	0	0	0	63,191	0.2	720,800	1.9
9	Air Canada†	30,694	0.2	356,730	1.2	663,967	1.9	691,092	1.8	616,278	1.6
10	Hawaiian Airlines	173,243	1.2	489,805	1.6	494,956	1.4	505,532	1.3	542,683	1.4
11	Volaris	224,740	1.5	413,784	1.4	481,135	1.4	572,603	1.5	539,509	1.4
12	Air France**	45,401	0.3	236,214	0.8	365,300	1	368,806	1	359,972	1
13	Westjet	6,894	0	136,891	0.5	325,714	0.9	362,589	0.9	350,830	0.9
14	Aerovias De Mexico**	110,998	0.8	290,299	1	287,967	0.8	306,551	0.8	314,803	0.8
15	British Airways‡	22,074	0.2	150,691	0.5	246,431	0.7	278,855	0.7	297,809	0.8
16	Qantas Airways‡	394	0	88,782	0.3	264,553	0.7	285,103	0.7	290,799	0.8
17	Asiana Airlines†	37,858	0.3	86,277	0.3	241,001	0.7	271,694	0.7	288,233	0.8
18	Lufthansa Airlines†	51,415	0.4	183,249	0.6	246,708	0.7	279,937	0.7	286,711	0.8
19	Eva Airways†	18,953	0.1	21,454	0.1	209,459	0.6	314,139	0.8	276,045	0.7
20	Korean Airlines**	44,591	0.3	100,337	0.3	221,752	0.6	257,725	0.7	254,200	0.7
21	Cathay Pacific‡	12,157	0.1	11,970	0	120,135	0.3	190,344	0.5	230,695	0.6
	Other	902,315	6.2	2,521,284	8.3	4,331,148	12.2	5,046,633	13.2	5,242,037	13.9
	Airport Total[5]	14,593,791	100.0	30,267,812	100.0	35,525,350	100.0	38,360,605	100.0	37,672,569	100.0

* Data in the table represents most recent data available to the Department, and may differ from amounts reported in the Department's audited financial reports due to updates provided by the airlines since the preparation of the audited financial reports.

** Member of SkyTeam Alliance.

† Member of Star Alliance.

‡ Member of oneworld Alliance.

(1) For those airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activity for the airlines that are now a part of the surviving airline are included in the information presented (including in years prior to the such merger or acquisition).

(2) Includes SkyWest and Compass Airlines as Delta.

(3) Includes SkyWest, Envoy, American Eagle and Compass Airlines as American Airlines.

(4) Includes SkyWest Airlines as United.

(5) Totals may not add due to rounding.

Source: Department of Airports of the City of Los Angeles.

Revenue Landed Weight

The following table presents the total revenue landed weight for the air carriers with the largest share of revenue landed weight at LAX for Fiscal Years 2021 through 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOTAL REVENUE LANDED WEIGHT*[(1)]
(RANKED BY FISCAL YEAR 2025 RESULTS)
(000 LBS.)

		Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023		Fiscal Year 2024		Fiscal Year 2025	
	Airline	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)	Revenue Landed Weight	Share(%)
1	Delta Airlines(3)**	5,806,830	14.5	7,385,362	13.6	8,054,208	14.6	8,953,965	15.3	8,712,497	15.1
2	United Airlines(4)†	3,919,964	9.8	6,266,391	11.5	6,694,077	12.1	7,275,133	12.5	7,875,585	13.6
3	American Airlines(2)‡	4,934,991	12.3	7,474,554	13.8	6,886,272	12.5	7,269,352	12.5	6,975,457	12.1
4	Southwest Airlines	2,334,760	5.8	3,446,636	6.3	3,777,663	6.8	3,910,851	6.7	3,531,058	6.1
5	Alaska Airlines‡	2,088,492	5.2	2,682,983	4.9	2,554,758	4.6	2,608,506	4.5	2,851,600	4.9
6	Spirit Airlines	1,061,726	2.7	1,498,518	2.8	1,794,988	3.3	1,835,675	3.1	1,538,121	2.7
7	JetBlue Airways	1,068,766	2.7	1,855,096	3.4	1,991,764	3.6	1,979,522	3.4	1,336,785	2.3
8	Korean Airlines**	1,042,454	2.6	1,299,861	2.4	1,072,854	1.9	1,178,234	2	1,123,228	1.9
9	Federal Express	1,934,455	4.8	1,807,874	3.3	1,538,487	2.8	1,342,969	2.3	1,105,845	1.9
10	Asiana Airlines†	656,404	1.6	769,104	1.4	711,094	1.3	777,810	1.3	831,770	1.4
11	China Southern Airlines	524,965	1.3	538,844	1	520,400	0.9	770,220	1.3	791,469	1.4
12	Hawaiian Airlines	439,602	1.1	747,194	1.4	734,463	1.3	732,240	1.3	780,038	1.4
13	Eva Airways†	692,457	1.7	652,516	1.2	628,765	1.1	770,421	1.3	779,747	1.4
14	Air Canada†	130,721	0.3	477,588	0.9	794,874	1.4	811,872	1.4	720,179	1.2
15	Singapore Airlines†	200,010	0.5	433,022	0.8	636,130	1.2	667,669	1.1	708,551	1.2
16	Cathay Pacific‡	473,118	1.2	502,058	0.9	515,796	0.9	592,525	1	694,633	1.2
17	Air France**	246,287	0.6	507,968	0.9	694,260	1.3	685,816	1.2	687,502	1.2
18	Qantas Airways‡	132,851	0.3	430,994	0.8	650,906	1.2	730,652	1.3	680,824	1.2
19	British Airways‡	167,805	0.4	424,792	0.8	554,995	1	622,095	1.1	673,406	1.2
20	Kalitta Air	1,812,510	4.5	1,674,556	3.1	1,075,198	1.9	829,878	1.4	672,485	1.2
	Other	10,385,825	25.9	13,429,026	24.7	13,292,271	24.1	13,993,732	24.0	14,665,724	25.4
	Airport Total[(6)]	40,054,993	100.0	54,304,937	100.0	55,174,223	100.0	58,339,137	100.0	57,736,504	100.0

* Data in the table represents most recent data available to the Department, and may differ from amounts reported in the Department's audited financial reports due to updates provided by the airlines since the preparation of the audited financial reports.

** Member of SkyTeam Alliance.

† Member of Star Alliance.

‡ Member of oneworld Alliance.

(1) For those airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activity for the airlines that are now a part of the surviving airline are included in the information presented (including in years prior to the such merger or acquisition).

(2) Includes SkyWest, Envoy, American Eagle and Compass Airlines as American Airlines.

(3) Includes SkyWest and Compass Airlines as Delta.

(4) Includes SkyWest Airlines as United.

(5) Totals may not add due to rounding.

Source: Department of Airports of the City of Los Angeles.

Cargo Traffic

The following table presents enplaned and deplaned cargo at LAX for the previous ten Fiscal Years.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
ENPLANED AND DEPLANED CARGO*
(US TONS = 2,000 lbs.)

Fiscal Year	Domestic Cargo	Annual Growth (%)	International Cargo	Annual Growth (%)	Total Cargo	Annual Growth (%)
2021	1,054,890	23.3	1,762,420	23.3	2,817,310	23.3
2022	1,086,110	3.0	1,869,319	6.1	2,955,430	4.9
2023	888,728	(18.2)	1,593,954	(14.7)	2,482,681	(16.0)
2024	840,477	(5.4)	1,546,496	(3.0)	2,386,973	(3.9)
2025	742,810	(11.7)	1,554,750	0.5	2,297,560	(3.8)

* Data in the table represents most recent data available to the Department, and may differ from amounts reported in the Department's audited financial reports due to updates provided by the airlines since the preparation of the audited financial reports.

Source: Department of Airports of the City of Los Angeles.

[Remainder of page intentionally left blank]

Summary of Operating Statements

The following table summarizes the financial results from operations for LAX for Fiscal Years 2021 through 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL OPERATING STATEMENTS
(Dollars in Thousands)[1]

	2021	2022 (Restated)[2]	2023	2024	2025
Operating revenues:					
Aviation revenue					
Landing fees (net)	$ 164,693	$ 250,171	$ 328,099	$ 344,334	$ 368,616
Building rentals	599,974	641,360	815,490	919,155	1,021,785
Other aviation revenue[3]	116,277	117,630	126,736	138,975	132,680
Concession revenue	161,185	366,312	447,478	512,393	510,974
Airport sales and services	3,737	6,011	6,650	9,607	11,335
Other operating revenue	910	962	2,804	2,062	2,085
Total operating revenue	$ 1,046,776	$ 1,382,446	$ 1,727,257	$ 1,926,526	$ 2,047,475
Operating expenses:					
Salaries and benefits	$ 484,581	$ 358,445	$ 435,105	$ 484,046	$ 515,327
Contractual services	181,815	250,716	275,150	301,357	340,257
Administrative expense	(225)	1,862	2,142	2,757	3,558
Materials and supplies	42,191	40,923	42,044	56,738	67,045
Utilities	39,007	48,985	58,879	62,180	69,150
Advertising and public relations	948	1,364	1,098	2,492	1,667
Other operating expenses	10,437[4]	14,344	17,966[4]	30,418[4]	22,535[4]
Total operating expenses before depreciation and amortization	$ 758,754	$ 716,639	$ 832,384	$ 939,988	$ 1,019,539
Income from operations before depreciation and amortization	$ 288,022	$ 665,807	$ 894,873	$ 986,538	$ 1,027,936
Depreciation and amortization	(451,888)	(629,021)	(689,766)	(757,632)	(794,059)
Operating Income	$ (163,866)	$ 36,786	$ 205,107	$ 228,906	$ 233,877
Non-Operating revenues/(expenses):					
Passenger facility charges	$ 68,748	$ 124,856	$ 144,322	$ 151,506	$ 148,938
Customer facility charges	32,606	60,991	66,518	70,732	70,228
Interest income	38,008	33,378	130,635	156,954	128,872
Change in fair value of Investments	(35,706)	(105,454)	(47,732)	30,032	58,221
Other non-operating revenue	10,265	10,722	22,123	9,704	7,056
Interest expense	(313,797)	(361,110)	(426,326)	(461,543)	(481,903)
Bond expense	(6,210)	(8,419)	(4,945)	(175)	(14,941)
Other non-operating expenses	(2,467)	(35)	(68,512)	(11,418)	(21,159)
Net non-operating revenues/(expenses)	$ (208,553)	$ (245,071)	$ (183,917)	$ (54,208)	$ (104,688)
Income before capital grants, and inter-agency transfers	$ (372,419)	$ (208,285)	$ 21,190	$ 174,698	$ 129,189
Federal grants	313,032[5]	31,864	387,533[6]	127,534[7]	196,726[7]
Change in net position	$ (59,387)	$ (176,421)	$ 408,723	$ 302,232	$ 325,915
Net position, beginning of period	$ 5,802,411	$ 5,743,024	$ 5,566,603	$ 5,975,326	$ 6,277,558
Change in accounting principle and removal of net pension obligation	–				
Net position, end of period	$ 5,743,024	$ 5,566,603	$ 5,975,326	$ 6,277,558	$ 6,603,473

Footnotes are on the following page.

(1) Totals may not add due to rounding.
(2) Fiscal Year 2022 financial results have been restated in connection with the adoption of Government Accounting Standards Board Statement No. 96 – SBITA.
(3) Includes reimbursement of security-related expenses; TSA revenue pertaining to law enforcement officers and canines presented in non-operating revenue.
(4) Net of VNY reliever airport fee of approximately $1.7 million, $3.3 million, $0.8 million and $1.3 million for Fiscal Years 2025, 2024, 2023 and 2021, respectively.
(5) Fiscal Year 2021 includes CARES Act funds.
(6) Fiscal Year 2023 includes CRRSAA and ARPA funds.
(7) Fiscal Years 2025 and 2024 include ARPA funds.

Source: Department of Airports of the City of Los Angeles.

[Remainder of page intentionally left blank]

Top Revenue Providers and Sources

The following tables set forth the top ten revenue providers at LAX for Fiscal Year 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOP TEN REVENUE PROVIDERS
FISCAL YEAR 2025
(Dollars in Thousands)(1)(2)

	Provider	Revenue
1.	Delta Air Lines*	$242,635
2.	American Airlines‡(3)	222,466
3.	United Airlines†	218,499
4.	Southwest Airlines	91,943
5.	Alaska Airlines‡	71,687
6.	DFS Group	58,111
7.	URW Airports LLC	52,409
8.	Spirit Airlines	48,907
9.	JetBlue Airways	39,577
10.	JCDecaux Airport Inc	38,419

* Member of SkyTeam Alliance.
† Member of Star Alliance.
‡ Member of oneworld Alliance.
(1) Excludes revenue from the federal government. The amounts in this table reflect those amounts billed by the Department to the applicable revenue providers as of June 30, 2025. Excludes rental credits, if any.
(2) For airlines that (i) were party to a completed merger or acquisition, (ii) have received a single FAA certificate and (iii) have completed operational integration, only the surviving entity is presented and the activities for the airlines that are now a part of the surviving airline are included in the information presented.
(3) Includes Envoy, SkyWest and Compass Airlines as American Airlines.
Source: Department of Airports of the City of Los Angeles.

[Remainder of page intentionally left blank]

The following table sets forth top ten revenue sources at LAX for Fiscal Year 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
TOP TEN REVENUE SOURCES
FISCAL YEAR 2025[1]
(Dollars in Thousands)

	Source	Revenue
1.	Terminal Rentals	$935,314
2.	Landing Fees	368,616
3.	Auto Parking	161,043
4.	Land Rentals[2]	117,788
5.	Other Building Rentals[3]	86,471
6.	Rental Cars[4]	85,882
7.	Food, Beverage, Gift, News and Terminal Commercial Managers	79,844
8.	Duty Free Sales	59,929
9.	Advertising	39,424
10.	Transportation Network Companies	35,970

(1) The amounts in this table reflect those amounts received by the Department from the applicable revenue sources as of June 30, 2025.
(2) Consists primarily of rental revenue derived from the ancillary land facilities at LAX.
(3) Consists primarily of rental revenue derived from cargo, maintenance and other building facilities at LAX.
(4) Excludes Customer Facility Charges which are not included in Pledged Revenues. See "USE OF AIRPORT FACILITIES - Concession and Parking Agreements."
Source: Department of Airports of the City of Los Angeles.

[Remainder of page intentionally left blank]

Debt Service Coverage

The following table shows historical debt service coverage on the Senior Bonds and the Subordinate Bonds for Fiscal Years 2021 through 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL DEBT SERVICE COVERAGE
FISCAL YEARS 2021-2025
(Dollars in Thousands)

	2021	2022 (Restated)[8]	2023	2024	2025
Pledged Revenues[1]					
Total Operating Revenues	$ 1,045,520	$ 1,382,446	$ 1,726,421	$ 1,923,183	$ 2,047,475
Interest Income[2]	3,926	(69,353)	26,554	109,904	157,272
Build America Bonds Subsidy[3]	7,158	7,085	6,512	6,460	6,269
Non-Operating TSA Revenue	2,744	2,991	3,072	2,492	-
Total Pledged Revenues	$ 1,059,348	$1,323,169	$ 1,762,559	$ 2,042,039	$ 2,211,016
LAX Maintenance and Operation Expenses[4]	(448,831)	(768,847)	(671,224)	(939,839)	(1,049,405)
Net Pledged Revenues[5]	$ 610,517	$ 554,322	$ 1,091,335	$ 1,102,200	$ 1,161,611
Senior Bond Aggregate Annual Debt Service[6]	$ 52,052	$ 81,435	$ 131,700	$ 138,667	$ 147,971
Senior Bond Debt Service Coverage Ratio	11.73x	6.81x	8.29x	7.95x	7.85x
Subordinate Obligations Debt Service[7]	$ 117,297	$ 149,624	$ 224,207	$ 286,936	$ 324,731
Subordinate Obligations Debt Service Coverage Ratio	4.76x	3.16x	4.28x	3.36x	3.12x
Total Debt Service Coverage Ratio	3.61x	2.40x	3.07x	2.59x	2.46x

(1) As defined in the Senior Indenture.
(2) Excludes interest income from PFC revenues, Customer Facility Charges and construction funds.
(3) Represents cash subsidy payments from the United States Treasury received in connection with the Series 2009C Bonds and the Series 2010C Bonds.
(4) As defined in the Senior Indenture. Excludes depreciation and expenses of LAX payable from sources other than Pledged Revenues. Deducted from Maintenance and Operation expenses are net non-cash pension and OPEB expenses of $59.4 million, $(60.7) million, $(4.8) million, $(3.2) million and $(31.6) million in Fiscal Years 2021, 2022, 2023, 2024 and 2025, respectively. CARES Act grant money in the amount of approximately $9.7 million and $249.3 million was applied to LAX Maintenance and Operation Expenses in Fiscal Years 2020 and 2021. CRRSAA grant of $8.5 million and $29.1 million in Fiscal Years 2022 and 2023 and ARPA grant of $136.0 million in Fiscal Year 2023 were applied to LAX Maintenance and Operation Expenses.
(5) As defined in the Senior Indenture. Equals Pledged Revenues less LAX Maintenance and Operation Expenses.
(6) Net of approximately $69.0 million, $30.7 million, $37.7 million, $61.3 million and $83.1 million of PFC revenues used in Fiscal Years 2021, 2022, 2023, 2024 and 2025, respectively; and approximately $10.5 million of CARES Act Grant in Fiscal Year 2021 to pay debt service on Senior Bonds. Presentations of the use of PFC revenues to pay debt service on Senior Bonds in this table differ from those in the audited financial statements of the Department due to differences in accounting practices. Also excludes capitalized interest and net of debt service on the Senior Bonds paid with funds other than Pledged Revenues, including proceeds of Senior and Subordinate Bonds issued in Fiscal Years 2022 and 2023.
(7) Net of approximately $4.5 million, $66.8 million, $92.2 million, $68.9 million and $78.3 million of PFC revenues in Fiscal Years 2021, 2022, 2023, 2024 and 2025; approximately $42.8 million and $11.4 million of CARES Act grant money used in Fiscal Years 2020 and 2021, to pay debt service on Subordinate Bonds; approximately $2.5 million of CRRSAA grant used in Fiscal Year 2021 and approximately $3.6 million, $7.8 million and $2.4 million of ARPA grant money used in Fiscal Years 2021, 2022 and 2023, respectively, to pay debt service on Subordinate Bonds. Also excludes capitalized interest and net of debt service on the Subordinate Bonds paid with funds other than Pledged Revenues, including proceeds of Senior and Subordinate Bonds issued in Fiscal Years 2022 and 2023. Includes actual debt service with respect to the Commercial Paper Notes.
(8) Fiscal Year 2022 financial results have been restated in connection with the adoption of Government Accounting Standards Board Statement No. 96 – SBITA.

Source: Department of Airports of the City of Los Angeles.

Investment Practices of the City Treasurer

All moneys held in the Airport Revenue Fund are currently invested by the City Treasurer in investments authorized by State law. The City Treasurer invests temporarily idle cash for the City, including that of the Department, as part of a pooled investment program (the "Pool") which combines general receipts with special funds for investment purposes and allocates interest earnings on a pro rata basis when the interest is earned and distributes interest receipts based on the previously established allocations. Below is a summary of assets of the Pool as of June 30, 2025.

CITY OF LOS ANGELES POOLED INVESTMENT FUND[1]
ASSETS AS OF JUNE 30, 2025
(Dollars in Millions)

Description	*Market Value[2]*	*% of Total*	*Department Market Value[3]*	*LAX Market Value[4]*
Short-Term Core Portfolio				
Commercial Paper	$ 2,460	15.56%	$ 398	$ 396
U.S. Treasuries	1,875	11.85	303	302
Bank Deposits	287	1.81	46	46
Negotiable Certificate of Deposits	-	-	-	-
Corporate Notes	519	3.28	84	83
U.S. Federal Agencies/Munic/Supras	752	4.75	122	121
Total Short-Term Core Portfolio:	$ 5,893	37.25%	$ 953	$ 948
Long-Term Reserve Portfolio				
U.S. Treasuries	$ 8,017	50.68%	$ 1,298	$ 1,290
Corporate Notes	1,364	8.62	221	220
U.S. Federal Agencies/Munic/Supras	497	3.14	81	80
Asset-Backed Securities	49	0.31	8	8
Total Long-Term Reserve Portfolio	$ 9,927	62.75%	$ 1,608	$ 1,598
Total Cash & Pooled Investments	$ 15,820	100.00%	$ 2,561	$ 2,546

(1) Derived from unaudited financial statements; based on General Portfolio Asset Holdings provided by the Office of Finance.
(2) Total amount held by the City in the Pool, including the funds of other departments.
(3) The Department's share of the Pool, including restricted assets; allocated by Financial Reporting Division of the Department.
(4) Inclusive of restricted cash; fund not segregated from other funds in the Pool; allocated by Financial Reporting Division of the Department.

Source: Office of Finance, City of Los Angeles and Department of Airports of the City of Los Angeles, California.

Rental Car Operations at the Airport

The following table sets forth the market share of the rental car companies for Fiscal Year 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
MARKET SHARE OF RENTAL CAR BRANDS
FISCAL YEAR 2025

Corporate Entity	Rental Car Brands	Fiscal Year 2025 Share by Gross Revenues
Enterprise Holdings, Inc.	Enterprise, Alamo and National	33.1%
Avis Budget Group, Inc.	Avis, Budget and Zipcar	25.5
Hertz Global Holdings, Inc.	Hertz, Dollar and Thrifty	26.9
Others	Fox, Europcar, and Sixt	14.5

Note: Totals may not total to 100.0% due to rounding.
Source: Department of Airports of the City of Los Angeles

[Remainder of page intentionally left blank]

Historical Rental Car Demand and CFC Collections at LAX

The following table sets forth number of deplaned destination passengers, total rental car transactions, average transaction days, total rental car transaction days and total CFCs received by the Department in Fiscal Years 2021 through 2025.

DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
HISTORICAL RENTAL CAR DEMAND AND CFC COLLECTIONS
FISCAL YEARS 2021-2025

Fiscal Year	Deplaned Destination Passengers(1)(2)	Total Rental Car Transactions(2)	Average Transaction Days(3)	Total Rental Car Transaction Days(3)	Total CFCs Received by the Department(2)(4)(5)
2021	12,414,089	1,070,743	3.370	3,608,096	$32,606,000
2022	25,778,275	1,933,566	3.506	6,778,177	60,991,000
2023	30,060,779	2,123,378	3.480	7,389,717	66,518,000
2024	32,546,411	2,248,996	3.494	7,857,459	70,732,000
2025	31,954,703	2,237,310	3.488	7,803,045	70,227,000

(1) Deplaned Destination Passengers is equal to:
[Total Deplaned Passengers x [Percent of Enplaned Passengers that are O&D Passengers].

(2) Source: Department of Airports of the City of Los Angeles.

(3) Source: Department of Airports of the City of Los Angeles and rental car company records.

(4) The Department began collecting CFCs at the Airport in July 2007. Between January 1, 2018 and September 1, 2019, the Department collected a CFC at a rate equal to $7.50 per rental car transaction day (limited to 5 transaction days per transaction). Beginning on September 1, 2019, the Department began collecting a CFC at a rate equal to $9.00 per rental car transaction day (limited to 5 transaction days per transaction).

(5) Does not include any interest earnings on the CFCs held by the Department.

[Remainder of page intentionally left blank]

Debt Service Coverage on the Series 2022A CFC Bonds

The following table sets forth the CFC collections, interest earnings on the CFC Revenue Fund, the balance in the Rolling Coverage Fund, the debt service requirement for the Series 2022A CFC Bonds and the debt service coverage of the Series 2022A CFC Bonds for Fiscal Year 2025.

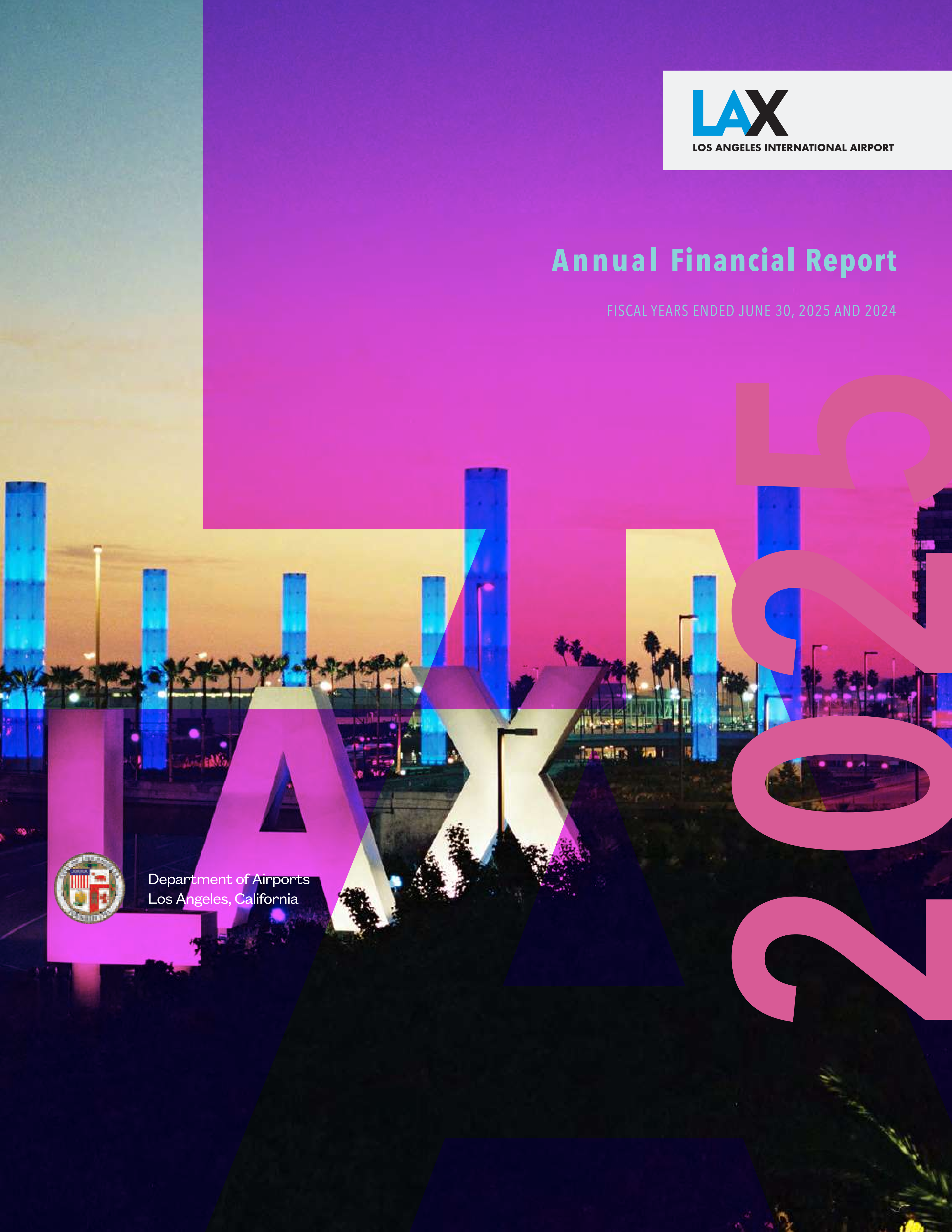
DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES
LOS ANGELES INTERNATIONAL AIRPORT
DEBT SERVICE COVERAGE ON THE SERIES 2022A CFC BONDS*
(Dollars in Thousands)

Fiscal Year	CFCs Collected	Interest Earnings[1]	Total CFCs Collected and Interest Earnings	Balance in Rolling Coverage Fund	Annual Debt Service Requirements for Series 2022A CFC Bonds	Annual Debt Service Coverage for Series 2022A CFC Bonds[2]	Maximum Annual Debt Service Requirement of Series 2022A CFC Bonds	Debt Service Coverage (Maximum Annual Debt Service of Series 2022A CFC Bonds)[3]
2023	$66,518	$10,118	$76,636	$10,531	$0[4]	N/A[4]	$40,734	2.14x
2024	70,732	13,860	84,592	11,095	19,229[4]	4.98x	40,734	2.35x
2025	70,227	8,556	78,783	11,623	21,975	4.11x	40,734	2.22x

* Shown as Table 8 in the Series 2022A CFC Official Statement.
(1) Includes earnings on investments in the CFC Revenue Fund.
(2) Calculated by dividing (a) the sum of Total CFCs Collected and Interest Earnings and Balance in Rolling Coverage fund, by (b) Annual Debt Service Requirements for Series 2022A CFC Bonds.
(3) Calculated by dividing (a) the sum of Total CFCs Collected and Interest Earnings and Balance in Rolling Coverage fund, by (b) Maximum Annual Debt Service Requirements of Series 2022A CFC Bonds.
(4) During Fiscal Years 2022 and 2023, all debt service on the Series 2022A CFC Bonds was paid with proceeds of the Series 2022A CFC Bonds (capitalized interest). In Fiscal Year 2024, $2,746,933.88 of debt service was paid from capitalized interest.)

AUDITED FINANCIAL STATEMENTS

A copy of the Los Angeles International Airport Annual Financial Report, Fiscal Years Ended June 30, 2025 and 2024, of the Department of Airports Los Angeles (the "Annual Financial Report") is filed with and hereby made part of this Report. Due to its date of publication, certain information in the Report may be more current than some of the information in the Annual Financial Report.



LAX
LOS ANGELES INTERNATIONAL AIRPORT

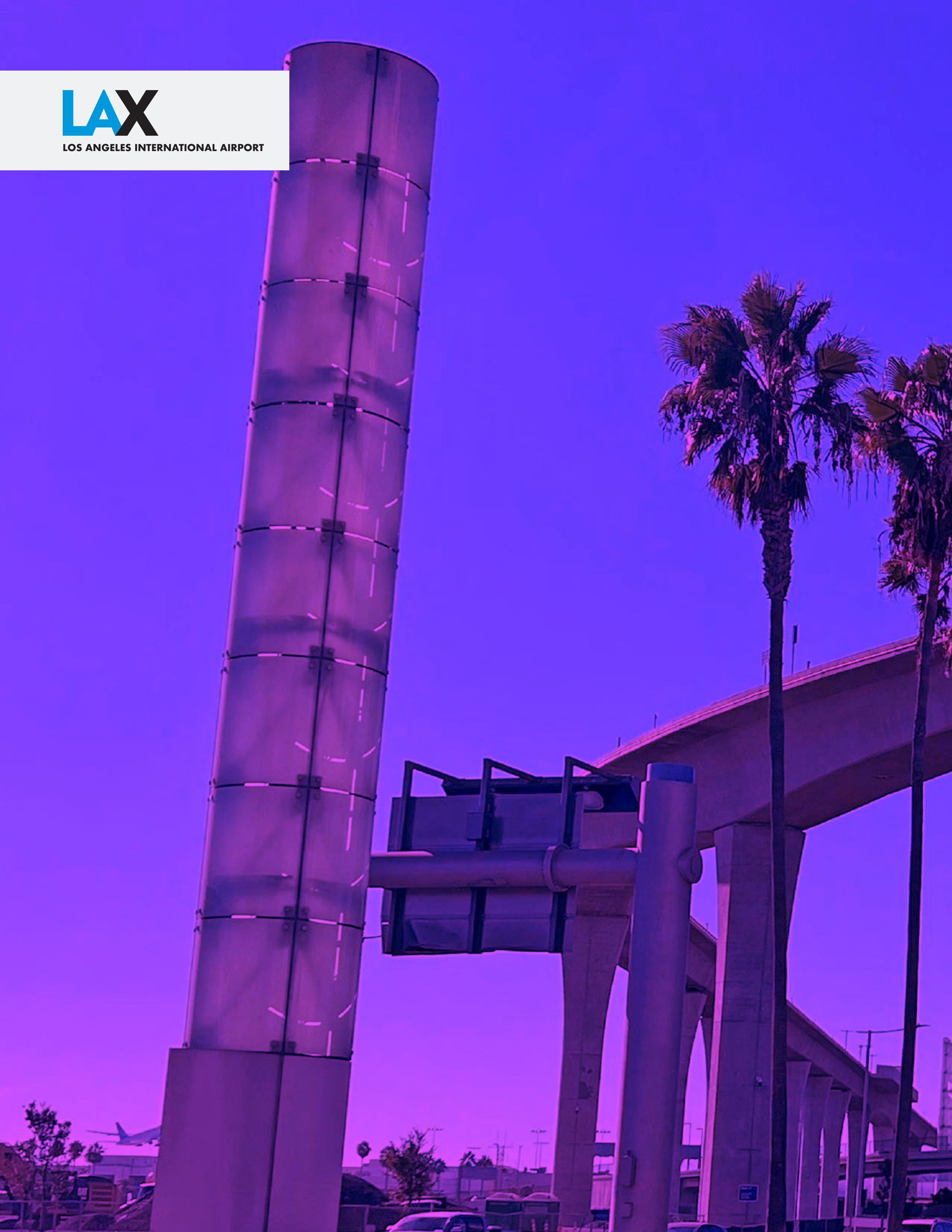
Annual Financial Report

FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

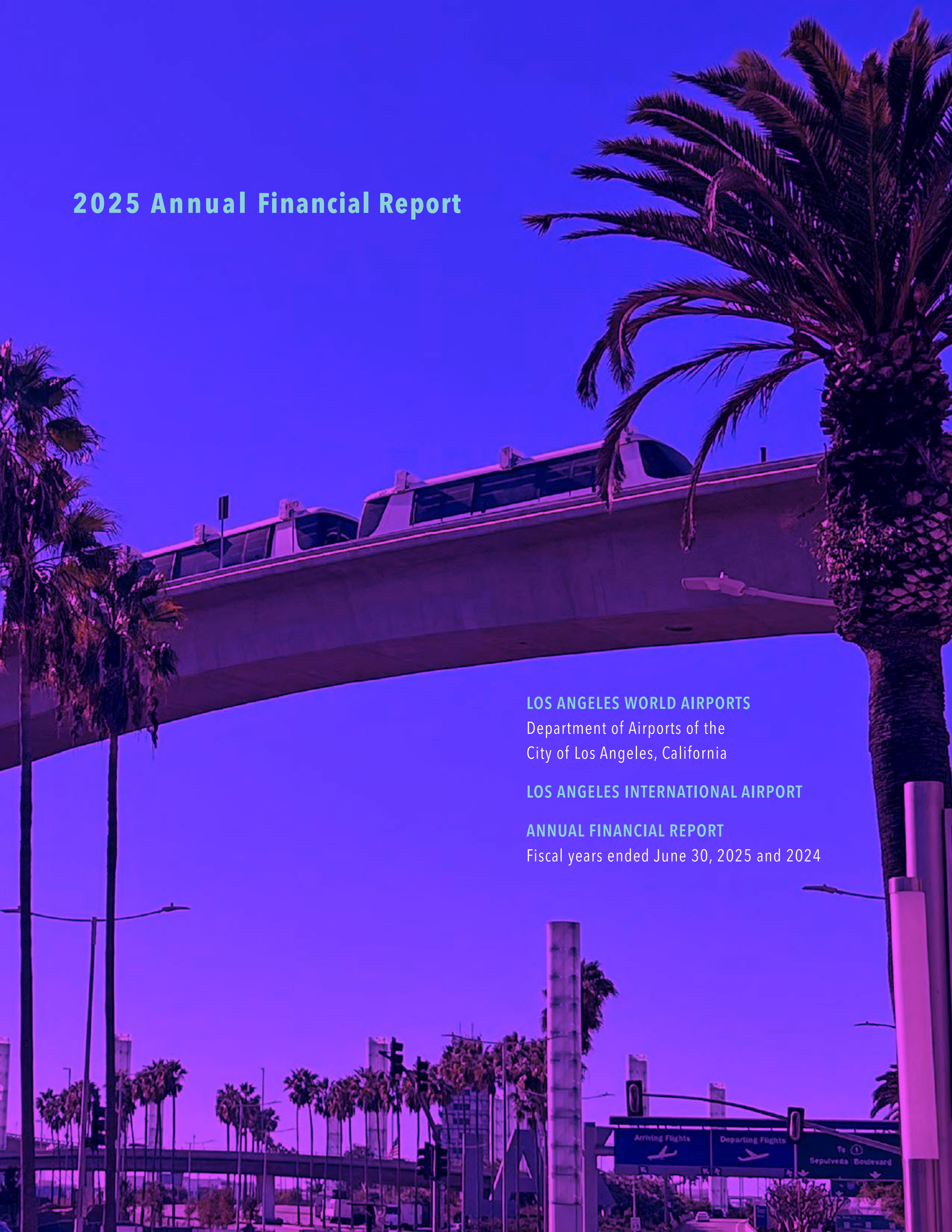
2025

Department of Airports
Los Angeles, California

LAX
LOS ANGELES INTERNATIONAL AIRPORT



2025 Annual Financial Report



LOS ANGELES WORLD AIRPORTS
Department of Airports of the
City of Los Angeles, California

LOS ANGELES INTERNATIONAL AIRPORT

ANNUAL FINANCIAL REPORT
Fiscal years ended June 30, 2025 and 2024

This page intentionally left blank.

LOS ANGELES INTERNATIONAL AIRPORT

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)
Los Angeles International Airport

Annual Financial Report
Fiscal years ended June 30, 2025 and 2024

Table of Contents

This page intentionally left blank.

Board of Airport Commissioners, Elected City Officials, and Los Angeles World Airports Executive Staff

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Commissioner

Courtney La Bau
Commissioner

Victor Narro
Commissioner

Nicholas P. Roxborough
Commissioner

Valeria C. Velasco
Commissioner

John Ackerman
Chief Executive Officer

CITY OF LOS ANGELES ELECTED OFFICIALS

Karen Bass, Mayor
Hydee Feldstein Soto, City Attorney
Kenneth Mejia, City Controller

CITY COUNCIL

Eunisses Hernandez, District 1	Imelda Padilla, District 6	Traci Park, District 11
Adrin Nazarian, District 2	Monica Rodriguez, District 7	John S. Lee, District 12
Bob Blumenfield, District 3	Marqueece Harris-Dawson, District 8	Hugo Soto Martinez, District 13
Nithya Raman, District 4	Curren D. Price, Jr., District 9	Ysabel J. Jurado, District 14
Katy Yaroslavsky, District 5	Heather Hutt, District 10	Tim McOsker, District 15

LOS ANGELES WORLD AIRPORTS EXECUTIVE STAFF

John Ackerman, Chief Executive Officer
Marla Bleavins, Chief Airport Administrative Officer
Michael R. Christensen, Chief Development Officer
Rebecca Doten, Chief Airport Affairs Officer & Chief of Staff
Ian Law, Chief Innovation and Experience Officer
Douglas G. Webster, Chief Airport Operations and Maintenance Officer
Brian Ostler, General Counsel
Vacant, Chief Financial Officer
Robert Lowe, Chief People & Culture Officer
Vacant, Deputy Executive Director, Commercial Development Group
Mark Frank, Deputy Executive Director, Sourcing & Economic Impact
Erin Trapp, Deputy Executive Director, Major Events and Strategy
Vanessa Rodriguez, Deputy Executive Director, External Affairs
Aura Moore, Chief Information Officer, Information, Management and Technology
David Reich, Deputy Executive Director, Mobility Planning and Strategy
Jacob Adams, Deputy Executive Director, Landside Access Modernization Program
Emery Molnar, Deputy Executive Director, Airport Development
Hans Thilenius, Deputy Executive Director, Terminal Development
Diego Alvarez Deputy Executive Director, Controls & Analytics
Crystal Lee, Deputy Executive Director, Developmental Services
Harold Samms, Director of APM, LAMP Performance
Neil Weingarten, Director of Airport Operations
Jacob Haik, Executive Assistant Airports, Van Nuys Airport
Richard J. Connolly, Deputy Executive Director, Facilities Management
Martin Elam, Deputy Executive Director, Public Safety and Security
Cecil W. Rhambo Jr., Chief of Airport Police

This page intentionally left blank.

Message from the Chief Executive Officer

I am pleased to present Los Angeles International Airport's (LAX) Annual Financial Report for the fiscal year ended June 30, 2025.

Baker Tilly US LLP, Certified Public Accountants (Baker Tilly), audited LAX's financial statements. Based upon its audit, Baker Tilly rendered an unmodified opinion that LAX's financial statements, as of and for the fiscal years ended June 30, 2025 and 2024, were fairly presented in conformity with accounting principles generally accepted in the United States of America (US GAAP). Baker Tilly's report is on pages 1 and 2.

Baker Tilly conducted an additional audit to determine LAX's compliance with the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* and concluded that LAX complied in all material respects with the requirements that could have a material effect on its passenger facility charge program for the fiscal year ended June 30, 2025. Baker Tilly's report is on pages 153 to 155.

Baker Tilly also conducted a third audit to determine LAX's compliance with the requirements described in the California Civil Code Section 1939, as amended by Assembly Bill 2051, and concluded that LAX complied in all material respects with the requirements applicable to and that could have a material effect on its customer facility charge program for the fiscal year ended June 30, 2025. Baker Tilly's report is on pages 160 to 162. US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A is on pages 5 through 40.

The financial condition of LAX depends largely upon the demand for air transportation within the geographical area (the Air Trade Area) served by LAX and management decisions regarding operations and capital investment as they relate to market demand for travel. The Air Trade Area comprises the following five counties: Los Angeles, Orange, Riverside, San Bernardino, and Ventura. LAX is the largest airport in the Air Trade Area. Passenger and cargo traffic at LAX depend on the demographic characteristics and economic activity of the Air Trade Area. LAX is part of a system of Southern California airports - along with Van Nuys Airport and property retained for future aeronautical uses in the City of Palmdale - that are owned and operated by Los Angeles World Airports.

No airline dominates in shares of enplaned passengers or provides formal 'hubbing' activity at LAX. In fiscal year 2025, Delta Air Lines, United Airlines and American Airlines, the biggest three carriers, serving LAX, accounted for 18.9%, 15.7%, and 15.2%, respectively, of all enplaned passengers at LAX. An estimated 85.3% of passengers at LAX represented originating and destination (O&D) passengers (that is, all passengers beginning or ending their trips at LAX). The remaining estimated 14.7% of passengers represented connections to or from regional markets as well as domestic connections to or from international markets. Historically, the level of connecting passengers at LAX is due primarily to: (i) LAX's role as a major gateway to numerous international markets; (ii) the geographical location of LAX in relation to numerous markets along the west coast of the United States; (iii) the significant number of nonstop flights to and from domestic markets; and (iv) the alliances among airlines serving LAX. In June 2025, LAX provided scheduled service to 78 international destinations.

According to Airports Council International (ACI) 2024 ACI-NA Airport Traffic Rankings released on July 18, 2025, LAX was the fifth busiest airport in North America for both passengers and cargo. According to ACI 2024 World's Busiest Airports Global Rankings released on July 8, 2025, LAX ranked as the eleventh busiest airport in the world in terms of total passengers and the twelfth busiest airport in the world in terms of total cargo. ACI reported that total global passenger traffic hit a new high in 2024, surpassing 9.4 billion travelers, up 8.4% from 2023 and 2.7% above pre-pandemic levels (2019). The increase was driven by the international travel propelled by continued impact of Asian market reopening, strong desire for travel despite macroeconomic conditions and expanded airlines capacity. Global Air cargo also grew, handling nearly 127 million metric tonnes, up 9.9% year-over-year and 4.1% over 2019. The growth resulted from volatile maritime routes pushing shippers to air alternatives, accelerated cross-border e-commerce demand for faster fulfillment, and lower jet fuel costs improving air freight competitiveness.

LAX passenger numbers increased from 71.0 million in fiscal year 2023 to 76.5 million (an increase of 7.8%) in fiscal year 2024, then declined to 75.2 million (a decrease of 1.7%) in fiscal year 2025. In calendar year 2025 through August, international traffic decreased from 16.3 million to 16.0 million, or 1.63% compared to the same period of time in 2024, and domestic traffic decreased as well from 35.2 million to 33.6 million, or 4.37% compared to the same time in 2024. Overall decline was 3.5% for the same period of time.

Passenger and other traffic activity highlights at LAX, together with analysis of LAX’s financial activities during the last three fiscal years, are discussed in the MD&A.

Initiatives and Developments

LAWA manages its capital development planning with a variety of tools, including a multi-year comprehensive planning tool (Capital Program). The Capital Program is a list of capital development projects compiled based on prioritized needs and resulting financial metrics, is used to inform decision makers and stakeholders of proposed capital expenditures and opportunity costs and is designed to assist with the development of long-term funding plans while managing financial risk to LAWA. The Capital Program is updated periodically as projects are programmed for implementation. Projects in the Capital Program include: projects already underway but not yet completed at LAX; projects not yet underway at LAX but which are expected to be completed through 2033; and planning associated with potential future projects that are expected to commence beyond 2033.

For purposes of this report, the Capital Program consists of two investment plans developed, one that commenced in 2018 that has been fully approved (the 2018 Capital Program) and a second that was commenced in 2022 which has been partially approved (the 2024 Capital Program). The 2018 Capital Program commenced in fiscal year 2016 and is expected to be largely completed by the end of fiscal year 2026 and is estimated to cost approximately $15.1 billion. The 2018 Capital Program consists of various terminal, airfield and apron projects and the LAMP projects, among others.

Preliminary design work for several major projects anticipated in the 2024 Capital Program began in fiscal year 2022, when LAWA completed preliminary financial feasibility in 2022. The projects in the 2024 Capital Program are assumed to be completed by the end of fiscal year 2033, and the preliminary estimated (escalated) total cost of the projects included in the 2022 Capital Program was assumed at $15.0 billion. To date, only a portion of these projects have been approved to move forward, with a value of approximately $4.4 billion. These projects include in, among others, adding eight gates to the Midfield Satellite Concourse, a comprehensive update to roadway access to LAX, a campuswide wayfinding enhancement program at LAX, new curb-front for vehicle drop-offs and pickups at APM stations outside the Central Terminal Area, and various roadway and airfield improvements.

In calendar year 2024, LAWA initiated a review and reprioritization of the future capital improvements at LAX as a part of the 2024 Capital Program and made the decision to defer the planning and development of the two new terminal projects, Concourse 0 and Terminal 9, due to a slower passenger traffic recovery than originally anticipated.

2018 Capital Program Projects

Landside Access Modernization Program (LAMP)

To continue the extensive upgrading and modernization of LAX and to address increasing levels of traffic congestion at and around LAX, LAWA is redeveloping the ground access system to LAX. LAWA is implementing components of the LAMP to, among other things, improve access options and the travel experience for passengers, shift the location where different modes of traffic operate within the Central Terminal Area (CTA) and on the surrounding street network and provide direct connections to the rail and transit systems of the Los Angeles County Metropolitan Transportation Authority (Metro). By implementing the LAMP, LAWA seeks to provide more travel time certainty, reduce traffic congestion and improve air quality in and around LAX. The LAMP includes several individual components, including, among others, the Automated People Mover (APM) System, intermodal transportation facilities (ITF), the Consolidated Rental Car Facility (ConRAC), pedestrian walkway connections to the passenger terminals within the CTA, and roadway improvements.

Automated People Mover System (APM)

On April 11, 2018, LAWA and LAX Integrated Express Solutions, LLC (APM Developer) entered into a design-build-finance-operate-maintain agreement, as amended (APM Agreement), for the purposes of developing, financing, operating and maintaining the approximately 2.25-mile elevated, grade-separated APM System that will generally run from the ConRAC to the CTA. The APM System will include six stations: (i) one in the ConRAC; (ii) one to be located at the multi-modal/transit facility located at 96th Street and Aviation Boulevard, which facility will also contain a connection to the Los Angeles County Metropolitan Transportation Authority's light rail system; (iii) one to be located at the multi-modal/transit facility located north of 96th Avenue between Jetway Boulevard and Airport Boulevard; and (iv) three stations to be located in the CTA. Under the APM Agreement, LAWA has granted the APM Developer the exclusive right, during a 30-year term, to design, build, finance, operate and maintain the APM System. Construction of the APM System is continuing and, based on the APM Developer's current projections, LAWA currently estimates that the APM will begin service for LAX passengers in the first quarter of 2026.

The APM Agreement provides that beginning on the Passenger Service Availability (PSA) date, LAWA must make monthly payments to the APM Developer (APM Availability Payments). The APM Availability Payments are intended to compensate the APM Developer for the costs of designing, building and financing the APM System not otherwise paid from the APM Milestone Payments, as well as the costs of operating and maintaining the APM System over the term of the APM Agreement. The original contractual PSA date of March 31, 2023 has been extended under various change orders and is now December 8, 2025. For the extended period LAWA has agreed to make stepped-down Availability Payments to cover the APM Developer's financing costs. The Operations and Maintenance period of 25 years has been reduced by the same duration as the extended PSA date.

Consolidated Rental Car Facility (ConRAC)

On November 6, 2018, LAWA and LA Gateway Partners, LLC (ConRAC Developer) entered into a design-build-finance-operate-maintain agreement for the ConRAC (ConRAC Agreement). The ConRAC Developer is comprised of Fengate Capital Management Ltd., PCL Investments USA, LLC, Johnson Controls, and MVI Finance LLC. Under the ConRAC Agreement, subject to certain limitations, LAWA granted to the ConRAC Developer the exclusive right, during the 28-year term of the ConRAC Agreement, to design, build, finance, operate and maintain the ConRAC.

As construction of the ConRAC was substantially completed in fiscal year 2023, the ConRAC is currently in an Operation Readiness Phase. Because the ConRAC Date of Beneficial Occupancy occurred prior to the APM PSA date, LAWA has only partially activated the facility and is supporting a shuttle service that transports rental car customers between the CTA and the ConRAC. As of the date of this report, LAWA has partially opened the ConRAC to accommodate the operations of the Avis Budget Group but has not made a final decision as to the timing of the move of the other rental car operator in to the new facility.

The ConRAC Agreement (as adjusted in accordance with the settlement of certain claims) further provides that, commencing on March 31, 2023, payments will be made to the ConRAC Developer to compensate the ConRAC Developer for the costs of designing, building and financing a portion of the ConRAC (ConRAC Capital Availability Payments), for the cost of operating and maintaining certain portions of the ConRAC (ConRAC Operations and Maintenance Availability Payments), and for the costs of renewing the ConRAC (ConRAC Renewal Availability Payments, and collectively with ConRAC Capital Availability Payments and ConRAC Operations and Maintenance Availability Payments, the ConRAC Availability Payments). LAWA expects to make the ConRAC Capital Availability Payments and the ConRAC Renewal Availability Payments from CFC revenues, subject to the prior payment of the principal of and interest on the LAX CFC Bonds and the other deposits required to be made to the funds and accounts established and maintained pursuant to the trust indenture entered into with respect to the LAX CFC Bonds.

Terminal 4 Improvement Project (American Airlines)

The Terminal 4 Improvement Project (also known as the Terminal 4 Modernization Program) consists of improvements and enhancements to the arrival and departure hall, concourse in Terminal 4 and reconfiguration of aircraft gating and hold rooms to facilitate the new gate layout in Terminal 5. Pursuant to the terms of its lease agreement with LAWA, American Airlines is working closely with LAWA to develop and implement the renovation plan to connect passengers to the APM System, renovate Terminal 4 check-in lobbies and arrival halls, construct a consolidated passenger security screening checkpoint, expand hold rooms and concessions, add additional restrooms and create a new secure connector between Terminals 4 and 5. The Terminal 4 Improvement Project is expected to be completed by the end of fiscal year 2028. The total project budget is approximately $1.68 billion, with the majority funded in the 2018 Capital Program and the latter stages funded in the 2024 Capital Program.

North Terminal Improvement Program (Delta Air Lines)

The North Terminal Improvement Program consists of improvements and enhancements to Terminals 2 and 3. The project declared substantial completion in 2024, and LAWA is currently working to financially close out the project. The improvements included in this program include:

- A 27-gate complex in Terminals 2 and 3 with a secure connection to the TBIT, enabling Delta and its global partners to reduce passenger connection times by up to 20 minutes;
- Brand new headhouse with centralized lobby, security screening checkpoint and baggage claim;
- Reconstructed Terminal 3 concourse with new gates, more seating space, and new retail and dinning spaces;
- The world’s largest Delta Sky Club featuring an indoor/outdoor double bar, a year-round outdoor deck space, premium showers and other features;
- New restroom facilities;

- More access to at-seat power in gate areas;
- Modern signage, blended with digital elements;
- Connection to the APM System; and
- Increased airfield efficiency from dual taxi lanes that allow for more streamlined movement of aircraft.

Delta Air Lines is providing construction financing and undertaking these improvements, which are to be purchased by LAWA in phases when the portions of the project are complete and which have been included in the annual calculation of the Terminal Buildings Rate. The anticipated cost of the LAWA improvements is estimated to be $1.8 billion.

Power Distribution Facility

This project replaces existing facilities and provides more reliable power transmission and greater capacity to support planned LAX growth. This project is estimated to cost approximately $159.2 million, and is expected to be completed in calendar year 2026.

2024 Capital Program Projects

The preliminary estimated cost of the projects included in the 2024 Capital Program is approximately $15.0 billion, including reserves. LAWA currently expects the 2024 Capital Program to include roadways and airfield projects in the Airfield and Terminal Modernization Project (ATMP), an expansion of the Midfield Satellite Concourse (MSC) and various other improvements.

ATMP Roadways

This project will enhance safety, efficiency, and the user experience of ground transportation in and around LAX by separating airport and local traffic, incorporating transportation technology, and reconfiguring roadway access into the airport. The roadway upgrades will improve access to the CTA, LAX Economy Parking, future Ground Transportation Center linked to the APM System. This project is currently in design; the majority of the scope is anticipated for completion prior to the 2028 Olympics. The preliminary cost estimate for this project is approximately $1.9 billion.

MSC South

In addition to the ATMP, the 2024 Capital Program includes, among other projects, an eight-gate expansion of the MSC (the MSC – South). Environmental approvals were obtained as part of the MSC program. LAWA awarded a Construction Manager at Risk contract in 2022 and broke ground in June 2023. The project is expected to be completed by the end of Fiscal Year 2026 and is estimated to cost approximately $428.7 million.

Wayfinding Program

The 2024 Capital Program includes a holistic upgrade to wayfinding at LAX, including renaming and renumbering terminals and gates. A design-build contract has been awarded and 30% design is complete. The project is expected to be completed prior to the 2028 Olympics, and the preliminary cost estimate is $250 million.

Auxiliary Curbs

This project will add approximately 7,300 feet of new curb-front adjacent to the ITF East and ITF West APM stations, providing enhanced and convenient access for private and commercial vehicles (shuttles, transportation network companies, taxis). It will also consolidate private and commercial vehicle access to and from the ITF West and ITF East rotaries and reduce vehicle demand into the CTA. The scope also includes access roadway, drainage, and other related improvements. The estimated project cost is approximately $290 million.

Terminal 5 Renovation and Reconstruction Project

The 2024 Capital Program includes a project that will provide for the substantial demolition of the concourse and satellite of Terminal 5, and its replacement with a vastly improved facility of approximately the same size with 15 ADG Group III gates. The project will greatly improve the passenger experience at LAX, as it will be designed to meet IATA Optimum Standards, and improve operational efficiency by facilitating passenger movement to other terminals via bus and secure walkway. The estimated cost for this project is approximately $1.7 billion and expected to be completed by the end of Fiscal Year 2028.

Baggage Optimization Project Phase 2

This project includes improvements to checked baggage inspection, sortation, and conveyor systems in TBIT. It is estimated to cost approximately $263.9 million and is targeted to reach substantial completion in 2027.

Outlook for the Future

LAX's operations are supported solely by revenues it generates. LAWA strives to balance revenues generated from cost recovery formulas applied to aeronautical users and those generated from fluctuating non-aeronautical revenues driven by passenger traffic and commercial opportunities. At the same time, management must control operating expenses to achieve the levels of net revenues sufficient to cover obligations for debt service and fund planned capital expenditures, as outlined in financial forecasts provided to investors.

The fiscal year 2026 budget is based on a conservative forecast of operating revenues and operating expenses that reflect management's expectation of the LAX passenger traffic of 37.9 million enplanements, approximately 14% lower than the actual fiscal year 2019 level and 7% below the projected traffic for fiscal year 2025. The budget allows LAWA to achieve targeted key financial metrics and meet all LAX Bond Indenture covenants.

In addition to funding LAWA's ongoing day-to-day operations, LAWA's Chief Executive Officer and management team created and guided the fiscal year 2026 budget process towards ensuring financial stability despite uncertainties in the aviation industry due to macroeconomic and geopolitical matters, while reaching the following budget objectives:

Liquidity

- Maintain liquidity against operational, financial and economic uncertainties
- Days Cash on Hand minimum target - 550 days

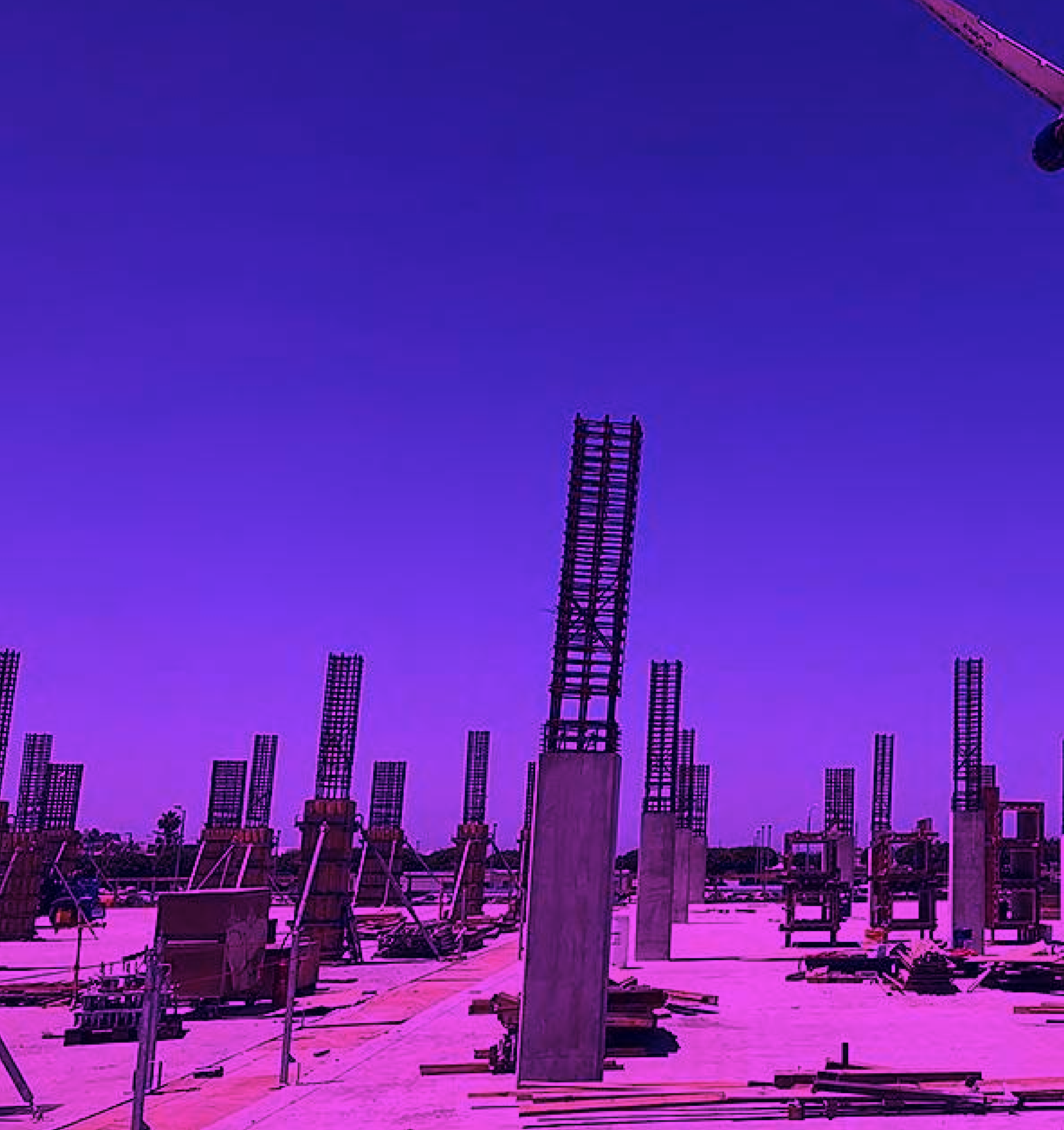
Operating Priorities

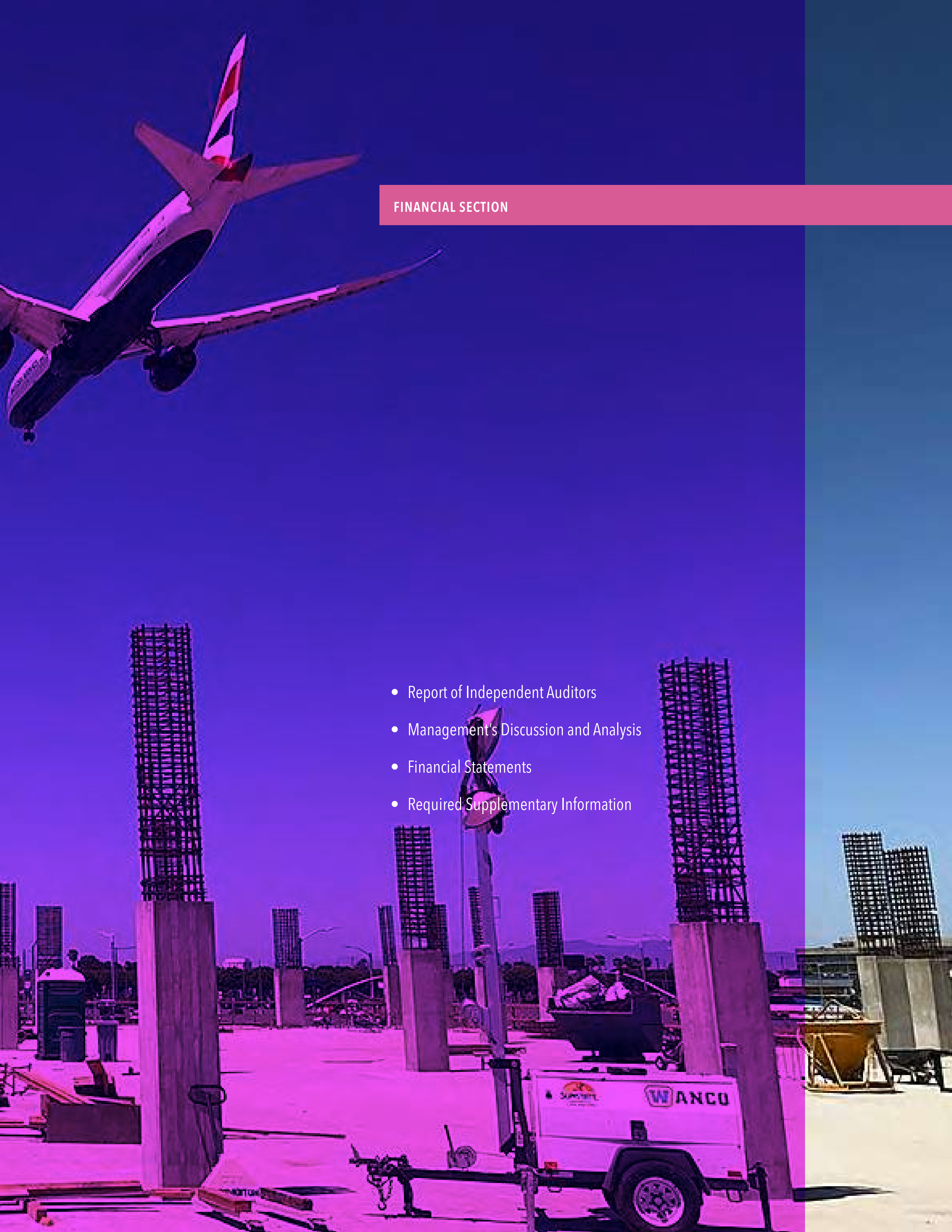
- Increase spending on employee experience, including training, facility improvements, and technology
- Fill available vacancies
- Fund operational and safety mandates and strategic business priorities
- Balance Costs and Revenues
    - Achieve sufficient staffing levels
    - Grow revenues to offset inflation
    - Balance cost increases with increases in revenues to achieve key metrics
    - All-in debt service coverage of at least 1.8x
    - Budgeted Airline Cost Per Enplaned Passenger not to exceed $38.50

John Ackerman
Chief Executive Officer
November 6, 2025

Financial Section

2025 ANNUAL FINANCIAL REPORT | LOS ANGELES INTERNATIONAL AIRPORT





FINANCIAL SECTION

- Report of Independent Auditors
- Management's Discussion and Analysis
- Financial Statements
- Required Supplementary Information

bakertilly

Report of Independent Auditors

To the Members of the Board of Airport Commissioners
City of Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Los Angeles International Airport ("LAX"), a department of Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) ("LAWA"), an Enterprise Fund of the City of Los Angeles ("City"), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of LAX as of June 30, 2025 and 2024, and the changes in its net position and its cash flows 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 financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LAX 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.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only LAX's net position, the changes in net position, and cash flows, and do not purport to, and do not, present fairly the net position of the City of Los Angeles as of June 30, 2025 and 2024, the changes in City's net position, or, where applicable, City's cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America. 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LAX'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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of LAX's proportionate share of the net pension liability, the schedule of contributions – pension, the schedule of LAX's proportionate share of the net other postemployment benefit (OPEB) liability, and the schedule of contributions – OPEB be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audits of the 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 report. The other information comprises the introductory section, supplemental information, statistical section, and compliance section, 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 the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2025, on our consideration of LAX's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 LAX'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 LAX's internal control over financial reporting and compliance.

Baker Tilly US, LLP

El Segundo, California
November 6, 2025

Management's Discussion & Analysis (Unaudited)

2025 ANNUAL FINANCIAL REPORT | LOS ANGELES INTERNATIONAL AIRPORT

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Los Angeles World Airports (LAWA) is an independent, financially self-sufficient department of the City of Los Angeles, California (City). LAWA is an enterprise fund that owns and operates Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). LAWA also owns approximately 17,000 acres of land located east of United States Air Force (USAF) Plant 42 in the City of Palmdale, and retains the rights for future development of the Palmdale property. The management of LAWA presents the following narrative overview of LAX's financial activities for the fiscal years ended June 30, 2025 and 2024. This discussion and analysis should be read in conjunction with LAX's financial statements that begin on page 43.

Using This Financial Report

LAX's financial report consists of this management's discussion and analysis (MD&A), and the financial statements that follow after the MD&A. The financial statements include:

The *Statements of Net Position* present information on all of LAX's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at June 30, 2025 and 2024. The difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources is reported as net position. Over time, increases and decreases in net position may serve as a useful indicator about whether LAX's financial condition is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present the results of LAX's operations and information showing the changes in net position for the fiscal years ended June 30, 2025 and 2024. These statements can, among other things, be useful indicators of how LAX recovered its costs through rates and charges. All changes in net position are reported when the underlying events occurred, regardless of the timing of the related cash flows. Thus, revenues and expenses are recorded and reported in these statements for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the inflows and outflows of cash and cash equivalents resulting from operating, noncapital financing, capital and related financing, and investing activities. Consequently, only transactions that affect LAX's cash and cash equivalents accounts are recorded in these statements. At the end of the statements, a reconciliation is provided to assist in understanding the difference between operating income and cash flows from operating activities.

The *Notes to the Financial Statements* present information that is not displayed on the face of the financial statements. Such information is essential to a full understanding of LAX's financial activities.

Passenger and Other Traffic Activity Highlights

The following table presents a summary of passenger and other traffic for the last three fiscal years:

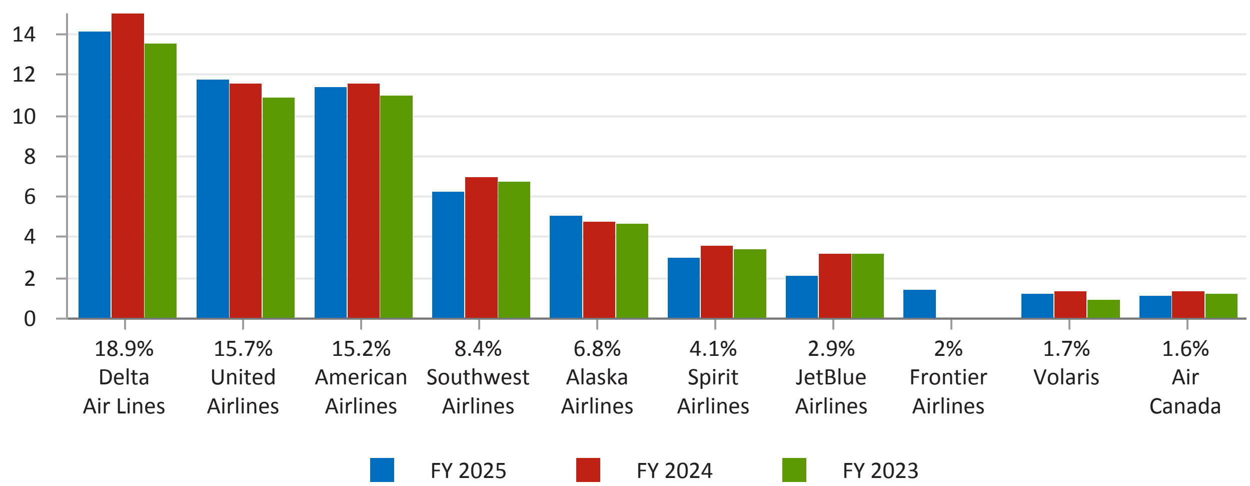
				% Change	
	FY 2025	FY 2024	FY 2023	FY 2025	FY 2024
Total passengers	75,219,214	76,516,056	70,966,023	-1.7%	7.8%
Domestic passengers	51,393,651	52,895,885	51,079,280	-2.8%	3.6%
International passengers	23,825,563	23,620,171	19,886,743	0.9%	18.8%
Departing passengers	37,671,297	38,339,553	35,525,350	-1.7%	7.9%
Arriving passengers	37,547,917	38,176,503	35,440,673	-1.6%	7.7%
Passenger flight operations					
Departures	258,220	257,295	243,606	0.4%	5.6%
Arrivals	258,483	256,297	243,049	0.9%	5.5%
Landing weight (thousand lbs)	57,735,200	58,301,745	55,177,127	-1.0%	5.7%
Air cargo (tons)					
Mail	58,205	58,129	107,236	0.1%	-45.8%
Freight	2,238,971	2,328,504	2,375,445	-3.8%	-2.0%

Note: Prior years' data may change because of updated available information, however, in order to remain comparable and consistent with the published data, the passenger and other traffic numbers for prior fiscal years are not changed.

Passenger Traffic

The following chart presents the top ten airlines, by number of passengers, for fiscal year 2025 and the comparative passengers for fiscal years 2024 and 2023.

FY 2025 Top Ten Carriers and FY 2025 Percentage of Market Share
(passengers in millions)



Passenger Traffic, Fiscal Year 2025

Passenger traffic at LAX decrease by (1.7)% in fiscal year 2025 as compared to fiscal year 2024. Of the 75.2 million passengers that moved in and out of LAX, domestic passengers accounted for 68.3%, while international passengers accounted for 31.7%. Delta Air Lines ferried the largest number of passengers at 14.2 million with a 5.3% decrease in passenger traffic. United Airlines, ranked second with 11.8 million passengers posted a 1.7% increase in passenger traffic. American Airlines, ranked third with 11.4 million passengers posted a 1.7% decrease in passenger traffic. Southwest Airlines (6.3 million) and Alaska Airlines (5.1 million) complete the top five air carriers operating at LAX. Volaris was the top foreign flag carrier with 1.3 million passengers and was ranked ninth overall.

Passenger Traffic, Fiscal Year 2024

Passenger traffic at LAX increased by 7.8% in fiscal year 2024 as compared to fiscal year 2023. Of the 76.5 million passengers that moved in and out of LAX, domestic passengers accounted for 69.1%, while international passengers accounted for 30.9%. Delta Air Lines ferried the largest number of passengers at 15.0 million with a 10.3% increase in passenger traffic. American Airlines, ranked second with 11.6 million passengers posted a 4.5% increase in passenger traffic. United Airlines, ranked third with 11.6 million passengers posted a 5.5% increase in passenger traffic. Southwest Airlines (7.0 million) and Alaska Airlines (4.8 million) complete the top five air carriers operating at LAX. Volaris was the top foreign flag carrier with 1.4 million passengers and was ranked eighth overall.

Passenger Flight Operations, Fiscal Year 2025

Departures and arrivals at LAX increased by 3,111 flights or 0.6% during fiscal year 2025 when compared to fiscal year 2024. Revenue landing pounds were down 1.0%. The top three carriers in terms of landing pounds were Delta Air Lines, United Airlines and American Airlines. In total, these three airlines contributed 40.8% of the total revenue pounds at LAX.

Passenger Flight Operations, Fiscal Year 2024

Departures and arrivals at LAX increased by 26,937 flights or 5.5% during fiscal year 2024 when compared to fiscal year 2023. Revenue landing pounds were up 5.7%. The top three carriers in terms of landing pounds were Delta Air Lines, United Airlines and American Airlines. In total, these three airlines contributed 40.4% of the total revenue pounds at LAX.

Air Cargo (tons), Fiscal Year 2025

Freight and mail cargo at LAX decreased by 3.7% in fiscal year 2025 as compared to fiscal year 2024. Freight was down by 89,532 tons, and mail was up by 75 tons. Domestic cargo was down by 97,665 tons or 11.6% and international cargo was up by 8,208 tons or 0.5%. Federal Express was the top air freight carrier accounting for 10.5% of total freight cargo, followed by Kalitta Air LLC with 5.8%. United Parcel Service Co was the top mail carrier accounting for 53.0% of total mail cargo.

Air Cargo (tons), Fiscal Year 2024

Freight and mail cargo at LAX decreased by 3.9% in fiscal year 2024 as compared to fiscal year 2023. Freight was down by 46,941 tons, and mail was down by 49,107 tons. Domestic cargo was down by 48,251 tons or 5.4% and international cargo was down by 47,797 tons or 3.0%. Federal Express was the top air freight carrier accounting for 11.9% of total freight cargo, followed by Polar Air Cargo with 7.7%. Kalitta Air LLC was the top mail carrier accounting for 27.8% of total mail cargo.

Overview of LAX's Financial Statements

Financial Highlights, Fiscal Year 2025

- LAX's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.6 billion.
- Bonded debt had an increase of $2.0 billion.
- Operating revenue totaled $2.0 billion.
- Operating expenses (including depreciation and amortization of $794.1 million) totaled $1.8 billion.
- Net nonoperating expenses totaled $104.7 million.
- Federal and other government capital grants totaled $196.7 million.
- Net position increased by $325.9 million.

Financial Highlights, Fiscal Year 2024

- LAX's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.3 billion.
- Bonded debt had a decrease of $311.9 million.
- Operating revenue totaled $1.9 billion.
- Operating expenses (including depreciation and amortization of $757.6 million) totaled $1.7 billion.
- Net nonoperating expenses totaled $54.2 million.
- Federal and other government capital grants totaled $127.5 million.
- Net position increased by $302.2 million.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Net Position Summary

A condensed summary of net position for fiscal years ended June 30, 2025, 2024, and 2023 is presented below.

Condensed Net Position
(amounts in thousands)

	FY 2025	FY 2024	FY 2023	FY 2025 increase (decrease)	FY 2024 increase (decrease)
Assets					
Unrestricted current assets	$ 2,085,760	$ 1,856,429	$ 1,986,045	$ 229,331	$ (129,616)
Restricted current assets	2,502,347	1,765,584	2,701,260	736,763	(935,676)
Capital assets, net	18,598,669	17,456,806	16,299,006	1,141,863	1,157,800
Noncurrent assets	283,011	244,201	176,275	38,810	67,926
Total assets	23,469,787	21,323,020	21,162,586	2,146,767	160,434
Deferred outflows of resources					
Loss on debt refundings	13,338	32,011	36,789	(18,673)	(4,778)
Pension and OPEB	192,213	230,273	247,220	(38,060)	(16,947)
Total deferred outflows of resources	205,551	262,284	284,009	(56,733)	(21,725)
Liabilities					
Current liabilities payable from unrestricted assets	602,519	853,466	679,825	(250,947)	173,641
Current liabilities payable from restricted assets	430,082	333,893	279,904	96,189	53,989
Noncurrent liabilities	14,878,544	12,940,501	13,307,177	1,938,043	(366,676)
Net pension liability	814,183	848,641	868,926	(34,458)	(20,285)
Net OPEB liability	—	—	26,907	—	(26,907)
Total liabilities	16,725,328	14,976,501	15,162,739	1,748,827	(186,238)
Deferred inflows of resources					
Gain on debt refundings	101,500	50,893	54,716	50,607	(3,823)
Pension and OPEB	129,101	152,149	107,578	(23,048)	44,571
Leases	115,936	128,203	146,236	(12,267)	(18,033)
Total deferred inflows of resources	346,537	331,245	308,530	15,292	22,715
Net Position					
Net investment in capital assets	5,013,995	5,096,868	4,698,060	(82,873)	398,808
Restricted for CFC and PFC eligible projects	461,694	315,836	286,534	145,858	29,302
Restricted for operations and maintenance reserve	293,170	257,416	232,615	35,754	24,801
Restricted for federally forfeited property & protested funds	1,217	2,229	1,753	(1,012)	476
Net pension/OPEB asset	29,629	17,520	—	12,109	17,520
Unrestricted	803,768	587,689	756,364	216,079	(168,675)
Total net position	$ 6,603,473	$ 6,277,558	$ 5,975,326	$ 325,915	$ 302,232

Net Position, Fiscal Year 2025

As noted earlier, net position may serve as a useful indicator of LAX's financial condition. At the close of fiscal years 2025 and 2024, LAX's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.6 billion and $6.3 billion, respectively, representing an increase of $325.9 million or 5.2%.

The largest portion of LAX's net position ($5.0 billion or 75.9%) reflects its investment in capital assets (e.g. land, air easements, buildings, improvements, equipment and vehicles) less accumulated depreciation and any related outstanding debt used to acquire those assets. An additional portion of LAX's net position ($785.7 million or 11.9%) represents resources that are subject to various restrictions on how they may be used. Unrestricted net position increased by $216.1 million from $587.7 million in fiscal year 2024 to $803.8 million in fiscal year 2025.

Unrestricted current assets increased by $229.3 million or 12.4%, from $1.9 billion at June 30, 2024 to $2.1 billion at June 30, 2025. The increase was primarily driven by an $147.8 million or 8.7% rise in cash and pool investments held in City Treasury, a $39.1 million or 122.0% surge in grants receivable, a $30.8 million or 55.0% growth in unbilled receivables, an increase in accounts receivable of $8.1 or 32.5%, an increase in prepaid expenses of $3.2 million or 19.3%, an increase in lease receivable of $0.5 million or 3.1%, and an increase in investments with fiscal agent of $0.8 million or 48.9% in fiscal year 2025, offset by a $0.9 million or 6.0% decrease in accrued interest receivable in fiscal year 2025.

Unrestricted current assets consist primarily of cash and pooled investments (including reinvested cash collateral in 2025) held in the City Treasury. Unrestricted cash inflows were from operating activities, investment activities, noncapital grants, and federal grant reimbursements for eligible capital projects. Unrestricted cash outflows were for operating activities, capital acquisitions and transfers to fiscal agents for debt service.

The increase in cash and pooled investments held in City Treasury of $147.8 million or 8.7% was primarily due to higher cash inflows than outflows in fiscal year 2025, including the year-end recognition of $50.9 million net gain in fair market valuation/securities lending transactions as of June 30, 2025. The increase in grants receivable of $39.1 million or 122.0% was primarily due to higher accrued grant expenditures that were not reimbursed from granting agencies at fiscal year end 2025. The increase in accounts receivables of $8.1 million or 32.5% together with the increase in unbilled receivables, which represented the year-end accrual for unbilled revenue, of $30.8 million or 55.0% was the result of lower year-end rates and charges adjustment. The increase in prepaid expenses of $3.2 million or 19.3% mainly due to higher unused hiring hall funds, offset by a lower year-end true-up credit adjustment for pension and OPEB contributions in fiscal year 2025 as compared to fiscal year 2024. The increase in lease receivable of $0.5 million or 3.1% was primarily due to new leases offset with payments received in fiscal year 2025 as compared to fiscal year 2024. The decrease in accrued interest receivable of $0.9 million or 6.0%, was primarily due to lower interest yield in fiscal year 2025 as compared to fiscal year 2024.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Restricted current assets include cash and investments (including reinvested cash collateral in 2025) held in the City Treasury for future capital projects funded by passenger facility charges (PFCs) and customer facility charges (CFCs). Also included are bond proceeds to be used for capital expenditures as well as bond debt service funds held by fiscal agents. Drawdowns from the amounts held by fiscal agents were used for capital expenditures incurred at LAX and for bond principal and interest payments.

Restricted current assets increased by $736.8 million or 41.7%, from $1.8 billion at June 30, 2024 to $2.5 billion at June 30, 2025. The increase was primarily attributed to a $552.3 million or 46.6%, increase in year-end investment portfolio held by fiscal agents, along with a rise of $183.9 million or 33.5% in restricted cash and pooled investments held in City Treasury.

The increase in year-end investment portfolio held by fiscal agents of $552.3 million, or 46.6% from $1.2 billion in fiscal year 2024 to $1.7 billion in fiscal year 2025 was mainly due to the unspent proceeds from the newly issued Series 2025 ABCDEF bonds in fiscal year 2025. The increase in restricted cash and pooled investments held in City Treasury of $183.9 million or 33.5% from $548.3 million in fiscal year 2024 to $732.2 million in fiscal year 2025 was primarily due to higher cash inflows than outflows in fiscal year 2025, and an increase of $14.2 million net gain in fair market valuation/securities lending transactions as of June 30, 2025.

LAX's capital assets additions are financed through the issuance of revenue bonds, grants from federal agencies, PFCs, CFCs, new airport revenue and existing resources. Interim financing of such acquisition may be provided through the issuance of commercial paper (CP) notes. Capital assets, net of depreciation, increased by $1.1 billion, or 6.5%. Ongoing construction and improvements to modernize LAX terminals and facilities, and the Landside Access Modernization Program (LAMP) including construction of the Automated People Mover System (APM), Consolidated Rental Car Facility (ConRAC) were the primary reasons for the increase.

Other noncurrent assets increased by $38.8 million or 15.9% primarily due to the increase in long-term portion of investments with fiscal agents of $38.1 million or 69.8%, an increase in net OPEB asset of $9.0 million or 57.0%, and an increase in net pension asset of $3.2 million or 173.7% in fiscal year 2025, offset by a decrease in lease receivables, net of current portion of $11.1 million or 9.0%.

The increase in long-term portion of investment with fiscal agent of $38.1 million or 69.8% was mainly due to reinvestment of Series 2020ABCD reserve funds from US Treasury Certificate of Indebtedness SLGS with maturity of less than 1 year to US Treasury Bond SLGS with maturity date of over 1 year In fiscal year 2025, LAX recognized increases in net OPEB asset (a surplus of assets over liabilities) of $9.0 million and net pension assets of $3.2 million or 173.7%. This is mainly due to (i) 2025 premiums, underlying claims estimates and subsidy levels were overall lower than expected; contributions made by the City and investment gain from actual returns of about 9.09% (compared to the expected investment rate return of 7.00%), partially offset by the impact of updating the healthcare trend assumptions. The updates to the trend assumptions were primarily due to higher trend expectations for prescription drugs and Part B premium increases. The decrease in lease receivable, net of current portion, of $11.1 million or 9.0% was due to higher payments received, offset by the additional new leases in fiscal year 2025.

Current liabilities payable from unrestricted assets decreased by $250.9 million or 29.4%. This was mainly due to a decrease of $320.9 million or 100.0% in commercial paper, a decrease in unearned revenue of $9.6 million or 100.0%, a decrease of $2.9 million or 34.6% in subscription liabilities, a decrease of $1.9 million or 9.1% in accrued salaries, and a decrease of $0.2 million or 1.7% in estimated claims payable,   offset by an increase of $62.6 million or 16.1% in contracts and accounts payable, an increase of $8.0 million or 20.8% in accrued employee benefits, an increase of $8.0 million or 27.2% in other current liabilities, and an increase of $0.9 million or 8.8% in Public-Private Partnership (PPP) availability payment liabilities.

The decrease of $320.9 million or 100.0% was due to refunding of all the outstanding commercial paper by the newly issued bonds Series 2025ABCDEF. The decrease in unearned revenue of $9.6 million or 100.0% was mainly due to the distribution of ARPA rent credits to concessionaires in fiscal year 2025. The decrease of $2.9 million or 34.6% in subscription liabilities was due to decrease in new subscriptions in fiscal year 2025. The decrease in accrued salaries of $1.9 million or 9.1% primarily resulted from the actual partial payments made in fiscal year 2025 of retroactive payment based on the Coalition Agreement in fiscal year 2024, which was offset by an increase in the accrual of salaries and overtime. The decrease of $0.2 million or 1.7% in estimated claims payable was due to lower liabilities payable within twelve months in fiscal year 2025. The increase of $62.6 million or 16.1% in contracts and accounts payable was primarily due to the higher level of business operational activities as a result of the new and on-going projects. The increase of $8.0 million or 20.8% in accrued employee benefits was due to the increase in the number of employees in FY2025 and the implementation of MOU rate increases. The increase of $8.0 million or 27.2% in other current liabilities was due to an increase in customer prepayments of $10.5 million, and an increase in LAWA's share of the City Treasury's year-end pending investment trade of $1.2 million in fiscal year 2025, offset by the $3.2 million payment to Intercare Holdings Insurance Services Inc for the worker's compensation imprest account. The PPP availability payment liabilities was higher by $0.9 million or 8.8% in fiscal year 2025 as compared to fiscal year 2024.

Current liabilities payable from restricted assets increased by $96.2 million or 28.8%. This was mainly due to an increase of $60.5 million or 23.3% in current maturities of bonded debt, an increase of $25.4 million or 38.2% in accrued interest payable, and an increase of $8.3 million or 136.4% in other current liabilities.

Noncurrent liabilities increased by $1.9 billion or 13.8%. This was mainly due to an increase in bonded debt of $1.9 billion or 15.9%, an increase of $13.0 million or 14.3% in estimated claims payable, an increase in other long-term liabilities of $5.1 million or 24.7%, and an increase of $3.5 million or 66.2% in subscription liabilities, offset by a decrease in net pension liability (NPL) of $34.5 million or 4.1%, a decrease in PPP availability payment liabilities of $11.6 million or 2.0%, and a decrease in lease liabilities of $8.0 million or 16.0%.

The increase of $1.9 billion or 15.9% in bonded debt was primarily a result of bond issuances in fiscal year 2025 (Series 2025 ABCDEF), in contrast to no issuance in fiscal year 2024. The increase of $13.0 million or 14.3% in estimated claims payable was due to higher liabilities payable beyond twelve months in fiscal year 2025. The increase in other long-term liabilities of $5.1 million or 24.7% was mainly due to increase in additional arbitrage liabilities in fiscal year 2025. In fiscal year 2025, LAX recognized a decrease in net pension liability (NPL) of $34.5 million or 4.1%. This is primarily due to (i) higher than expected salary increases for continuing active members, (ii) actual contributions less than expected due to the scheduled one -year delay in implementing contribution rates and the actual payroll lower than projected, offset by (iii) the return on the market value of retirement plan assets of 8.29% during fiscal year 2023-2024 that was more than the assumption of 7.00% used in the June 30, 2023 valuation. The decrease in PPP availability payment liabilities of $11.6 million or 2.0% in fiscal year 2025 was due to the payments made. The decrease in lease liabilities of $8.0 million or 16.0% was due to higher payments and decrease in new leases in fiscal year 2025.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Net Position, Fiscal Year 2024

As noted earlier, net position may serve as a useful indicator of LAX's financial condition. At the close of fiscal years 2024 and 2023, LAX's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6.3 billion and $6.0 billion, respectively, representing an increase of $302.2 million or 5.1%.

The largest portion of LAX's net position ($5.1 billion or 81.2%) reflects its investment in capital assets (e.g. land, air easements, buildings, improvements, equipment and vehicles) less accumulated depreciation and any related outstanding debt used to acquire those assets. An additional portion of LAX's net position ($593.0 million or 9.4%) represents resources that are subject to various restrictions on how they may be used. Unrestricted net position decreased by $168.7 million from $756.4 million in fiscal year 2023 to $587.7 million in fiscal year 2024.

Unrestricted current assets decreased by $130.7 million or 6.4%, from $2.0 billion at June 30, 2023 to $1.9 billion at June 30, 2024. The decrease was primarily driven by a decrease in cash and pool investments held in City Treasury of $153.0 million or 8.3%, a decrease in lease receivable of $14.8 million or 45.8%, a decrease in amounts due from other agencies of $1.1 million or 2.4%, offset by increase in unbilled receivables of $11.4 million or 25.7%, an increase in accrued interest receivable of $5.9 million or 64.0%, an increase in grants receivable of $15.1 million or 89.2%, and an increase in prepaid expenses of $5.9 million or 56.9% in fiscal year 2024.

Unrestricted current assets consist primarily of cash and pooled investments (including reinvested cash collateral in 2024) held in the City Treasury. Unrestricted cash inflows were from operating activities, investment activities, noncapital grants, and federal grant reimbursements for eligible capital projects. Unrestricted cash outflows were for operating activities, capital acquisitions and transfers to fiscal agents for debt service.

The decrease in cash and pooled investments held in City Treasury of $153.0 million or 8.3% was primarily due to lower cash inflows than outflows in fiscal year 2024, offset by the year-end recognition of $22.1 million net gain in fair market valuation/securities lending transactions as of June 30, 2024. The decrease in lease receivable of $14.8 million or 45.8% was primarily due to higher payments received, offset with increase due to new leases in fiscal year 2024 as compared to fiscal year 2023. Unbilled receivables, which represented the year-end accrual for unbilled revenue, increased by $11.4 million or 25.7%. The increase was primarily a result of a higher passenger level in June 2024 as compared to June 2023. The increase in accrued interest receivable of $5.9 million or 64.0%, was primarily due to higher interest yield in fiscal year 2024 as compared to fiscal year 2023. The increase in grants receivable of $15.1 million or 89.2% was primarily due to higher accrued grant expenditures that were not reimbursed from granting agencies at fiscal year end 2024. The increase in prepaid expenses of $5.9 million or 56.9% was mainly due to a higher year-end true up credit adjustment of the pension and OPEB contributions in fiscal year 2024 as compared to fiscal year 2023.

Restricted current assets include cash and investments (including reinvested cash collateral in 2024) held in the City Treasury for future capital projects funded by passenger facility charges (PFCs) and customer facility charges (CFCs). Also included are bond proceeds to be used for capital expenditures as well as bond debt service funds held by fiscal agents. Drawdowns from the amounts held by fiscal agents were used for capital expenditures incurred at LAX and for bond principal and interest payments.

Restricted current assets decreased by $935.7 million or 34.6%, from $2.7 billion at June 30, 2023 to $1.8 billion at June 30, 2024. The decrease was primarily driven by a decrease in year-end investment portfolio held by fiscal agents of $987.8 million, or 45.5%, offset by an increase in restricted cash and pooled investments held in City Treasury of $49.1 million, or 9.8%.

The decrease in year-end investment portfolio held by fiscal agents of $987.8 million, or 45.5% from $2.2 billion in fiscal year 2023 to $1.2 billion in fiscal year 2024 was mainly due to drawdowns to fund ongoing projects at LAX in fiscal year 2024. The increase in restricted cash and pooled investments held in City Treasury of $49.1 million or 9.8% from $499.2 million in fiscal year 2023 to $548.3 million in fiscal year 2024 was primarily due to higher cash inflows than outflows in fiscal year 2024, and an increase of $0.8 million net gain in fair market valuation/securities lending transactions as of June 30, 2024.

LAX's capital assets additions are financed through the issuance of revenue bonds, grants from federal agencies, PFCs, CFCs, new airport revenue and existing resources. Interim financing of such acquisition may be provided through the issuance of commercial paper notes. Capital assets, net of depreciation, increased by $1.2 billion, or 7.1%. Ongoing construction and improvements to modernize LAX terminals and facilities, and the Landside Access Modernization Program (LAMP) including construction of the Automated People Mover System (APM), Consolidated Rental Car Facility (ConRAC) were the primary reasons for the increase.

Other noncurrent assets increased by $69.0 million or 52.7% primarily due to recognition of long-term portion in investments with fiscal agents of $54.6 million, an increase in net OPEB asset of $15.7 million, and an increase in net pension asset of $1.8 million in fiscal year 2024, offset by a decrease in lease receivable, net of current portion, of $3.0 million or 2.4%.

In fiscal year 2024, LAX recognized net OPEB asset (a surplus of assets over liabilities) of $15.7 million. This is mainly due to (i) 2024 premiums, underlying claims estimates and subsidy levels were overall lower than expected; the savings produced by the Medicare plan premiums (which either remained level or decreased) more than offset the losses which resulted from the larger than expected premium increases for the non-Medicare plan premiums; updates to the actuarial spread factor methodology also contributed to the savings (ii) reflecting assumptions based on the triennial experience study, and (iii) the overall impact of the updated trend assumptions produced savings for the plan; although the trend rates for 2025 and after were slightly increased, the first year trend assumption for fiscal year 2023/2024 was lower than expected due to the 2024 premium experience. In fiscal year 2023, LAX recognized net OPEB liability of $26.9 million as a result of a negative return of (9.52)% on the market value of OPEB assets. The decrease in lease receivable, net of current portion, of $3.0 million or 2.4% was due to higher payments received, offset with increase due to new leases in fiscal year 2024.

Current liabilities payable from unrestricted assets increased by $173.6 million or 25.5%. This was mainly due to an increase of $43.3 million or 12.5% in contracts and accounts payable, an increase of $1.1 million or 5.6% in accrued salaries, an increase of $31.1 million or 411.0% in accrued employee benefits, an increase of $2.1 million or 18.7% in estimated claims payable, an increase of $6.2 million or 271.1% in subscription liabilities, an increase of $91.4 million or 39.8% in commercial paper, an increase in unearned revenue of $9.6 million, offset by a decrease of $5.8 million or 75.7% in obligations under securities lending transactions, and a decrease of $6.9 million or 18.9% in other current liabilities.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

The increase of $43.3 million or 12.5% in contracts and accounts payable was primarily due to the higher level of business operational activities as a result of increased passenger level in fiscal year 2024. The increase of $1.1 million or 5.6% in accrued salaries was primarily a result of the accrual of $8.0 million retro payment based on the Coalition Agreement in fiscal year 2024. The increase of $31.1 million or 411.0% in accrued employee benefits was primarily due to higher accrued sick leave in fiscal year 2024. Unused sick leave was accrued at 100% in fiscal year 2024 based on new Coalition Agreement, versus accrual of 50% in fiscal year 2023. The increase of $2.1 million or 18.7% in estimated claims payable was due to a higher liabilities payable within twelve months in fiscal year 2024. The increase of $6.2 million or 271.1% in subscription liabilities was a result of the additional liabilities recognized for the new subscription agreements in fiscal year 2024. The increase of $91.4 million or 39.8% in commercial paper notes was primarily due to the increase in interim financing for the on-going construction projects. The increase in unearned revenue of $9.6 million was related to the unearned grants from the American Rescue Plan Act (ARPA). The decrease of $6.9 million or 18.9% in other current liabilities included a decrease in LAX's share of the City Treasury's year-end pending investment trade of $3.3 million in fiscal year 2024.

Current liabilities payable from restricted assets increased by $54.0 million or 19.3%. This was mainly due to an increase of $56.7 million or 27.9% in current maturities of bonded debt, and an increase of $1.4 million or 29.2% in other current liabilities, offset by a decrease in contracts and accounts payable of $1.6 million or 67.3%, a decrease of $1.1 million or 1.7% in accrued interest payable, and a decrease of $1.3 million or 69.6% in obligations under securities lending transactions in fiscal year 2024.

Noncurrent liabilities decreased by $413.9 million or 2.9%. This was mainly due to a decrease in bonded debt of $368.7 million or 2.9%, a decrease in lease liabilities of $2.9 million or 5.5%, a decrease in PPP availability payment liabilities of $10.7 million or 1.8%, a decrease in net pension liability (NPL) of $20.3 million or 2.3%, a decrease in net OPEB liability (NOL) of $26.9 million or 100%, and a decrease in accrued employee benefits of $11.4 million or 21.9%, offset by an increase of $4.0 million or 4.6% in estimated claims payable, an increase of $3.0 million or 135.7% in subscription liabilities, and an increase in other long-term liabilities of $20.0 million or 2,257.1% in fiscal year 2024.

The decrease of $368.7 million or 2.9% in bonded debt was primarily a result of no bond issuances in fiscal year 2024 versus bond issuances of $1.5 billion (Series 2022 GHI and 2023 AB), offset by redemption and refunding of $328.5 million in fiscal year 2023. The decrease in accrued employee benefits of $11.4 million or 21.9% was primarily due to a change in the basis of classifying accrued employee benefits to actual payments in fiscal year 2024.

Changes in Net Position Summary

A condensed summary of LAX's changes in net position for fiscal years ended June 30, 2025, 2024, and 2023 is presented below.

Condensed Changes in Net Position
(amounts in thousands)

	FY 2025	FY 2024	FY 2023	FY 2025 increase (decrease)	FY 2024 increase (decrease)
Operating revenue	$ 2,047,475	$ 1,926,526	$ 1,727,257	$ 120,949	$ 199,269
Less- Operating expenses	1,019,539	939,988	832,384	79,551	107,604
Operating income before depreciation and amortization	1,027,936	986,538	894,873	41,398	91,665
Less- Depreciation and amortization	794,059	757,632	689,766	36,427	67,866
Operating income	233,877	228,906	205,107	4,971	23,799
Other nonoperating expenses, net	(104,688)	(54,208)	(183,917)	(50,480)	129,709
Income before capital grants	129,189	174,698	21,190	(45,509)	153,508
Federal and other government grants	196,726	127,534	387,533	69,192	(259,999)
Changes in net position	325,915	302,232	408,723	23,683	(106,491)
Net position, beginning of year	6,277,558	5,975,326	5,566,603	302,232	408,723
Net position, end of year	$ 6,603,473	$ 6,277,558	$ 5,975,326	$ 325,915	$ 302,232

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Operating Revenue

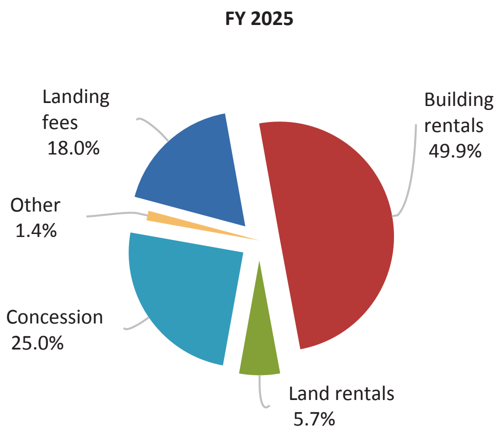
LAX derives its operating revenue from several major airport business activities. The following table presents a summary of these business activities during fiscal years 2025, 2024, and 2023:

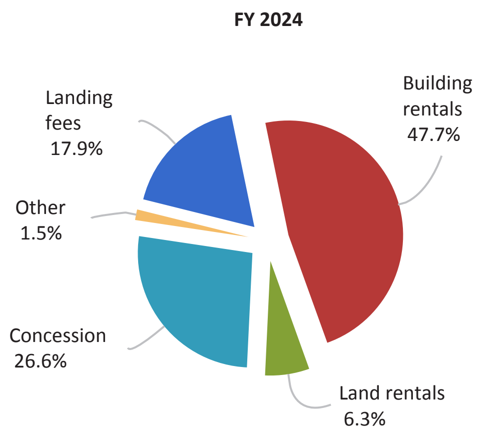
Summary of Operating Revenue
(amounts in thousands)

	FY 2025	FY 2024	FY 2023	FY 2025 increase (decrease)	FY 2024 increase (decrease)
Aviation revenue					
Landing fees	$ 368,616	$ 344,334	$ 328,099	$ 24,282	$ 16,235
Building rentals	1,021,785	919,155	815,490	102,630	103,665
Land rentals	117,788	122,528	121,601	(4,740)	927
Other aviation revenue	14,892	16,447	5,135	(1,555)	11,312
Total aviation revenue	1,523,081	1,402,464	1,270,325	120,617	132,139
Concession revenue	510,974	512,393	447,478	(1,419)	64,915
Other operating revenue	13,420	11,669	9,454	1,751	2,215
Total operating revenue	$ 2,047,475	$ 1,926,526	$ 1,727,257	$ 120,949	$ 199,269

Operating Revenue, Fiscal Year 2025

The following chart illustrates the proportion of sources of operating revenue for fiscal years ended June 30, 2025 and 2024. Other aviation and other operating revenue were added and labeled "Other."





For the fiscal year ended June 30, 2025, total operating revenue was $2.0 billion, an increase of $120.9 million or 6.3% from the prior fiscal year. Aviation related revenue increased by $120.6 million or 8.6%. Non-aviation revenue increased by $0.3 million or 0.1%, including a decrease in concession of $1.4 million or 0.3%, offset by an increase in other operating revenue of $1.8 million, or 15.0%.

As described in Note 1i of the notes to the financial statements, landing fees assessed to air carriers at LAX are based on cost recovery methodologies. Rates are set using budgeted expenses and estimates of landed weight. The fees are reconciled at the end of the fiscal year using actual net expenses and actual landed weight, with differences credited or billed to the airlines accordingly. Terminal rental rates at LAX are calculated using a compensatory methodology. Rates are set based on operating and capital costs allocated to the terminal area and charged to users by leased space or activity in common-use areas.

Landing fees for the fiscal year ended June 30, 2025 increased by $24.3 million, or 7.1% from $344.3 million to $368.6 million in fiscal year 2025. The increase in landing fees was primarily due to an 11.3% increase in permitted passenger rate from $6.08 to a preliminary reconciled rate of $6.77, and a 16.6% increase in permitted cargo rate from $4.40 to a preliminary reconciled rate of $5.13 in fiscal year 2025. The increase was partially offset by a 1.0% decrease in landed weight.

Building rental increased by $102.6 million or 11.2% from $919.2 million to $1.0 billion in fiscal year 2025. The increase in building rentals was primarily attributable to higher terminal building rentals rates in fiscal year 2025 as a result of increased costs in improvements and refurbishments in the terminals recovered under the Terminal Rate Agreement, and an increase in terminal use fees of $36.2 million or 24.2%, due to an increase in Federal Inspection Services (FIS) Fees of 9.1%, from $14.20 to $15.49 per deplaned international passenger in fiscal year 2025, and a 0.9% increase in international passenger activity.

Land rental revenue decreased by $4.7 million or 3.9% from $122.5 million to $117.8 million in fiscal year 2025. The net decrease was primarily driven by the termination of various agreements in fiscal year 2025.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Other aviation revenue decreased by $1.6 million or 9.5% from $16.4 million in fiscal year 2024 to $14.9 million in fiscal year 2025. The decrease was mainly due to reduced demand for fuel services and aircraft parking for the fiscal year 2025.

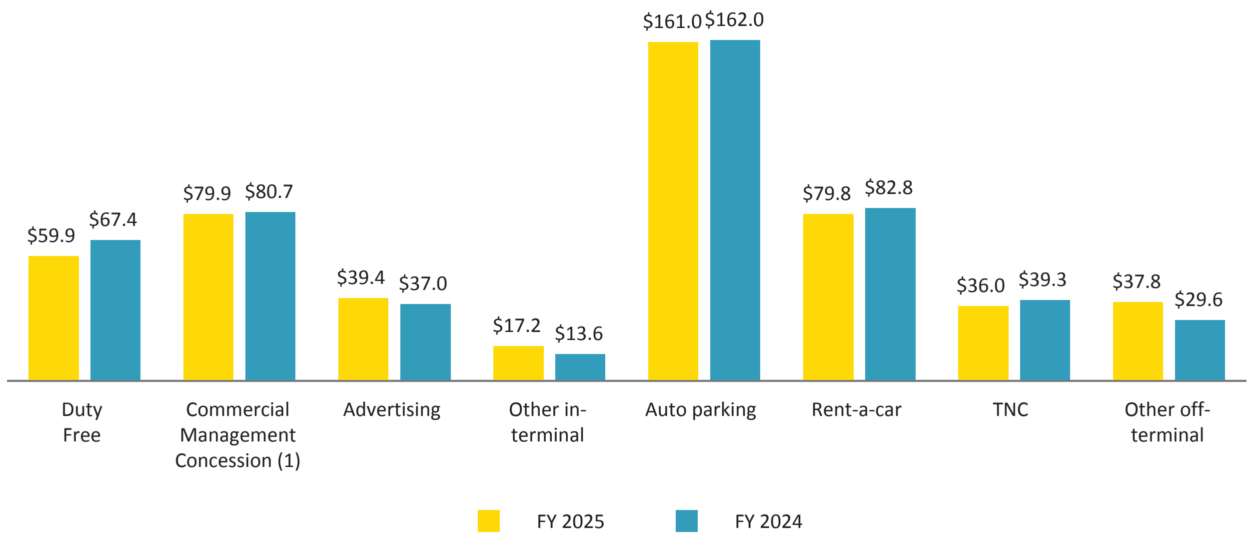
Total revenue from concessions was $511.0 million in fiscal year 2025, a 0.3% decrease from $512.4 million in fiscal year 2024. In-terminal concession revenue includes rentals collected from commercial management concessionaires, food and beverage concessionaires; duty free and retail merchants (gifts, news, and novelty items); and concessionaires for advertising, foreign exchange booths, telecommunications, automated teller machines, luggage cart rental, and security screening services. Off-terminal concession revenue is derived from auto parking, rent-a-car, transportation network companies (TNC), Consolidated Rental Car Facility (ConRAC), bus, limousine, taxi services, and other commercial ground transportation operations.

In-terminal concession revenue in fiscal year 2025 had a net decrease of $2.3 million or 1.2% as compared to fiscal year 2024. Duty free revenues decreased by $7.5 million or 11.1% primarily due to the inclusion of $10.8 million billing reconciliation for fiscal years 2023 in fiscal year 2024; commercial management concession (CMC) revenue[1] decreased by $0.8 million or 1.0%, offset by an increase in other terminal revenue of $3.6 million or 26.5%, and an increase in advertising revenue of $2.4 million or 6.5%. The decreases in concession revenue were mainly a result of the 1.7% decrease in passenger traffic in fiscal year 2025 to 75.2 million as compared to the passenger traffic of 76.5 million in fiscal year 2024. The increase in other terminal revenue was mainly due to the recognition of prior-year license fees in Telecommunications. The increase in Advertising revenue was attributed to higher advertising demand.

Off-terminal concession revenue in fiscal year 2025 was $314.6 million as compared to $313.7 million in fiscal year 2024, an increase of $0.9 million or 0.3%. The net increase was primarily due to $6.0 million rent from ConRAC in fiscal year 2025, an increase in fly-away bus service of $1.0 million or 6.4%, offset by a decrease in rent-a-car revenue of $3.0 million or 3.6%, a decrease in auto parking of $1.0 million or 0.6%, and a decrease in TNC revenue of $3.3 million or 8.4% in fiscal year 2025. The rent from ConRAC was recognized following the partial opening of the facility in fiscal year 2025. The decreases in the off-terminal concession revenue were mainly a result of the 1.7% decrease in passenger traffic in fiscal year 2025 to 75.2 million as compared to the passenger traffic of 76.5 million in fiscal year 2024.

[1] *Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.*

Comparative concession revenue by type for fiscal years 2025 and 2024 are presented in the following chart (amounts in millions).



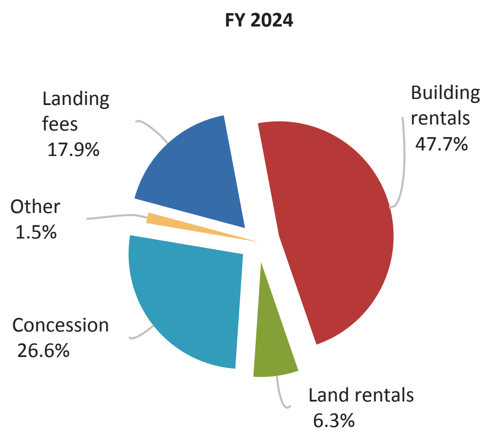
1) Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.

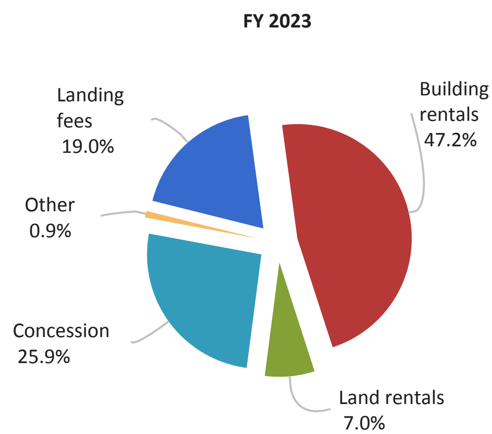
Other operating revenue, including airport sales and services, and other aviation and operating revenue, increased by $1.8 million or 15.0% in fiscal year 2025.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Operating Revenue, Fiscal Year 2024

The following chart illustrates the proportion of sources of operating revenue, before reliever airport fee, for fiscal years ended June 30, 2024 and 2023. Other aviation and other operating revenue were added and labeled "Other."





For the fiscal year ended June 30, 2024, total operating revenue before reliever airport fees was $1.9 billion, an increase of $199.3 million or 11.5% from the prior fiscal year. Aviation related revenue increased by $132.1 million or 10.4%. Non-aviation revenue increased by $67.1 million or 14.7%, including an increase in concession of $64.9 million or 14.5%, and an increase in other operating revenue of $2.2 million, or 23.4%. The increase in total operating revenue was mainly a result of the 7.8% increase in passenger traffic in fiscal year 2024 to 76.5 million as compared to the passenger traffic of 71.0 million in fiscal year 2023.

Landing fees for the fiscal year ended June 30, 2024 increased by $16.2 million, or 4.9% from $328.1 million to $344.3 million in fiscal year 2024. The increase in landing fees was primarily due to 1.8% increase in permitted passenger rate from $6.11 to a preliminary reconciled rate of $6.22, a 6.4% increase in landed weight, and a 0.7% increase in permitted cargo rate from $4.48 to a preliminary reconciled rate of $4.51 in fiscal year 2024.

Building rental increased by $103.7 million or 12.7% from $815.5 million to $919.2 million in fiscal year 2024. The increase in building rentals was primarily attributable to higher terminal building rentals rates in fiscal year 2024 as a result of increased costs in improvements and refurbishments in the terminals recovered under the Terminal Rate Agreement, and an increase in terminal use fees of $16.8 million or 12.7% due to an increase of 18.8% in international passenger activity, offset by a decrease of Federal Inspection Services (FIS) Fees by 16.6% from $17.03 to $14.20 per deplaned international passenger in fiscal year 2024.

Land rental revenue increased by $0.9 million or 0.8% from $121.6 million to $122.5 million in fiscal year 2024.

Other aviation revenue increased by $11.3 million or 220.3% from $5.1 million in fiscal year 2023 to $16.4 million in fiscal year 2024. The increase was primarily driven by higher aircraft parking rates that reflect market appropriate, duration based fees in fiscal year 2024.

Total revenue from concessions was $512.4 million in fiscal year 2024, a 14.5% increase from $447.5 million in fiscal year 2023. In-terminal concession revenue includes rentals collected from commercial management concessionaires, food and beverage concessionaires; duty free and retail merchants (gifts, news, and novelty items); and concessionaires for advertising, foreign exchange booths, telecommunications, automated teller machines, luggage cart rental, and security screening services. Off-terminal concession revenue is derived from auto parking, rent-a-car, bus, limousine, taxi services, transportation network companies (TNC) and other commercial ground transportation operations.

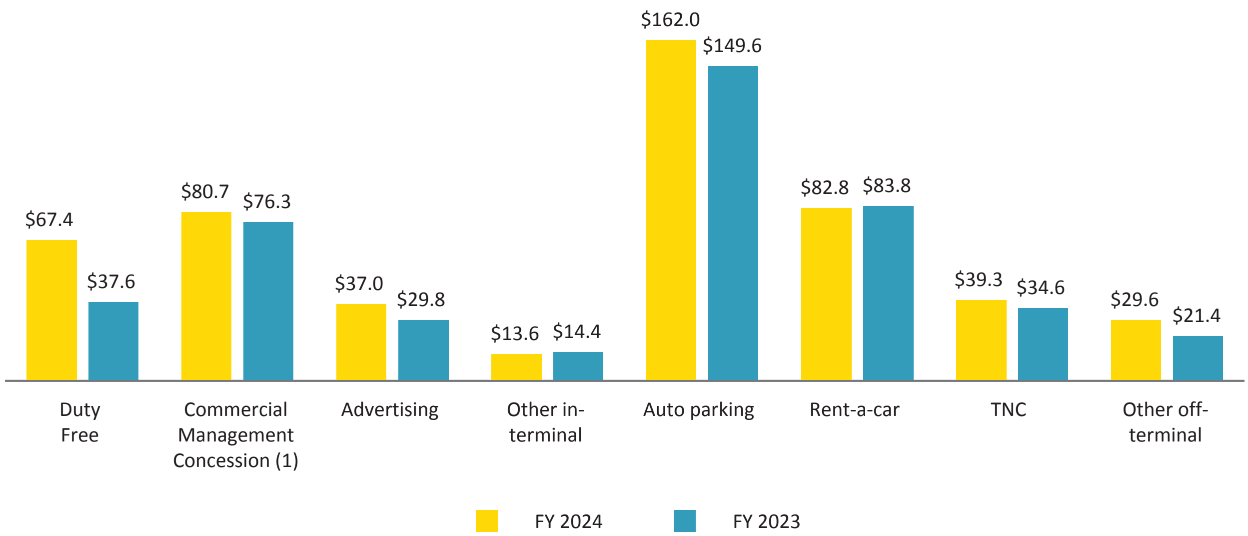
In-terminal concession revenue in fiscal year 2024 had a net increase of $40.6 million or 25.7% as compared to fiscal year 2023. Duty free revenues increased by $29.8 million, or 79.3% as a result of the inclusion of $18.8 million billing reconciliation for fiscal years 2023 and 2024; commercial management concession revenue[2] increased by $4.4 million or 5.8%; other in-terminal revenue decreased by $0.8 million or 5.6%; and advertising revenue increased by $7.2 million or 24.2%. Overall, the increases in concession revenue were mainly a result of the 7.8% increase in passenger traffic in fiscal year 2024 to 76.5 million as compared to the passenger traffic of 71.0 million in fiscal year 2023. The drop in other in-terminal revenue was mainly driven by the decrease of $1.8 million in ATM revenue as a result of the reduction in annual base rent due to reduction in the number of ATMs and new agreement terms in fiscal year 2024.

Off-terminal concession revenue at LAX in fiscal year 2024 was $313.7 million as compared to $289.4 million in fiscal year 2023, an increase of $24.3 million or 8.4%. The increase was primarily caused by an increase in auto parking of $12.4 million or 8.3%, an increase in TNC revenue of $4.7 million or 13.6%, an increase in fly-away bus service of $2.5 million or 18.9%**,** and an increase in vehicle sharing platforms of $5.8 million or 100%, offset by a decrease in rent-a-car revenue of $1.0 million or 1.2%, in fiscal year 2024. Overall, the increase in the off-terminal concession revenue were mainly a result of the 7.8% increase in passenger traffic in fiscal year 2024 to 76.5 million as compared to the passenger traffic of 71.0 million in fiscal year 2023. The decrease in rent-a-car revenue was caused by the inclusion of $(3.9) million billing reconciliation for fiscal years 2023 and 2024.

[2] *Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.*

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Comparative concession revenue by type for fiscal years 2024 and 2023 are presented in the following chart (amounts in millions).



1) Commercial Management Concession revenue includes total revenue from food and beverage concessionaires, gifts and news and commercial management concessionaires.

Other operating revenue, including airport sales and services, and other aviation and operating revenue, increased by $2.2 million or 23.4% in fiscal year 2024.

Operating Expenses

The following table presents a summary of LAX's operating expenses for the fiscal years ended June 30, 2025, 2024, and 2023. Included in other operating expenses are expenses for advertising and public relations, training and travel, insurance, lease, and other miscellaneous items.

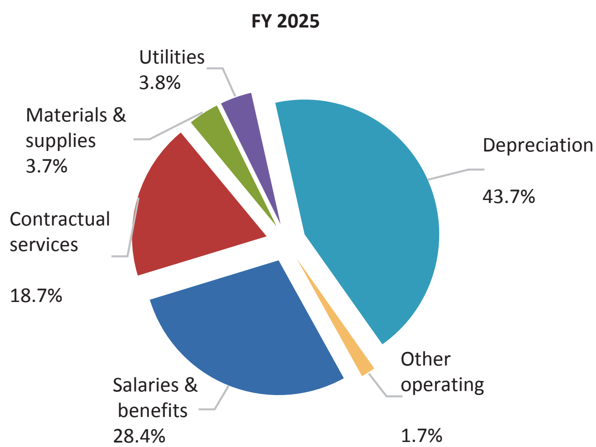
Summary of Operating Expenses
(amounts in thousands)

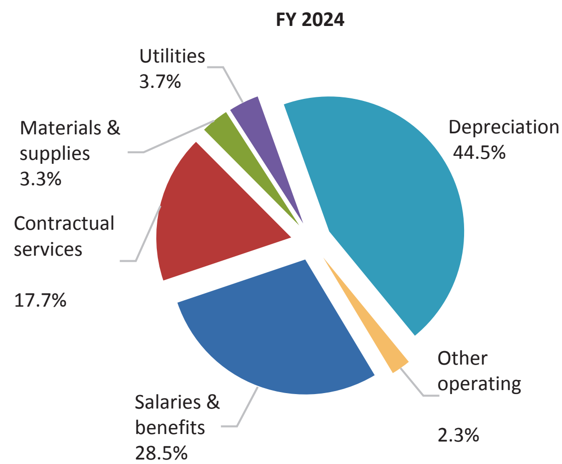
	FY 2025	FY 2024	FY 2023	FY 2025 increase (decrease)	FY 2024 increase (decrease)
Salaries and benefits	$ 515,327	$ 484,046	$ 435,105	$ 31,281	$ 48,941
Contractual services	340,257	301,357	275,150	38,900	26,207
Materials and supplies	67,045	56,738	42,044	10,307	14,694
Utilities	69,150	62,180	58,879	6,970	3,301
Other operating expenses	31,461	39,649	24,369	(8,188)	15,280
Operating expenses before depreciation	1,023,240	943,970	835,547	79,270	108,423
Depreciation	794,059	757,632	689,766	36,427	67,866
Total operating expenses	1,817,299	1,701,602	1,525,313	115,697	176,289
Less- allocation to VNY and PMD	3,701	3,982	3,163	(281)	819
Net operating expenses	$ 1,813,598	$ 1,697,620	$ 1,522,150	$ 115,978	$ 175,470

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Operating Expenses, Fiscal Year 2025

The following chart illustrates the proportion of categories of operating expenses, before allocation to other airports, for fiscal years ended June 30, 2025 and 2024.





For the fiscal year ended June 30, 2025, operating expenses before allocation to other airports were $1.8 billion, a $115.7 million or 6.8% increase from the prior fiscal year. The increase was primarily due to increase in salaries and benefits of $31.3 million or 6.5%, increase in contractual services of $38.9 million or 12.9%, increase in materials and supplies of $10.3 million or 18.2%, increase in utilities of $7.0 million or 11.2%, decrease in other operating expenses of $8.2 million or 20.7%, and increase in depreciation of $36.4 million or 4.8%.

Salaries and benefits expenses increased by $31.3 million or 6.5%. The increase was mainly driven by increase in salaries and overtime of $47.8 million or 15.7%, increase in retirement contributions of $0.1 million or 0.2%, increase in worker's compensation of $6.4 million or 34.4%, increase in health subsidy of $5.3 million or 11.2% , offset by decrease in pension expenses of $24.4 million or 246.7%, and decrease in OPEB expenses of $3.9 million or 30.2% in fiscal year 2025.

The increase in salaries and overtime of $47.8 million or 15.7% was mainly due to the increase of approximately 264 employees to 3,213 in fiscal year 2025. The increase in worker's compensation of $6.4 million or 34.4% was a result of higher worker's compensation liabilities based on the actuarial report for fiscal year 2025. The increase in health subsidy of $5.3 million or 11.2% was due to the increase in headcount as well as the increase in health costs provided by the City. The decrease in non-cash pension expenses of $24.4 million or 246.7% was mainly due to an increase in the projected earnings on plan investments and amortization based on Los Angeles City Employees' Retirement System (LACERS) actuarial report for pension. The decrease in non-cash OPEB expenses of $3.9 million or 30.2% was driven by the a combination of (1) the new amortization bases related to this year's favorable investment and demographic experience, (2) the expiration of amortization bases related to prior deferred outflows, and (3) a larger credit from projected earnings on beginning of year plan investments based on LACERS' actuarial report for OPEB.

Contractual services increased by $38.9 million or 12.9% from $301.4 million to $340.3 million in fiscal year 2025. The increase was primarily across the board among all contractual expenses. Major contractual expenses experienced notable increases in operations contracts and miscellaneous contractual services.

Materials and supplies expenses increased by $10.3 million from $56.7 million to $67.0 million in fiscal year 2025. Major materials and supplies expenses experienced significant increases in computer software supplies and services, elevator & escalator repair and materials, custodial supplies & services, and maintenance expenses.

Utilities expenses were $69.2 million and $62.2 million in fiscal year 2025 and 2024, respectively. The increase in utilities expenses was primarily driven by a $4.8 million increase in electricity costs, due to higher usage and increased rates, and a $1.8 million increase in water costs, largely attributable to higher rates in fiscal year 2025.

Other operating expenses were $31.5 million and $39.6 million in fiscal year 2025 and 2024, respectively. The decrease was mainly due to a $3.0 million adjustment for fiscal year 2024 insurance cost recorded in fiscal year 2025, and a $1.7 million reduction in reliever airport fee for VNY.

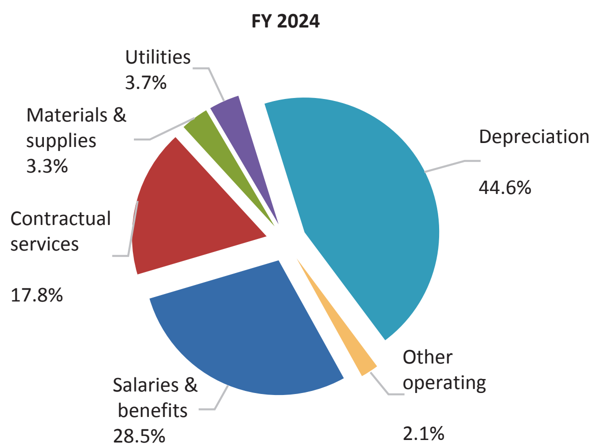
Depreciation charges increased from $757.6 million to $794.1 million in fiscal year 2025. The increase of $36.4 million is partially attributed to the newly capitalized assets in fiscal year 2025. These assets includes the T3 Satellite at $225.0 million, Runway 6L-24R Exits at $190.0 million, and T2/T3 W Headhouse at $80.0 million with a total depreciation of $6.1 million. The increase was partially offset by a decrease in fully depreciated/retired assets.

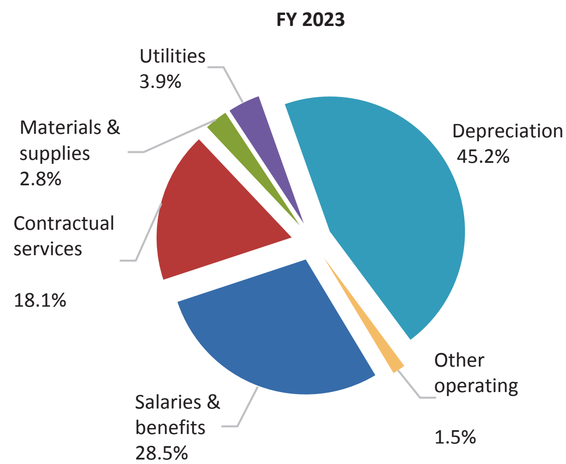
A 15% burden rate of their operating costs is allocated to the other airports for central services costs that are paid for by LAX. Such central service costs include general administration, financial and human resource services among other costs.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Operating Expenses, Fiscal Year 2024

The following chart illustrates the proportion of categories of operating expenses, before allocation to other airports, for fiscal years ended June 30, 2024 and 2023.





For the fiscal year ended June 30, 2024, operating expenses before allocation to other airports were $1.7 billion, a $173.8 million or 11.4% increase from the prior fiscal year. The increase was primarily due to increase in salaries and benefits of $48.9 million or 11.2%, increase in contractual services of $26.2 million or 9.5%, increase in materials and supplies of $14.7 million or 34.9%, increase in utilities of $3.3 million or 5.6%, increase in other operating expenses of $12.8 million or 54.3%, and increase in depreciation of $67.9 million or 9.8%.

Salaries and benefits expenses increased by $48.9 million or 11.2%. The increase was mainly driven by increase in salaries and overtime of $18.1 million or 6.3%, increase in retirement contributions of $17.2 million or 17.2%, increase in worker's compensation of $7.4 million or 66.0%, increase in health subsidy of $4.7 million or 11.0% , increase in pension expenses of $4.2 million or 75.2%, offset by a decrease in OPEB expenses of $2.7 million or 25.8% in fiscal year 2024.

The increase in salaries and overtime of $18.1 million or 6.3% was mainly due to the increase of approximately 90 employees to 2,949 in fiscal year 2024 in addition to the accrual of $8.0 million retro payment based on the Coalition Agreement in fiscal year 2024. The increase in retirement contributions of $17.2 million or 17.2% in fiscal year 2023 was a result of a higher contribution rate as calculated by LACERS' actuary. For Tier 1 members, the contribution rate was 34.07% in fiscal year 2024 compared to 33.93% in fiscal year 2023. For Tier 3 members, the contribution rate was 31.45% in fiscal year 2024 compared to 31.35% in fiscal year 2023 in addition to a higher salaries base in fiscal year 2024. The increase in worker's compensation of $7.4 million or 66.0% was a result of higher worker's compensation liabilities based on the actuarial report for fiscal year 2024. The increase in health subsidy of $4.7 million or 11.0% was due to the increase in headcount as well as the increase in health costs provided by the City. The increase in non-cash pension expenses of $4.2 million or 75.2% was mainly due to a reduction in the projected earnings on plan investments based on LACERS' actuarial report for pension. The decrease in non-cash OPEB expenses of $2.7 million or 25.8% was driven by this year's assumption changes, mainly the updated retiree claims and subsidy estimates, and partially offset by a lower credit for projected investment returns based on LACERS' actuarial report for OPEB.

Contractual services increased by $26.2 million or 9.5% from $275.2 million to $301.4 million in fiscal year 2024. The increase was primarily across the board among all contractual expenses as a result of the increase in passenger traffic causing a higher demand for services. Major contractual expenses experienced notable increases included operations contracts and system services.

Materials and supplies expenses increased by $14.7 million from $42.0 million to $56.7 million in fiscal year 2024. Major materials and supplies expenses experienced notable increases included increases in custodial supplies & services, electric maintenance materials, and maintenance expenses.

Utilities expenses were $62.2 million and $58.9 million in fiscal year 2024 and 2023, respectively. The increase in utilities was primarily driven by increase of $3.7 million in electricity, increase of $3.2 million in water, offset by a decrease in gas charges of $3.9 million in fiscal year 2024. Overall, the increase in utilities was primarily a result of the increase in passenger traffic, in addition to the increase in utility rates in fiscal year 2024. The decrease in gas charges was primarily a result of a drastic surge in natural gas rates in fiscal year 2023.

Other operating expenses were $36.3 million and $23.5 million in fiscal year 2024 and 2023, respectively. Major other operating expenses experienced notable increases included increase in insurance expenses of $9.7 million due to rate hike and higher insured coverage value for property insurance as a result of the completion of major infrastructure including the ConRAC.

Depreciation charges increased from $689.8 million to $757.6 million in fiscal year 2024. The increase of $67.8 million in depreciation charges was mainly due to the newly capitalized assets in fiscal year 2024 including the ConRAC (capitalized costs $1.6 billion) and Utilities and LAMP Enabling Projects (LULEP) (capitalized costs $321.2 million), with annual depreciation of approximately $65.1 million and $13.0 million, respectively. The increase was partially offset by a decrease in depreciation of fully depreciated and retired assets

A 15% burden rate of their operating costs is allocated to the other airports for central services costs that are paid for by LAX. Such central service costs include general administration, financial and human resource services among other costs.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Nonoperating Transactions

Nonoperating transactions are activities that do not result from providing services or producing and delivering goods in connection with LAX's ongoing operations. The following table presents a summary of these activities during fiscal years 2025, 2024, and 2023.

Summary of Nonoperating Transactions
(amounts in thousands)

	FY 2025	FY 2024	FY 2023	FY 2025 increase (decrease)	FY 2024 increase (decrease)
Nonoperating revenue					
Passenger facility charges	$ 148,938	$ 151,506	$ 144,322	$ (2,568)	$ 7,184
Customer facility charges	70,228	70,732	66,518	(504)	4,214
Interest and investment income (loss)	182,598	181,937	77,081	661	104,856
Interest income from leases	4,495	5,049	5,822	(554)	(773)
Other nonoperating revenue	7,056	9,704	22,123	(2,648)	(12,419)
	$ 413,315	$ 418,928	$ 315,866	$ (5,613)	$ 103,062
Nonoperating expenses					
Interest expense	$ 481,903	$ 461,543	$ 426,326	$ 20,360	$ 35,217
Other nonoperating expenses	36,100	11,593	73,457	24,507	(61,864)
	$ 518,003	$ 473,136	$ 499,783	$ 44,867	$ (26,647)
Federal and other government grants	$ 196,726	$ 127,534	$ 387,533	$ 69,192	$ (259,999)

Nonoperating Transactions, Fiscal Year 2025

PFCs decreased by $2.6 million or 1.7% from $151.5 million to $148.9 million as a result of the decrease of 1.7% in passenger traffic in fiscal year 2025. CFCs, which are imposed on each car rental transaction collected by car rental concessionaires and remitted to LAX, decreased by $0.5 million or 0.7% from $70.7 million to $70.2 million in fiscal year 2025. The decrease was also attributed to the decline in passenger traffic during the same fiscal year.

Interest and investment income increased by $0.7 million from $181.9 million to $182.6 million in fiscal year 2025. This was primarily due to reduced interest earnings from construction funds, resulting from ongoing drawdowns for LAX capital projects and no new bond proceeds added until April 2025, offset by higher interest rates, and an increase of $28.2 million in net year-end adjustment to the fair value of investment securities.

Interest income from leases decreased by $0.5 million from $5.0 million to $4.5 million. The decrease was due to recognition of the annual amortization related to leases.

Interest expenses increased by $20.4 million or 4.4% from $461.5 million to $481.9 million in fiscal year 2025. The increase was mainly due to a $20.9 million increase in bond interest expenses, resulting from the net issuances of $2.3 billion in revenue bonds (after refunding) issued in fiscal year 2025.

Other nonoperating revenue decreased by $2.6 million or 27.3% from $9.7 million to $7.1 million in fiscal year 2025. The decrease was primarily driven by a $2.5 million decline in TSA revenue, resulting from the termination of the TSA program in fiscal year 2024.

Other nonoperating expenses increased by $24.5 million or 211.4% from $11.6 million to $36.1 million in fiscal year 2025. The increase was primarily due to the recognition of $14.9 million in bond issuance expenses related to the $2.9 billion bonds issued in fiscal year 2025. Additionally, there was an increase in the loss on the disposition of property, from $11.4 million in fiscal year 2024 to $21.2 million in fiscal year 2025.

Federal and other government grants increased by $69.2 million, or 54.3% from $127.5 million to $196.7 million. The increase was primarily due to the reimbursements of the ATMP Roadways Improvement of $50.0 million, LAX Aux Curbs of $31.0 million, Noise Mitigation of $12.1 million, and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) grants of $9.2 million, offset by the decrease of the reimbursements of The American Rescue Plan Act (ARPA) grant of $17.6 million, Taxiway D Extension of $9.6 million and the LAX Residential Sound Insulation of $2.5 million.

Nonoperating Transactions, Fiscal Year 2024

PFCs increased by $7.2 million or 5.0% from $144.3 million to $151.5 million as a result of the increase of 7.8% passenger traffic in fiscal year 2024. CFCs, which are imposed on each car rental transaction collected by car rental concessionaires and remitted to LAX, increased by $4.2 million or 6.3% from $66.5 million to $70.7 million in fiscal year 2024. The increase was primarily due to the increase in passenger traffic in fiscal year 2024.

Interest and investment income increased by $104.9 million from $77.1 million to $181.9 million in fiscal year 2024. This was primarily due to higher interest rates and the inclusion of $30.0 million in net year-end adjustment to the fair value of investment securities in fiscal year 2024 versus a negative $47.7 million adjustment recognized in fiscal year 2023 .

Interest income from leases decreased by $0.8 million from $5.8 million to $5.0 million. The decrease was due to recognition of the annual amortization related to leases.

Interest expenses increased by $35.2 million or 8.3% from $426.3 million to $461.5 million in fiscal year 2024. The increase was mainly due to an increase of $25.5 million interest expenses from $2.2 million to $27.7 million related to recognition of interest on financing liability of ConRAC facility through PPP arrangement. Fiscal year 2023 covered interest expenses for only one month while fiscal year 2024 covered interest expenses for a full year.

Other nonoperating revenue decreased by $12.4 million or 56.1% from $22.1 million to $9.7 million in fiscal year 2024. The decrease was primarily due to one-time litigation settlement of $5.6 million to cover attorneys' fees and costs of litigation incurred by LAX, $5.1 million net gain on bond defeasance for bond series 2016A, 2019C, 2021 D&E, and $1.0 million gain related to leases in fiscal year 2023.

Other nonoperating expenses decreased by $61.9 million or 84.2% from $73.5 million to $11.6 million in fiscal year 2024. The decrease was primarily due to write-off of $10.0 million discontinued project costs in fiscal year 2024 versus the write-off of $29.0 million and $33.3 million assets on demolition of T3 and T4, respectively, and write-off of $6.2 million project costs due to discontinuation of certain Capital Improvement Plan projects in fiscal year 2023.

Federal and other government grants decreased by $260.0 million, or 67.1% from $387.5 million to $127.5 million. The decrease was primarily due to reimbursements for The American Rescue Plan Act (ARPA) grants of $27.2 million in fiscal year 2024 versus the reimbursements for ARPA grants of $267.0 million and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) grants of $54.7 million in fiscal year 2023.

Long-Term Debt

As of June 30, 2025, LAX's outstanding long-term debt before unamortized premium was $12.9 billion. Issuances during the year amounted to $2.9 billion, redemption and refunding totaled $671.0 million, and payments for scheduled maturities were $235.7 million. Together with the unamortized premium, bonded debt of LAX increased by $2.0 billion to a total of $14.4 billion.

As of June 30, 2024, LAX's outstanding long-term debt before unamortized premium was $10.9 billion. There was no bond issuance during the year. Payments for scheduled maturities were $203.2 million. Together with the unamortized premium, bonded debt of LAX decreased by $311.9 million to a total of $12.4 billion.

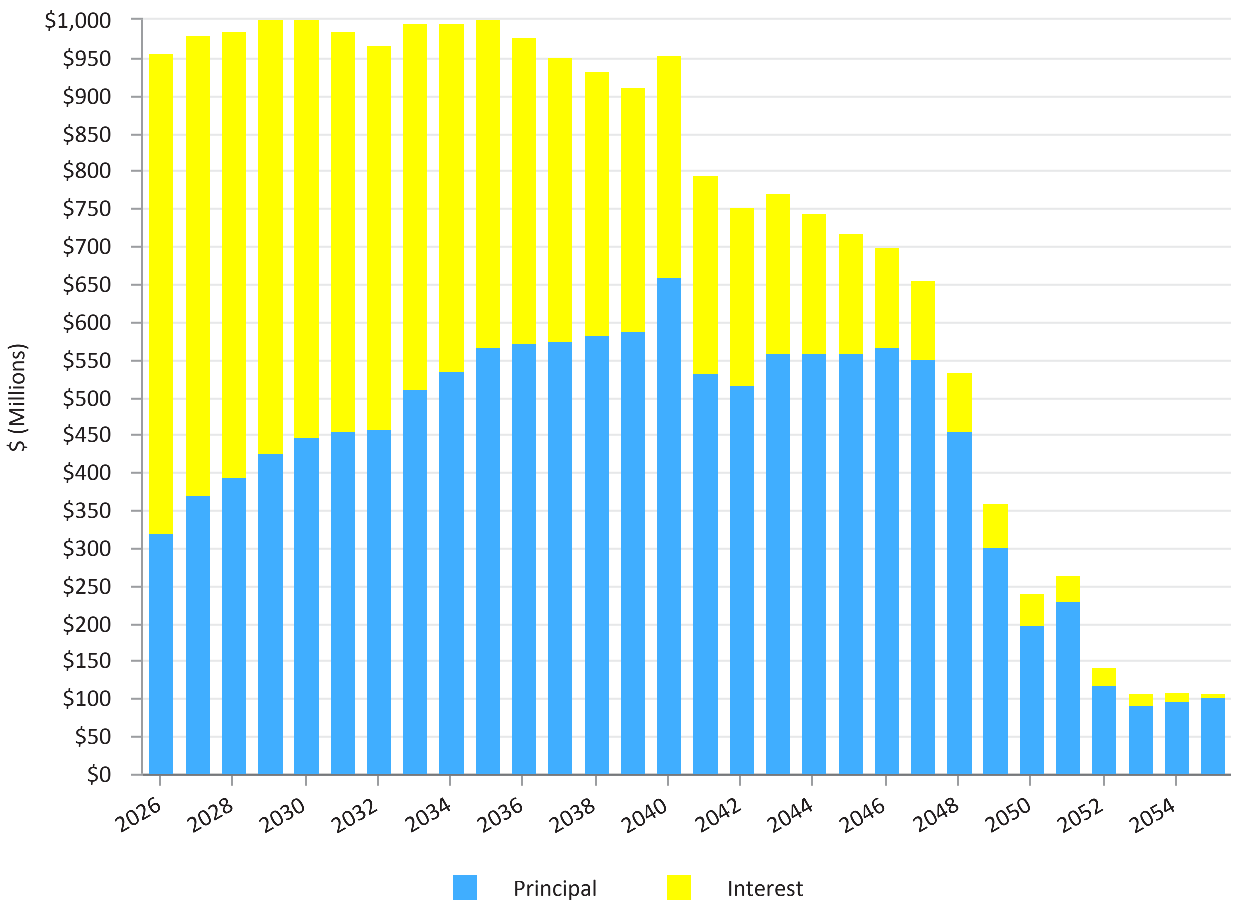
As of June 30, 2025 and 2024, LAX had $1.3 billion and $1.1 billion bond security funds, respectively, held by fiscal agents that are pledged for the payment or security of the outstanding bonds.

As of June 30, 2025 and 2024, LAX has underlying ratings of "AA", "Aa2" and "AA" on its senior lien debt and underlying ratings of "AA-", "Aa3" and "AA-" on its subordinate lien debt from Fitch Ratings (Fitch), Moody's Investors Service (Moody's) and Standard & Poor's Global Ratings (S&P), respectively.

Additional information regarding LAX's bonded debt can be found in Note 6 of the notes to the financial statements.

Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024
(continued)

Outstanding principal, plus scheduled interest as of June 30, 2025, is scheduled to mature as shown in the following chart (amounts in millions).



Capital Assets

LAX's investment in capital assets, net of accumulated depreciation, as of June 30, 2025 and 2024 were $18.6 billion and $17.5 billion, respectively. This investment, which accounts for 79.2% and 81.9% of LAX's total assets as of June 30, 2025 and 2024, respectively, includes land, air easements, buildings, improvements, equipment and vehicles, emission reduction credits, and construction work in progress. LAX recognized net right-of-use assets of $59.0 million and $67.7 million as of June 30, 2025 and 2024, respectively.

LAX's policy affecting capital assets can be found in Note 1f of the notes to the financial statements. Additional information can be found in Note 4 of the notes to the financial statements.

Capital Assets, Fiscal Year 2025

Major capital expenditure activities during fiscal year 2025 included:

- $831.3 million improvements at Terminals 1 to 8
- $681.7 million construction of Automated People Mover System (APM)
- $156.8 million construction of runways, taxiways and other airfield projects
- $97.2 million construction of Intermodal Transportation Facility - West

Additional details of capital commitments can be found in Note 18a of the notes to the financial statements.

Capital Assets, Fiscal Year 2024

Major capital expenditure activities during fiscal year 2024 included:

- $1.2 billion improvements at Terminals 1 to 8
- $272.2 million construction of runways, taxiways and other airfield projects
- $243.1 million construction of Automated People Mover System (APM)
- $65.8 million construction of Consolidated Rental Car Facility (ConRAC)
- $29.2 million construction of Intermodal Transportation Facility - West

Additional details of capital commitments can be found in Note 18a of the notes to the financial statements.

Landing Fees

The airline landing fees for fiscal year 2026, as approved by the LAWA Board of Commissioners on June 5, 2025 and became effective as of July 1, 2025, are as follows:

	Permitted air carriers	Non-permitted air carriers
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier cargo having a maximum gross landing weight of more than 25,000 pounds	$5.15	$6.44
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier passenger having a maximum gross landing weight of more than 25,000 pounds	6.88	8.60

The airline landing fees for fiscal year 2025, as approved by the LAWA Board of Commissioners on June 13, 2024 and became effective as of July 1, 2024, are as follows:

	Permitted air carriers	Non-permitted air carriers
For each landing of aircraft having a maximum gross landing weight of 12,500 pounds or less	$85.00	$106.00
For each landing of aircraft having a maximum gross landing weight of more than 12,500 pounds up to and including 25,000 pounds	163.00	204.00
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier cargo having a maximum gross landing weight of more than 25,000 pounds	4.89	6.11
Per 1,000 pounds of maximum gross landing weight for each landing by an air carrier passenger having a maximum gross landing weight of more than 25,000 pounds	6.50	8.13

Landing fee rates were based on budgeted operating expenses and revenues. Reconciliation between actual revenues and expenses and amounts estimated in the initial calculation result in a fiscal year-end adjustment. The resulting net overcharges or undercharges are recorded as a reduction or addition to unbilled receivables.

Beginning fiscal year 2026, the minimum rates for lightweight general aviation aircraft (12,500 pounds or less and more than 12,500 pounds up to and including 25,000 pounds) have been eliminated. As a result, there will no longer be any rates applicable for these types of landings.

Request for Information

This report is designed to provide a general overview of the Los Angeles International Airport's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Airport Administrative Officer, Los Angeles World Airports, 1 World Way, Los Angeles, CA 90045.

Financial Statements

2025 ANNUAL FINANCIAL REPORT | LOS ANGELES INTERNATIONAL AIRPORT

FINANCIAL STATEMENTS

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Statements of Net Position

June 30, 2025 and 2024

(amounts in thousands)

	2025	2024
ASSETS		
Current Assets		
Unrestricted current assets		
Cash and pooled investments held in City Treasury	$ 1,839,438	$ 1,691,685
Investments with fiscal agents	2,292	1,539
Accounts receivable, net of allowance for uncollectible accounts: 2025 - $813 ; 2024 - $804	32,825	24,765
Unbilled receivables	86,771	55,973
Accrued interest receivable	14,228	15,131
Grants receivable	71,160	32,059
Lease receivable	17,966	17,427
Prepaid expenses	19,534	16,371
Inventories	1,546	1,479
Total unrestricted current assets	2,085,760	1,856,429
Restricted current assets		
Cash and pooled investments held in City Treasury	732,203	548,315
Investments with fiscal agents, includes cash and cash equivalents, related to bonded debt: 2025 - $1,113,372; 2024 - $553,311	1,736,420	1,184,168
Accrued interest receivable	1,758	1,820
Passenger facility charges receivable	24,527	23,602
Customer facility charges receivable	7,439	7,679
Total restricted current assets	2,502,347	1,765,584
Total current assets	4,588,107	3,622,013
Noncurrent Assets		
Capital assets		
Not depreciated	5,159,416	4,010,544
Depreciated, net	13,380,274	13,378,571
Amortized, net	58,979	67,691
Total capital assets	18,598,669	17,456,806
Other noncurrent assets		
Due from (to) other agencies	44,174	44,284
Investment with fiscal agents	92,785	54,646
Prepaid bond insurance premium	4,154	4,335
Lease receivable, net of current portion	112,268	123,416
Net pension asset	4,978	1,819
Net OPEB asset	24,652	15,701
Total other noncurrent assets	283,011	244,201
Total noncurrent assets	18,881,680	17,701,007
TOTAL ASSETS	23,469,787	21,323,020
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	13,338	32,011
Pension and OPEB	192,213	230,273
TOTAL DEFERRED OUTFLOWS OF RESOURCES	205,551	262,284

Statements of Net Position (continued)
June 30, 2025 and 2024
(amounts in thousands)

	2025	2024
LIABILITIES		
Current Liabilities		
Current liabilities payable from unrestricted assets		
Contracts and accounts payable	$ 452,803	$ 390,167
Accrued salaries	19,191	21,115
Accrued employee benefits	46,699	38,660
Estimated claims payable	13,017	13,244
Lease liabilities	9,235	9,097
Subscription liabilities	5,571	8,514
PPP availability payment liabilities	11,612	10,669
Commercial paper	—	320,927
Accrued interest payable	126	87
Unearned revenue	—	9,605
Obligations under securities lending transactions	6,730	1,876
Other current liabilities	37,535	29,505
Total current liabilities payable from unrestricted assets	602,519	853,466
Current liabilities payable from restricted assets		
Contracts and accounts payable	797	795
Current maturities of bonded debt	320,445	259,970
Accrued interest payable	91,783	66,428
Obligations under securities lending transactions	2,616	590
Other current liabilities	14,441	6,110
Total current liabilities payable from restricted assets	430,082	333,893
Total current liabilities	1,032,601	1,187,359
Noncurrent Liabilities		
Bonded debt, net of current portion	14,095,471	12,159,510
Accrued employee benefits, net of current portion	40,706	40,616
Estimated claims payable, net of current portion	103,785	90,792
Lease liabilities, net of current portion	42,044	50,034
Subscription liabilities, net of current portion	8,687	5,227
PPP availability payment liabilities, net of current portion	561,849	573,462
Net pension liability	814,183	848,641
Other long-term liabilities	26,002	20,860
Total noncurrent liabilities	15,692,727	13,789,142
TOTAL LIABILITIES	16,725,328	14,976,501
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	101,500	50,893
Pension and OPEB	129,101	152,149
Leases	115,936	128,203
TOTAL DEFERRED INFLOWS OF RESOURCES	346,537	331,245
NET POSITION		
Net investment in capital assets	5,013,995	5,096,868
Restricted for:		
Passenger facility charges eligible projects	305,194	302,672
Customer facility charges eligible projects	156,500	13,164
Operations and maintenance reserve	293,170	257,416
Federally forfeited property and protested funds	1,217	2,229
Net pension/OPEB asset	29,629	17,520
Unrestricted	803,768	587,689
TOTAL NET POSITION	$ 6,603,473	$ 6,277,558

See accompanying notes to the financial statements.

Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)
Los Angeles International Airport
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024
(amounts in thousands)

	2025	2024
OPERATING REVENUE		
Aviation revenue		
Landing fees	$ 368,616	$ 344,334
Building rentals	1,021,785	919,155
Land rentals	117,788	122,528
Other aviation revenue	14,892	16,447
Total aviation revenue	1,523,081	1,402,464
Concession revenue	510,974	512,393
Other operating revenue	13,420	11,669
Total operating revenue	2,047,475	1,926,526
OPERATING EXPENSES		
Salaries and benefits	515,327	484,046
Contractual services	340,257	301,357
Materials and supplies	67,045	56,738
Utilities	69,150	62,180
Other operating expenses	31,461	39,649
Allocated administrative charges	(3,701)	(3,982)
Total operating expenses before depreciation and amortization	1,019,539	939,988
Operating income before depreciation and amortization	1,027,936	986,538
Depreciation and amortization	794,059	757,632
OPERATING INCOME	233,877	228,906
NONOPERATING REVENUE (EXPENSES)		
Passenger facility charges	148,938	151,506
Customer facility charges	70,228	70,732
Interest and investment gain	182,598	181,937
Interest income from leases	4,495	5,049
Interest expense	(481,903)	(461,543)
Other nonoperating revenue	7,056	9,704
Other nonoperating expenses	(36,100)	(11,593)
Total nonoperating expenses, net	(104,688)	(54,208)
INCOME BEFORE CAPITAL GRANTS	129,189	174,698
Federal and other government grants	196,726	127,534
CHANGE IN NET POSITION	325,915	302,232
NET POSITION, BEGINNING OF YEAR	6,277,558	5,975,326
NET POSITION, END OF YEAR	$ 6,603,473	$ 6,277,558

See accompanying notes to the financial statements.

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Statements of Cash Flows

For the Fiscal Years Ended June 30, 2025 and 2024

(amounts in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 2,038,890	$ 1,916,796
Payments to suppliers	(388,282)	(342,053)
Payments for employee salaries and benefits	(531,212)	(466,113)
Payments for City services	(137,823)	(129,248)
Inter-agency receipts for services, net	3,701	3,982
Net cash provided by operating activities	985,274	983,364
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital grants received	6,832	9,343
Inter-agency transfers in	110	1,084
Net cash provided by noncapital financing activities	6,942	10,427
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of revenue bonds, CP notes, and revolving credit	3,032,701	92,865
Principal paid on revenue bonds, CP notes, and revolving credit	(1,186,479)	(204,729)
Interest paid on revenue bonds, CP notes, and revolving credit	(534,758)	(540,353)
Principal paid on leases and subscription assets	(22,306)	(17,620)
Interest paid on leases and subscription assets	(2,270)	(2,291)
Interest received on leases	4,522	5,099
Revenue bonds issuance costs	(1,036)	(4)
Acquisition and construction of capital assets	(1,924,019)	(1,892,559)
Proceeds from passenger facility charges	148,013	151,062
Proceeds from customer facility charges	70,468	68,950
Capital contributed by federal agencies	148,020	122,028
Net cash used in capital and related financing activities	(267,144)	(2,217,552)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	129,841	166,680
Net change in fair value of investments	58,221	30,032
Cash collateral (paid) under securities lending transactions	6,880	(7,198)
Net sales (purchases) of investments	2,771	(3,203)
(Purchases) of investments held by fiscal agents	(30,330)	(374,775)
Net cash provided by (used in) investing activities	167,383	(188,464)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	892,455	(1,412,225)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,794,850	4,207,075
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,687,305	$ 2,794,850

	2025	2024
CASH AND CASH EQUIVALENTS COMPONENTS		
Cash and pooled investments held in City Treasury- unrestricted	$ 1,839,438	$ 1,691,685
Cash with fiscal agents- unrestricted	2,292	1,539
Cash and pooled investments held in City Treasury- restricted	732,203	548,315
Cash with fiscal agents- restricted	1,113,372	553,311
Total cash and cash equivalents	$ 3,687,305	$ 2,794,850
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 233,877	$ 228,906
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	794,059	757,632
Change in provision for uncollectible accounts	9	301
Other nonoperating revenues, net	222	352
Changes in operating assets and liabilities and deferred outflows and inflows of resources		
Accounts receivable	(8,069)	(390)
Unbilled receivables	(30,798)	(11,439)
Lease receivable	10,609	17,725
Prepaid expenses and inventories	(3,230)	(5,916)
Net pension/OPEB assets	(12,110)	(17,520)
Contracts and accounts payable	6,593	(5,545)
Accrued salaries	(1,924)	1,123
Accrued employee benefits	8,129	19,713
Other liabilities	19,620	2,129
Net pension/OPEB liabilities and related deferred outflows/inflows	(19,446)	14,326
Deferred inflows related to leases	(12,267)	(18,033)
Total adjustments	751,397	754,458
Net cash provided by operating activities	$ 985,274	$ 983,364
SIGNIFICANT NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES		
Acquisition of capital assets included in contracts and accounts payable	$ 175,164	$ 119,119
Acquisition of capital assets included in RTU/PPP arrangement liabilities	14,971	24,651
Revenue bonds proceeds received in escrow trust fund	684,726	—
Debt defeased and related costs paid through escrow trust fund with revenue bonds	(684,726)	—
Net change in grants receivable	(39,101)	(15,111)

See accompanying notes to the financial statements.

This page intentionally left blank.

Index to the Notes to the Financial Statements

The notes to the financial statements include disclosures that are necessary for a better understanding of the accompanying financial statements. An index to the notes follows:

This page intentionally left blank.

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Notes to the Financial Statements
June 30, 2025 and 2024

1. Reporting Entity and Summary of Significant Accounting Policies

a. Organization and Reporting Entity

Los Angeles World Airports (Department of Airports of the City of Los Angeles, California) (LAWA) is an independent, financially self-sufficient department of the City of Los Angeles (the City) established pursuant to Article XXIV, Section 238 of the City Charter. LAWA operates and maintains Los Angeles International Airport (LAX) and Van Nuys Airport (VNY) general aviation airport. In addition LAWA owns approximately 17,750 acres of land located east of United States Air Force Plant 42 in the City of Palmdale and retains the rights for future development of the Palmdale property.

LAWA is under the management and control of a seven-member Board of Airport Commissioners (the Board) appointed by the City Mayor and approved by the City Council. Under the City Charter, the Board has the general power to, among other things: (a) acquire, develop, and operate all property, plant, and equipment as it may deem necessary or convenient for the promotion and accommodation of air commerce; (b) borrow money to finance the development of airports owned, operated, or controlled by the City; and (c) fix, regulate, and collect rates and charges for the use of the Airport System. An Executive Director administers LAWA and reports to the Board.

The accompanying financial statements present the net position and changes in net position and cash flows of LAX. These financial statements are not intended to present the financial position and changes in financial position of LAWA or the City, or cash flows of LAWA or the City's enterprise funds.

b. Basis of Accounting

LAX is reported as an enterprise fund and maintains its records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred. Separate funds are used to account for each of the two airports referred to above, and the Palmdale property.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

c. Cash, Cash Equivalents, and Investments

LAX's cash, cash equivalents, and investments and a significant portion of its restricted cash and investments are maintained as part of the City's pool of cash and investments. LAX's portion of the pool is presented on the statements of net position as 'Cash and Pooled Investments Held in City Treasury'. Interest earned on such pooled investments is allocated to the participating City funds based on each fund's average daily cash balance during the allocation period. LAX considers its unrestricted and restricted cash and investments held in the City Treasury as demand deposits and therefore these amounts are reported as cash equivalents. LAX has funds that are held by fiscal agents. Investments with maturities of three months or less at the time of purchase are considered cash equivalents.

As permitted by the California Government Code, the City engages in securities lending activities. LAX's share of assets and liabilities arising from the reinvested cash collateral has been recognized in the statements of net position.

d. Accounts Receivables and Unbilled Receivables

LAX recognizes revenue in the period earned. Receivables outstanding beyond 90 days are put into the collection process and then referred after 120 days to LAWA's resident City attorneys for possible write-off. An allowance for uncollectible accounts is set up as a reserve by LAWA policy. This policy requires that 2% of outstanding receivables plus 80% of all bankruptcy accounts and all referrals to City Attorney be reserved as uncollectible through a provisional month-end charge to operating expense.

Unbilled receivables balances are the result of revenue accrued for services that exceed $5,000 each, but not yet billed as of year-end. This accrual activity occurs primarily at year-end when services provided in the current fiscal year period might not get processed through the billing system for up to sixty days into the next fiscal year.

e. Inventories

LAX's inventories consist primarily of general custodial supplies and are recorded at cost on a first-in, first-out basis.

f. Capital Assets

All capital assets are carried at cost, or at acquisition value when properties are acquired by donation or by termination of leases, less allowance for accumulated depreciation. Maintenance and repairs are charged to operations in the period incurred. Renewals and betterments are capitalized in the asset accounts. LAX has a capitalization threshold of $5,000 for all capital assets other than internally generated computer software where the threshold is $100,000.

Preliminary costs of capital projects incurred prior to the finalization of formal construction contracts are recorded in construction work in progress. In the event the proposed capital projects are abandoned, the associated preliminary costs are charged to expense in the year of abandonment.

Depreciation and amortization are computed on a straight-line basis. The estimated useful lives of the major property classifications are as follows: buildings and facilities, 10 to 40 years; building components, 5 to 40 years; airfield and other improvements, 10 to 35 years; infrastructures, 36 to 100 years; equipment and vehicles, 5 to 20 years. The estimated useful lives of intangible assets are as follows: noise mitigation, 5 years; computer software, 5 to 15 years. The estimated useful lives of right to use lease/subscription assets follows the major property classifications described above. No depreciation is provided for construction work in process until construction is completed and/or the asset is placed in service. Also, no depreciation is taken on land, air easements and emission reduction credits because they are considered inexhaustible.

g. Contracts Payable, Accounts Payable, and Other Liabilities

All transactions for goods and services obtained by LAX from City-approved contractors and vendors are processed for payment via its automated payment system. This procedure results in the recognition of expense in the period when a vendor first provided the goods and/or services. If the goods and/or services were received or if the invoice was received but not yet processed in the system, an accrual is made manually by journal voucher into the general ledger to reflect the liability to the vendor. When LAX makes agreements that require customers to make cash deposits, these amounts are then reflected as other current liabilities.

h. Operating and Nonoperating Revenues and Expenses

LAX distinguishes between operating revenues and expenses, and nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with LAX's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. LAX derives its operating revenues primarily from landing fees, terminal space rental, auto parking, and concessions. LAX's major operating expenses include salaries and employee benefits, fees for contractual services including professional services, parking operations and shuttle services, and other expenses including depreciation and amortization, maintenance, insurance, and utilities.

i. Landing Fees

Landing fee rates determine the charges to the airlines each time that a qualified aircraft lands at LAX. Landing fees are calculated annually to recover the costs of constructing, maintaining and operating airfield facilities. Costs recovered through these fees are identified using allocation methods of relevant costs attributable to those facilities. Landing fees are initially set using estimates of cost and activity and are reconciled to actual results following each fiscal year end, and the reconciled differences are recognized in Unbilled Receivables at the fiscal year end. VNY serves as a reliever airport for LAX. Any VNY subsidy, when provided, is recovered by LAX through an increase in landing fees at LAX. Landing fees at LAX are calculated based on LAX's operating costs and amortization of debt as well as certain costs associated with VNY.

j. Terminal Rates and Charges

On September 17, 2012, the Board approved a methodology of calculating rates and charges for airlines and airline consortia using passenger terminals at LAX. The rates, which will recover the costs of acquiring, constructing, operating and maintaining terminal facilities, are as follows: terminal building rate, federal inspection services area (FIS) rate, common use holdroom rate, common use baggage claim rate, common use outbound baggage system rate, common use ticket counter rate, and terminal special charges for custodial services, outbound baggage system maintenance, terminal airline support systems, and loading bridge capital and maintenance.

The rates were effective January 1, 2013 to airlines and airline consortia (signatory airlines) agreeing to the methodology and executing a rate agreement with LAWA. The rate agreement provided a Signatory Transitional Phase-in (STP) program that allowed for reduced rates during the first five years of the implementation period; this program expired in fiscal year 2018 for the calendar 2018 rate setting. Signatory airlines in good standing are also eligible to participate in rate agreement revenue sharing programs.

In December 2019, the Board approved a ten year extension of the Rate Agreement ("Amended and Restated Rate Agreement," or "Rate Agreement Amendment") which, among other things: (i) extended the term of the Rate Agreement through December 2032; (ii) required airlines executing a Rate Agreement Amendment to pay an "extraordinary debt service coverage charge" to LAWA designed to maintain a debt service coverage ratio equal to not less than 1.40X; and (iii) under certain circumstances, eliminated the requirement that a participating airline provide a performance guarantee and instead pay to LAWA a 'bad debt surcharge', a pooled surcharge designed to compensate LAWA for bad debt costs.
Prior to fiscal year 2019, airlines with existing leases that opted not to sign an agreement under the methodology (non-signatory tenant airlines) continued to pay rates and charges based on their legacy leases. During fiscal year 2019, all such remaining aeronautical leases were transitioned to the rate agreement methodology.

In response to the COVID-19 pandemic, LAWA proactively implemented measures intended to mitigate operational and financial impacts. Among those measures were the April 2020 approvals of the Passenger Airline Temporary Relief Program and the Concessionaires and Services Temporary Relief Program. On October 21, 2021, the Board approved to amend concession agreements at LAX to revise payment terms due to the continuing impacts of COVID-19. For concessions that were open and conducting business at LAX, the Board approved to extend the revised rent payment terms, required payment of percentage rents instead of Minimum Annual Guarantee (MAG) rent for the period July 1, 2021 through June 30, 2022, and established new MAG rents effective July 1, 2022.

In addition, LAWA developed an Airline Cost Stability and Recovery Plan (ACSRP) aimed at managing rates and charges at LAX through fiscal year 2023. The key objectives of this plan were to: 1) make LAX rates and charges more competitive; 2) mitigate the increase in rates and charges for airlines due to reduced activity; 3) harmonize common use costs across the airport; and 4) achieve stability in LAX financial operations. As part of the ACSRP, LAWA completed taking over the operations and maintenance and rate setting responsibilities for the common use facilities from the Tom Bradley International Terminal Equipment Company, an airline consortium. LAWA completed the following actions according to the Plan: (1) amended the methodology for establishing rates and charges for the use of terminal facilities and equipment (Amended Rate Methodology); (2) amended and restated the Amended and Restated Rate Agreement (Further Amended and Restated Rate Agreement or FARRA); (3) revised terminal rates and charges to include costs previously collected by the consortium and cost reduction and deferral measures per the ACSRP; (4) revised landing and apron fees to include cost deferrals, per the ACSRP.

In June 2021, the Board adopted the Amended Rate Methodology and the FARRA. The FARRA, which extended the Agreement to fiscal year 2033, implemented the Amended Rate Methodology and streamlined LAWA’s common use rate structure. Passenger airlines and approved airline consortiums that are party to the current Amended and Restated Rate Agreement were given a deadline of September 30, 2021 to execute and deliver to LAWA the FARRA. Overall, about 69% of passenger airlines executed and delivered the FARRA.

As aeronautical activity continues to recover from the adverse impact of the COVID-19 pandemic, LAWA revised and amended the Rate Methodology and Rate Agreement to complete the rate stabilization and harmonization efforts started several years ago. The revisions to the Methodology further streamline the common use rates and charges, permit LAWA to defer common use cost requirements due to exogenous causes, and allow LAWA to expense capital outlays into the current year rate base. The Amended and Restated Agreement (Amended and Restated Rate Agreement, or 2023 ARRA) implements the Amended Rate Methodology and offer signatory carriers certain concessions, including a gradual phase-in of newly-developed access facilities acreage and costs allocable to airline cost centers and cost reductions to certain activity based requirements, collectively, the FY2024 Adjustments.

In June 2023, the BOAC approved the Tariff Amendment No.6, the Amended Rate Methodology, and the 2023 ARRA effective July 1, 2023. LAWA provided the airlines currently operating at LAX the opportunity to execute and deliver the 2023 ARRA to LAWA by the deadline of December 31, 2023. LAWA reserves the right to reverse the mitigations for the carriers who choose not to sign the 2023 ARRA by the deadline. After December 31, 2023, 2023 ARRA signatories are charged pursuant to that agreement; carriers that are signatories to prior Rate Agreements, but do not sign 2023 ARRA, are charged according to their Rate Agreement in effect.

Airlines and consortiums that choose to execute the Agreement but deliver after the deadline date do not receive the benefit of the FY2024 Adjustments. Such airlines only receive the benefit of the Access Area Phase-In from the Fiscal Year that immediately follows the execution date. At the end of August 2025, approximately 70 carriers, comprising about 97% of terminal revenues, have signed the 2023 ARRA.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

k. Concession Revenue

Concession revenues are generated through LAX terminal concessionaires, tenants or airport service providers who pay monthly fees or rents for using or accessing airport facilities to offer their goods and services to the general public and air transportation community. Payments to LAX are typically based on negotiated agreements with these parties to remit amounts based on either a MAG or on gross receipts. Amounts recorded to revenue are determined by the type of revenue category set up in the general ledger system and integrated with the monthly accounts receivable billing process. Concession revenue is recorded as it is earned. Some tenant agreements require self-reporting of concession operations and/or sales. The tenants' operations report and payment are due to LAX in the month following the activity. The timing of concessionaire reporting and when revenue earned is recorded, will determine when or if accruals are required for each tenant agreement.

l. Unearned Revenue

Unearned revenue consists of concessionaire rentals and payments received in advance and is recorded as other current liabilities.

m. Accrued Employee Benefits

Accrued employee benefits include estimated liability for vacation, sick leave and personal leave attributable to services already rendered, which accumulate and are more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. LAX employees accumulate annual vacation and sick leave in varying amounts based on length of service. Upon termination or retirement, employees are paid the cash value of their accumulated leaves.

Compensatory time that is earned as employees work overtime, carried over at the end of the fiscal year and is attributable to services already rendered, is reported as Accrued Salaries.

Actual payments to all civilian and sworn employees are estimated as current liability and is recorded as the current portion of the Accrued Employee Benefits.

Accrued employee benefits as of June 30, 2025 and 2024 are as follows (amounts in thousands):

	Balance at June 30, 2024	Additions	Reductions	Balance at June 30, 2025	Current Portion
Accrued employee benefits	$ 79,276	$ 46,789	$ (38,660)	$ 87,405	$ 46,699
	$ 79,276	$ 46,789	$ (38,660)	$ 87,405	$ 46,699

	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Current Portion
Accrued employee benefits	$ 59,563	$ 27,278	$ (7,565)	$ 79,276	$ 38,660
	$ 59,563	$ 27,278	$ (7,565)	$ 79,276	$ 38,660

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

n. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, LAX reports a separate section for deferred outflows of resources and deferred inflows of resources, respectively. Deferred outflows of resources (DO) represent a consumption of net assets that applies to a future period(s) and won't be recognized as an outflow of resources until then. Deferred inflows of resources (DI) represent an acquisition of net assets that applies to future reporting period(s) that won't be recognized as an inflow of resources until then. LAX has deferred charges on debt refunding to account for gain/loss on bond refunding transactions, deferred outflows/inflows of resources related to pensions and other postemployment benefit (OPEB), and deferred inflows of resources related to leases.

For fiscal years ended June 30, 2025 and 2024, LAX reported total DO/DI related to pensions/OPEB as below (amounts in thousands):

	2025	2024
Deferred outflows of resources related to pensions		
LACERS - proportionate shares	$ 171,660	$ 203,195
LAFPP - proportionate shares	3,328	2,702
Total	$ 174,988	$ 205,897
Deferred outflows of resources related to OPEB		
LACERS - proportionate shares	$ 15,698	$ 23,142
LAFPP - proportionate shares	1,527	1,234
Total	$ 17,225	$ 24,376
Total deferred outflows of resources related to pensions/OPEB	$ 192,213	$ 230,273
Deferred inflows of resources related to pensions		
LACERS - proportionate shares	$ 76,431	$ 85,303
LAFPP - proportionate shares	3,017	1,955
Total	$ 79,448	$ 87,258
Deferred inflows of resources related to OPEB		
LACERS - proportionate shares	$ 48,711	$ 63,849
LAFPP - proportionate shares	942	1,042
Total	$ 49,653	$ 64,891
Total deferred inflows of resources related to pensions/OPEB	$ 129,101	$ 152,149

o. Federal Grants

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a federal grant receivable and as nonoperating revenue (operating grants) or capital grant contributions in the statements of revenues, expenses, and changes in net position.

p. Bond Premiums and Discounts

Bond premiums and discounts are deferred and amortized over the life of the bonds. At the time of bond refunding, the unamortized premiums or discounts are amortized over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter. Bonds payable is reported net of the applicable bond premium or discount.

LAX amortizes bond premiums or discounts using the effective interest method. The effective interest method allocates bond interest expense over the life of the bonds in such a way that it yields a constant rate of interest, which in turn is the market rate of interest at the date of issue of bonds. With effective interest method, the amortization of bond premiums or discounts is calculated using the effective market interest rate at the time of issuances versus the coupon rate used in straight-line method.

q. Leases

LAX as Lessee

LAX, as a lessee, recognizes a lease liability and an intangible right-of-use asset at the commencement of a lease, unless the lease is considered a short-term lease or transfers ownership of the underlying assets. Right-of-use lease asset is measured based on the net present value of the future payments to be made, using LAX's weighted average cost of capital, which approximates LAX's incremental borrowing rate. Remeasurement of lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

LAX calculates amortization of the discount on the lease liability and reports that amount as outflow of resources in that period. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations and are recognized as outflows of resources in the periods in which the obligation for the payments are incurred.

LAX as Lessor

LAX, as a lessor, recognizes a lease receivable, measured using a present value of the lease payments (based on LAX's weighted average cost of capital, which approximates a discount rate that LAX charges the lessee) expected to be received for the lease term, and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases and short-term leases. The deferred inflow of resources is measured as the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Periodic amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of lease receivable occurs when there are modifications, including but not limited to changes in the lease charges, lease term and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, LAX will reduce the carrying value of the lease receivable and the related deferred inflow of resources and include a gain or loss for the difference.

For lease agreements that are short-term, LAX recognizes lease payments as inflows of resources (revenues) based on the payment provisions of the lease agreement. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Regulated Leases

The leases between LAX and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, LAWA recognizes inflows of resources based on the payment provisions of the lease agreement, and the accounting policies under ‘LAX as Lessor’ do not apply to regulated leases. Additional disclosures regarding regulated leases are in Note 8.

Subscription Based Information Technology Agreements (SBITA)

In accordance with GASB 96, LAX recognizes short-term subscription payments, which have a maximum possible term under the SBITA contract of 12 months or less, as outflows of resources in the period incurred.

LAX recognizes subscription liability and intangible right-of-use subscription asset at the commencement of the contract, unless the contract is considered a transfer ownership of the underlying assets. Right-of-use subscription asset is measured based on the net present value of the future payments to be made, using LAX’s weighted average cost of capital, which approximates LAX’s incremental borrowing rate. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability.

LAX calculates amortization of the discount on the subscription liability and reports that amount as outflow of resources in that period. Payments are allocated first to accrued interest liability and then to the subscription liability. Variable subscription payments based on the usage of the underlying subscription assets are not included in the subscription liability calculations and are recognized as outflows of resources in the periods in which the obligation for the payments are incurred.

r. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

- Restricted Net Position - This category presents restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Those assets are restricted due to external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position - This category represents net position of LAX that is not restricted for any project or other purpose.

s. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes of which both restricted and unrestricted resources are available, LAX's policy is to apply restricted resources first.

t. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

u. Reclassifications

Certain reclassifications have been made to fiscal year 2024 amounts in order to conform to the fiscal year 2025 presentation. Such presentations had no effect on the previously reported change in net position.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

2. New Accounting Standards

Implementation of the following GASB statements is effective fiscal year 2025.

Issued in June 2022, GASB Statement No. 101, *Compensated Absences* is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. Implementation of this statement is effective in fiscal year 2025. LAWA implemented this statement without material impact.

Issued in December 2023, GASB Statement No. 102, *Certain Risk Disclosures,* provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Implementation of this statement is effective in fiscal year 2025. LAWA implemented this statement without material impact.

The GASB has issued several pronouncements that have effective dates that may impact future presentations. LAWA is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

Issued in April 2024, GASB Statement No. 103, *Financial Reporting Model Improvements,* continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government’s financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. Implementation of this statement is effective in fiscal year 2026.

Issued in September 2024, GASB Statement No. 104, *Disclosure of Certain Capital Assets,* requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis*. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Implementation of this statement is effective in fiscal year 2026.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

3. Cash and Investments

a. Pooled Investments

Pursuant to the California Government Code and the Los Angeles City Council File No. 94-2160, the City Treasurer provides an Annual Statement of Investment Policy (the Policy) to the City Council. The Policy governs the City's pooled investment practices with the following objectives, in order of priority, safety of principal, liquidity, and rate of return. The Policy addresses soundness of financial institutions in which the Treasurer will deposit funds and types of investment instruments permitted under California law.

Each investment transaction and the entire portfolio must comply with the California Government Code and the Policy. Examples of investments permitted by the Policy are obligations of the U.S. Treasury and government agencies, commercial paper notes, negotiable certificates of deposit, guaranteed investment contracts, bankers' acceptances, medium-term corporate notes, money market accounts, and the State of California Local Agency Investment Fund (LAIF).

LAX maintains a portion of its unrestricted and restricted cash and investments in the City's cash and investment pool (the Pool). LAX's share of $2.6 billion and $2.2 billion in the Pool as of June 30, 2025 and 2024 represented approximately 16.1% and 15.4% respectively. There are no specific investments belonging to LAX. Included in LAX's portion of the Pool is the allocated investment agreements traded at year-end that were settled in the subsequent fiscal year. LAX's allocated shares for fiscal years 2025 and 2024 were $23.0 million and $20.2 million, respectively, and were reported as other current liabilities in the statement of net position. The City issues a publicly available financial report that includes complete disclosures related to the entire cash and investment pool. The report may be obtained by writing to the City of Los Angeles, Office of the Controller, 200 North Main Street, City Hall East Suite 300, Los Angeles, CA 90012, or by calling (213) 978-7200.

b. City of Los Angeles Securities Lending Program

The Securities Lending Program (SLP) is permitted and limited under provisions of California Government Code Section 53601. The City Council approved the SLP on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are: safety of loaned securities and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines, with oversight responsibility of the Investment Advisory Committee.

The City's custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction and shall make a reasonable effort for two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the fair value of the Pool is available for lending. The City receives cash, U.S. treasury securities, and federal agency issued securities as collateral on loaned securities. The cash collateral is reinvested in securities permitted under the policy. In accordance with the Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 90 days. Earnings from securities lending accrue to the Pool and are allocated on a pro rata basis to all Pool participants.

LAX participates in the City's securities lending program through the pooled investment fund. LAX recognizes its proportionate share of the cash collateral received for securities loaned and related obligation for the general investment pool. At June 30, 2025, LAX's portion of the cash collateral and the related obligation in the City's program was $9.3 million. LAX's portion of the securities purchased from the reinvested cash collateral at June 30, 2025 was $9.3 million. Such securities are stated at fair value and reported under the cash and pooled investment held in City Treasury. LAX's portion of the noncash collateral at June 30, 2025 was $76.5 million. At June 30, 2024, LAX's portion of the cash collateral and the related obligation in the City's program was $2.5 million. LAX's portion of the securities purchased from the reinvested cash collateral at June 30, 2024 was $2.5 million. Such securities are stated at fair value and reported under the cash and pooled investment held in City Treasury. LAX's portion of the noncash collateral at June 30, 2024 was $65.5 million.

During the fiscal years ended June 30, 2025 and 2024, collateralizations on all loaned securities were within the required 102% of market value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the years. There was no credit risk exposure to the City at June 30, 2025 and 2024 because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

c. Investments with Fiscal Agents

The investment practices of the fiscal agents that relate to LAX's portfolio are similar as those of the City Treasurer, and have similar objectives. LAX's investments held by fiscal agents are for the following purposes as of June 30 (amounts in thousands):

	2025	2024
Unrestricted, current		
Commercial paper and cash at bank	$ 2,292	$ 1,539
Restricted, current and noncurrent		
Bond security funds	1,273,806	1,110,925
Construction funds	555,399	127,889
Subtotal	1,829,205	1,238,814
Total	$ 1,831,497	$ 1,240,353

The bond security funds are pledged for the payment or security of certain bonds. These investments are generally short-term securities and have maturities designed to coincide with required bond retirement payments. The construction funds are bond proceeds on deposit with the fiscal agents. They are used to reimburse LAX for capital expenditures incurred or to be incurred.

At June 30, 2025, the investments and their maturities are as follows (amounts in thousands):

		Investment maturities		
	Amount	1 to 60 days	61 to 365 days	366 days to over 5 years
Money Market Funds	$ 947,593	$ 947,593	$ —	$ —
State of California LAIF	—	—	—	—
U.S. Treasury securities	881,612	165,779	623,048	92,785
Subtotal	1,829,205	$ 1,113,372	$ 623,048	$ 92,785
Bank deposit accounts	2,292			
Total	$ 1,831,497			

At June 30, 2024, the investments and their maturities are as follows (amounts in thousands):

	Amount	Investment maturities: 1 to 60 days	61 to 365 days	366 days to over 5 years
Money Market Funds	$ 448,778	$ 448,778	$ —	$ —
State of California LAIF	6	—	6	—
U.S. Treasury securities	788,238	102,735	630,858	54,645
Subtotal	1,237,022	$ 551,513	$ 630,864	$ 54,645
Bank deposit accounts	3,331			
Total	$ 1,240,353			

Fair Value Measurements

The investments are categorized into its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

At June 30, 2025, the investments by fair value level are as follows (amounts in thousands):

	Amount	Fair Value Measurements Using Level 1
Money Market Funds	$ 947,593	$ 947,593
U.S. Treasury securities	881,612	881,612
Total investments by fair value level	1,829,205	$ 1,829,205
Investments not subject to fair value hierarchy		
State of California LAIF	—	
Bank deposit accounts	2,292	
Total	$ 1,831,497	

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

At June 30, 2024, the investments by fair value level are as follows (amounts in thousands):

	Amount	Fair Value Measurements Using Level 1
Money Market Funds	$ 448,778	$ 448,778
U.S. Treasury securities	788,238	788,238
Total investments by fair value level	1,237,016	$ 1,237,016
Investments not subject to fair value hierarchy		
State of California LAIF	6	
Bank deposit accounts	3,331	
Total	$ 1,240,353	

Interest Rate Risk. LAX adopts the City's policy that limits the maturity of investments to five years for U.S. Treasury and government agency securities. The policy allows funds with longer term investments horizons, to be invested in securities that at the time of the investment have a term remaining to maturity in excess of five years, but with a maximum final maturity of thirty years.

Credit Risk. The City's policy requires that a mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies. At June 30, 2025 and 2024, the money market mutual funds were rated AAAm by Standard and Poor's, and Aaa by Moody's.

Concentration of Credit Risk. The City's policy does not allow more than 40% of its investment portfolio to be invested in commercial paper and bankers' acceptances, 30% in certificates of deposit and medium term notes, 20% in mutual funds, money market mutual funds or mortgage pass through securities. The policy further provides for a maximum concentration limit of 10% in any one issuer including its related entities. There is no percentage limitation on the amount that can be invested in the U.S. Treasury and government agencies.

4. Capital Assets

LAX had the following activities in capital assets during fiscal year 2025 (amounts in thousands):

	Balance at July 1, 2024	Additions	Retirements & disposals	Transfers	Balance at June 30, 2025
Capital assets not depreciated					
Land and land clearance	$ 1,175,060	$ —	$ —	$ —	$ 1,175,060
Air easements	44,787	—	—	—	44,787
Emission reduction credits	2,772	—	—	—	2,772
Construction work in progress	2,787,925	1,924,537	—	(775,665)	3,936,797
Total capital assets not depreciated	4,010,544	1,924,537	—	(775,665)	5,159,416
Capital assets depreciated					
Buildings	9,823,292	—	—	283,982	10,107,274
Improvements	8,694,580	(1,041)	(39,473)	474,200	9,128,266
Equipment and vehicles	496,143	18,673	(10,387)	17,420	521,849
Intangible assets	68,028	—	—	2	68,030
Total capital assets depreciated	19,082,043	17,632	(49,860)	775,604	19,825,419
Accumulated depreciation					
Buildings	(1,849,813)	(355,738)	—	—	(2,205,551)
Improvements	(3,529,202)	(383,857)	18,424	—	(3,894,635)
Equipment and vehicles	(260,260)	(30,383)	10,277	2	(280,364)
Intangible assets	(64,197)	(398)	—	—	(64,595)
Total accumulated depreciation	(5,703,472)	(770,376)	28,701	2	(6,445,145)
Capital assets depreciated, net	13,378,571	(752,744)	(21,159)	775,606	13,380,274
Capital assets - right to use					
Land	45,911	—	—	—	45,911
Buildings	8,688	—	—	—	8,688
Equipment	15,476	772	—	—	16,248
Vehicles	32,790	1,461	—	—	34,251
Subscription assets	40,475	12,738	—	—	53,213
Total amortized assets	143,340	14,971	—	—	158,311
Accumulated amortization					
Land	(11,312)	(2,828)	—	—	(14,140)
Buildings	(5,804)	(1,478)	—	—	(7,282)
Equipment	(9,193)	(2,466)	—	—	(11,659)
Vehicles	(22,309)	(3,941)	—	—	(26,250)
Subscription assets	(27,031)	(12,970)	—	—	(40,001)
Total accumulated amortization	(75,649)	(23,683)	—	—	(99,332)
Assets amortized, net	67,691	(8,712)	—	—	58,979
Total	$ 17,456,806	$ 1,163,081	$ (21,159)	$ (59)	$ 18,598,669

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

LAX had the following activities in capital assets during fiscal year 2024 (amounts in thousands):

	July 1, 2023	Additions	Retirements & disposals	Transfers	June 30, 2024
Capital assets not depreciated					
Land and land clearance	$ 1,186,387	$ —	$ —	$ (11,327)	$ 1,175,060
Air easements	44,787	—	—	—	44,787
Emission reduction credits	2,772	—	—	—	2,772
Construction work in progress	2,576,630	1,889,374	(10,626)	(1,667,453)	2,787,925
Total capital assets not depreciated	3,810,576	1,889,374	(10,626)	(1,678,780)	4,010,544
Capital assets depreciated					
Buildings	8,748,302	(338)	—	1,075,328	9,823,292
Improvements	8,154,899	79	(1,619)	541,221	8,694,580
Equipment and vehicles	433,300	12,835	(9,190)	59,198	496,143
Intangible assets	64,755	427	—	2,846	68,028
Total capital assets depreciated	17,401,256	13,003	(10,809)	1,678,593	19,082,043
Accumulated depreciation					
Buildings	(1,521,308)	(328,505)	—	—	(1,849,813)
Improvements	(3,155,738)	(374,359)	895	—	(3,529,202)
Equipment and vehicles	(241,345)	(28,046)	9,121	10	(260,260)
Intangible assets	(58,870)	(5,327)	—	—	(64,197)
Total accumulated depreciation	(4,977,261)	(736,237)	10,016	10	(5,703,472)
Capital assets depreciated, net	12,423,995	(723,234)	(793)	1,678,603	13,378,571
Capital assets - right to use					
Land	45,911	—	—	—	45,911
Buildings	8,688	—	—	—	8,688
Equipment	7,958	7,518	—	—	15,476
Vehicles	32,789	1	—	—	32,790
Subscription assets	23,343	17,132	—	—	40,475
Total amortized assets	118,689	24,651	—	—	143,340
Accumulated amortization					
Land	(8,484)	(2,828)	—	—	(11,312)
Buildings	(4,326)	(1,478)	—	—	(5,804)
Equipment	(6,473)	(2,720)	—	—	(9,193)
Vehicles	(18,621)	(3,688)	—	—	(22,309)
Subscription assets	(16,350)	(10,681)	—	—	(27,031)
Total accumulated amortization	(54,254)	(21,395)	—	—	(75,649)
Assets amortized, net	64,435	3,256	—	—	67,691
Total	$ 16,299,006	$ 1,169,396	$ (11,419)	$ (177)	$ 17,456,806

.

5. Commercial Paper

As of June 30, 2025 and 2024, LAX had outstanding commercial paper (CP) notes of $0.0 million and $320.9 million, respectively. The respective average interest rates in effect as of June 30, 2025 and 2024 were 2.77% and 3.67%. The CP notes mature no more than 270 days from the date of issuance. The CP notes were issued as a means of interim financing for certain capital expenditures and redemption of certain bond issues. All outstanding balances were paid off in fiscal year 2025.

As of June 30, 2025, LAX had letters of credit (LOC) and reimbursement agreements with the following institutions to provide credit support for the CP program: Barclays Bank PLC (Barclays) for $327.0 million, to expire on August 24, 2026; Bank of America, N.A. (Bank of America) for $109.0 million, to expire on August 24, 2026; and PNC Bank, National Association (PNC) for $109.0 million, to expire on August 24, 2027.

As of June 30, 2024, LAX had letters of credit (LOC) and reimbursement agreements with the following institutions to provide credit support for the CP program: Barclays Bank PLC (Barclays) for $327.0 million, to expire on August 24, 2026; Bank of America, N.A. (Bank of America) for $109.0 million, to expire on August 24, 2026; and PNC Bank, National Association (PNC) for $109.0 million, to expire on August 24, 2027.

As of June 30, 2025, LAX had undrawn LOC balances of $327.0 million from Barclays, $109.0 million from PNC, and $109.0 million from Bank of America. As of June 30, 2024, LAX had undrawn LOC balances of $196.7 million from Barclays, $8.1 million from PNC, and $16.3 million from Bank of America.

In fiscal year 2025, LAX paid the LOC banks an annual commitment fee ranging from 0.29% and 0.32% on the stated amount of the LOC. In fiscal year 2024, LAX paid the LOC banks an annual commitment fee ranging from 0.29% and 0.32% on the stated amount of the LOC. LOC fees of $1.3 million and $1.3 million were paid for fiscal years 2025 and 2024, respectively.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

LAX had the following CP activity during fiscal year 2025 (amounts in thousands):

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025
Series A	$ 125,423	$ 94,868	$ (220,291)	$ —
Series B	195,504	35,019	(230,523)	—
Series C	—	—		—
Total	$ 320,927	$ 129,887	$ (450,814)	$ —

LAX had the following CP activity during fiscal year 2024 (amounts in thousands):

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024
Series A	$ 76,908	$ 49,475	$ (960)	$ 125,423
Series B	152,122	43,382	—	195,504
Series C	511	8	(519)	—
Total	$ 229,541	$ 92,865	$ (1,479)	$ 320,927

6. Bonded Debt

Bonds issued by LAX are payable solely from revenues of LAX and are not general obligations of the City.

a. Outstanding Debt

Outstanding revenue and revenue refunding bonds are due serially in varying annual amounts. Bonds outstanding as of June 30, 2025 and 2024 are as follows (amounts in thousands):

Bond issues	Issue date	Interest rate	FY of last scheduled maturity	Original principal	Outstanding principal 2025	Outstanding principal 2024
Issue of 2009, Series C	12/3/09	5.175% - 6.582%	2039	$ 307,350	$ 209,250	$ 220,885
Issue of 2010, Series C	11/4/10	7.053%	2040	59,360	59,360	59,360
Issue of 2015, Series A	2/24/15	2.000% - 5.000%	2045	267,525	—	225,905
Issue of 2015, Series B	2/24/15	3.000% - 5.000%	2045	47,925	—	40,230
Issue of 2015, Series C	2/24/15	2.000% - 5.000%	2038	181,805	—	142,545
Issue of 2015, Series D	11/24/15	5.000%	2041	296,475	—	242,155
Issue of 2015, Series E	11/24/15	2.000% - 5.000%	2041	27,850	—	20,190
Issue of 2016, Series A	6/1/16	3.000% - 5.000%	2042	289,210	8,250	16,110
Issue of 2016, Series B	1/19/17	4.000% - 5.000%	2046	451,170	400,505	409,620
Issue of 2016, Series C	12/6/16	1.425% - 3.887%	2038	226,410	148,005	148,005
Issue of 2017, Series A	7/26/17	5.000%	2047	260,610	237,520	241,900
Issue of 2017, Series B	7/26/17	5.000%	2042	88,730	72,490	75,160
Issue of 2018, Series A	3/15/18	4.000% - 5.250%	2048	426,475	401,525	406,025
Issue of 2018, Series B	4/12/18	5.000%	2034	226,500	192,250	209,920
Issue of 2018, Series C	8/8/18	5.000%	2044	425,000	364,790	376,745
Issue of 2018, Series D	11/14/18	5.000%	2048	418,390	341,890	356,440
Issue of 2018, Series E	11/14/18	5.000%	2048	159,980	153,110	156,630
Issue of 2019, Series A	3/12/19	4.000% - 5.000%	2049	199,830	175,745	180,635
Issue of 2019, Series B	3/12/19	5.000%	2049	49,410	44,220	45,360
Issue of 2019, Series C	3/12/19	5.000%	2039	189,095	62,035	69,770
Issue of 2019, Series D	6/27/19	4.000% - 5.000%	2049	167,955	157,955	161,450
Issue of 2019, Series E	6/27/19	4.000% - 5.000%	2049	265,190	251,770	257,270
Issue of 2019, Series F	12/17/19	2.250% - 5.000%	2049	411,575	381,925	390,280
Issue of 2020, Series A	3/11/20	5.000%	2040	738,575	697,905	709,005
Issue of 2020, Series B	8/27/20	4.000% - 5.000%	2040	558,500	498,450	526,940
Issue of 2020, Series C	8/27/20	5.000%	2050	380,000	363,930	372,160
Issue of 2020, Series D	8/27/20	4.000% - 5.000%	2048	120,000	114,680	117,405
Issue of 2021, Series A	2/17/21	5.000%	2051	405,405	398,525	405,405
Issue of 2021, Series B	2/17/21	5.000%	2048	395,005	386,240	395,005
Issue of 2021, Series C	2/17/21	0.698% - 2.213%	2036	92,945	83,480	92,945
Issue of 2021, Series D	10/6/21	3.000% - 5.000%	2051	753,195	735,015	735,015
Issue of 2021, Series E	10/6/21	0.264% - 2.626%	2051	125,815	115,380	116,665
Issue of 2022, Series A	1/20/22	4.000% - 5.000%	2049	347,415	347,415	347,415
Issue of 2022, Series B	1/20/22	4.000% - 5.000%	2048	157,625	157,625	157,625
Issue of 2022, Series C	2/15/22	3.250% - 5.000%	2049	307,070	300,540	305,015

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Bond issues	Issue date	Interest rate	FY of last scheduled maturity	Original principal	Outstanding principal 2025	Outstanding principal 2024
Issue of 2022, Series D	2/15/22	4.000% - 5.000%	2036	101,545	90,100	96,085
Issue of 2022, Series E	2/15/22	2.750% - 5.000%	2039	20,225	20,225	20,225
Issue of 2022, Series F	2/15/22	2.040% - 3.450%	2042	40,985	40,985	40,985
Issue of 2022 CFC, Series A	3/16/22	3.158% - 4.242%	2048	546,015	546,015	546,015
Issue of 2022, Series G	8/24/22	4.000% - 5.500%	2052	602,820	592,810	602,820
Issue of 2022, Series H	8/24/22	4.000% - 5.500%	2052	373,735	369,955	373,735
Issue of 2022, Series I	8/24/22	4.000% - 5.000%	2048	206,825	202,170	206,825
Issue of 2023, Series A	4/11/23	4.125% - 5.250%	2048	248,010	231,285	239,855
Issue of 2023, Series B	4/11/23	5.000%	2038	46,875	42,420	44,700
Issue of 2025, Series A	4/3/25	4.000-5.500%	2055	1,308,460	1,308,460	—
Issue of 2025, Series B	4/3/25	4.250-5.500%	2055	123,215	123,215	—
Issue of 2025, Series C	4/3/25	5.000%	2045	167,650	167,650	—
Issue of 2025, Series D	4/22/25	5.000-5.250%	2051	971,325	971,325	—
Issue of 2025, Series E	4/22/25	5.000-5.250%	2055	285,085	285,085	—
Issue of 2025, Series F	4/22/25	5.000%	2035	74,800	74,800	—
Total principal				$ 14,942,940	12,928,280	10,904,435
Unamortized premium					1,487,636	1,515,045
Net revenue bonds					14,415,916	12,419,480
Current portion of debt					(320,445)	(259,970)
Net noncurrent debt					$ 14,095,471	$ 12,159,510

b. Pledged Revenue

The bonds are subject to optional and mandatory sinking fund redemption prior to maturity. LAX has agreed to certain covenants with respect to bonded indebtedness. The bonds are secured by a pledge of and lien on net pledged revenues as defined in the master senior and subordinate indentures, which pledge and lien remains in place until the bonds are no longer outstanding. Under the bond indentures, pledged revenues include substantially the total operating revenue with the Build America Bonds (BABs) subsidy, nonoperating Transportation Security Administration (TSA) revenue, interest income net of PFC, CFC and construction funds, but do not include PFC revenues, CFC revenues, and certain other nonoperating revenues.

LAX has received approval from the FAA to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Automated People Mover (APM) System, Tom Bradley International Terminal (TBIT) Renovations, Bradley West projects and Terminal 6 improvements. Board of Airport Commissioners authorized amounts of $161.5 million and $130.2 million were used for debt service in fiscal years 2025 and 2024, respectively.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which became law on December 27, 2020, provided additional direct aid to LAWA. LAWA was allocated approximately $72.3 million in Airport Coronavirus Response Grant Program funds pursuant to CRRSAA. LAWA used approximately $54.7 million and $8.4 million of CRRSAA grants for payment of LAX maintenance and operation expenses in fiscal year 2023 and 2022, respectively. The remaining balance of $9.2 million CRRSAA funds was used for concession relief in fiscal year 2025. The American Rescue Plan Act (ARPA) became law on March 11, 2021. LAWA was awarded $303.8 million in American Rescue Grants pursuant to ARPA. LAWA did not receive any grant reimbursement in fiscal year 2025 compared to receiving $36.8 million in grant reimbursement in fiscal year 2024 for concessions rent relief. LAWA got reimbursed $22.4 million for the MAG waiver provided to concessionaires in 2021, and provided rent relief of $9.9 million and $4.8 million to concessionaires in fiscal year 2025 and 2024, respectively.

The total principal and interest remaining to be paid on the bonds is $21.6 billion as of June 30, 2025. Principal and interest paid during fiscal year 2025 and the net pledged revenues on US GAAP basis (as defined in the master senior and subordinate indentures, after application of the $161.5 million PFCs funds, were $752.4 million and $1.3 billion, respectively. Principal and interest paid during fiscal year 2024 and the net pledged revenues on US GAAP basis (as defined in the master senior and subordinate indentures, after application of the $130.2 million PFCs funds and CRRSAA and ARPA grants discussed in the preceding paragraph), were $733.9 million and $1.2 billion, respectively.

c. Bond Issuances

Fiscal Year 2025

On April 3, 2025, LAWA issued $1,308.5 million of LAX subordinate revenue and refunding bonds Series 2025A with a premium of $47.3 million; $123.2 million of LAX subordinate revenue and refunding bonds Series 2025B with a premium of $2.4 million and $167.7 million of LAX subordinate refunding revenue bonds Series 2025C with a premium of $18.6 million. The Series 2025ABC bonds were issued to fund certain capital projects at LAX and refund a portion of the senior revenue bonds Series 2015A, all of the outstanding senior revenue bonds Series 2015B, all of the outstanding senior revenue bonds Series 2015C, a portion of the senior revenue bonds Series 2015D, all of the outstanding senior revenue bonds Series 2015E, and a portion of the outstanding subordinate commercial paper notes.

On April 22, 2025, LAWA issued $971.3 million of LAX subordinate revenue and refunding revenue bonds Series 2025D with a premium of $63.1 million; $285.1 million of LAX subordinate revenue and refunding revenue bonds Series 2025E with a premium of $16.2 million; and $74.8 million of LAX subordinate refunding revenue bonds Series 2025F with a premium of $2.8 million. The Series 2025DEF bonds were issued to fund certain capital projects at LAX, refund all of the outstanding subordinate revolving obligations, refund all of the outstanding senior revenue bonds Series 2015A and 2015D, and refund all of the outstanding Series A subordinate commercial paper notes.

These transactions resulted in cash flow savings of $99.0 million, an economic gain of $37.5 million; and a net gain for accounting purposes of $55.3 million, which is included in deferred inflows of resources and is being amortized over the life of the bonds.

Fiscal Year 2024

There was no bond issuance during the year.

d. Defeasance of Debt

There was no bond defeasance in fiscal years 2025 and 2024.

e. Principal Maturities and Interest

Scheduled annual principal maturities and interest are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 320,445	$ 638,275	$ 958,720
2027	371,350	608,878	980,228
2028	395,685	591,035	986,720
2029	427,875	572,060	999,935
2030	448,235	551,646	999,881
2031 - 2035	2,531,065	2,417,468	4,948,533
2036 - 2040	2,982,100	1,749,999	4,732,099
2041 - 2045	2,729,540	1,055,965	3,785,505
2046 - 2050	2,076,275	414,390	2,490,665
2051 - 2055	645,710	87,602	733,312
Total	$ 12,928,280	$ 8,687,318	$ 21,615,598

f. Build America Bonds (BABs)

LAX subordinate revenue bonds 2009 Series C and 2010 Series C with par amounts of $307.4 million and $59.4 million, respectively, were issued as federally taxable BABs under the American Recovery and Reinvestment Act of 2009. LAX receives a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs. The interest subsidy on the BABs were $6.3 million and $6.5 million for both fiscal years 2025 and 2024. The automatic cuts in spending (referred to as “sequestration”) were originally expected to end after fiscal year 2021, however, Congress has repeatedly extended the cuts, with the current annual cut of 5.7% expected to last through the federal fiscal year ending September 30, 2031. The subsidy is recorded as a non-capital grant, a component of other nonoperating revenue.

g. Other Significant Obligations

Aside from LAX's debt obligations incurred under the Master Senior and Subordinate Indentures, LAX's other significant obligations include:

APM Agreement

The APM Agreement contains (1) a provision that if LAX terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the APM Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the APM Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement, and (2) a provision that if the APM Developer terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the APM Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the APM Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement.

ConRAC Agreement

The ConRAC Agreement contains (1) a provision that if LAX terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the ConRAC Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the ConRAC Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement, and (2) a provision that if the ConRAC Developer terminates the agreement for any of the allowable reasons under the agreement, LAX will owe the ConRAC Developer various amounts, as applicable, including amounts associated with equity and debt contributions made or arranged by the ConRAC Developer and various other breakage costs, with such amounts being payable by LAX within 120 days of the termination date of the agreement.

7. Changes in Long-Term Liabilities

LAX had the following long-term liabilities activities for fiscal year ended June 30, 2025 (amounts in thousands):

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Current Portion
Revenue bonds	$ 10,904,435	$ 2,930,535	$ (906,690)	$ 12,928,280	$ 320,445
Unamortized premium	1,515,045	150,346	(177,755)	1,487,636	—
Net revenue bonds	12,419,480	3,080,881	(1,084,445)	14,415,916	320,445
Accrued employee benefits	79,276	46,789	(38,660)	87,405	46,699
Estimated claims payable	104,036	26,010	(13,244)	116,802	13,017
Lease liabilities	59,131	2,233	(10,085)	51,279	9,235
Subscription liabilities	13,741	12,738	(12,221)	14,258	5,571
PPP availability arrangement liabilities	584,131	—	(10,670)	573,461	11,612
Net pension liability	848,641	—	(34,458)	814,183	—
Other long-term liabilities	22,110	5,776	(1,250)	26,636	634
Total	$ 14,130,546	$ 3,174,427	$ (1,205,033)	$ 16,099,940	$ 407,213

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

LAX had the following long-term liabilities activities for fiscal year ended June 30, 2024 (amounts in thousands):

	Balance at July 1, 2023	Additions	Reduction	Balance at June 30, 2024	Current Portion
Revenue bonds	$ 11,107,685	$ —	$ (203,250)	$ 10,904,435	$ 259,970
Add unamortized premium	1,623,736	—	(108,691)	1,515,045	—
Net revenue bonds	12,731,421	—	(311,941)	12,419,480	259,970
Accrued employee benefits	59,563	27,278	(7,565)	79,276	38,660
Estimated claims payable	97,993	17,204	(11,161)	104,036	13,244
Lease liabilities	61,329	7,519	(9,717)	59,131	9,097
Subscription liabilities	4,512	17,132	(7,903)	13,741	8,514
PPP availability arrangement liabilities	593,905	—	(9,774)	584,131	10,669
Net pension liability	868,926	—	(20,285)	848,641	—
Net OPEB liability	26,907	—	(26,907)	—	—
Other long-term liabilities	885	21,598	(373)	22,110	1,250
Total	$ 14,445,441	$ 90,731	$ (405,626)	$ 14,130,546	$ 341,404

8. Leases

LAX has adopted the following policies to account for agreements in accordance with the requirements of GASB 87 (unless otherwise specified, the following policies pertain to agreements in which LAX is lessee, and agreements in which LAX is lessor):

Basis of lease classification

In accordance with GASB No. 87, LAX does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. LAX, being a lessee and lessor, recognizes short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Term

At the time of lease commencement or conversion, the term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. For extension periods without explicit rent payment amounts in the lease agreement, LAX assumed a CPI increase of 4.03% and 3.65% for fiscal years 2025 and 2024, respectively, to prior rent payment amounts on an annual basis.

Discount rate

Unless explicitly stated in the lease agreement, known by LAX, or LAX is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-of-use assets and liabilities and related lease receivable is LAWA's incremental borrowing rate at the end of each fiscal year. The incremental borrowing rates were 3.72% and 3.34% as of June 30, 2025 and 2024, respectively, and were the discount rates utilized for applicable leases beginning in fiscal year 2025 and 2024.

Variable payments

Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. For the fiscal years ended June 30, 2025 and 2024, all leases are based on fixed payments and do not have variable payment components.

Remeasurement

For the fiscal years ended June 30, 2025 and 2024, LAX did not have to remeasure any lease liabilities due to (1) early termination of leases, (2) reduction in monthly lease payment, and (3) change in borrowing rate.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

LAX as Lessee

LAX, as lessee, has entered into various agreements for land, buildings, equipment, and vehicles with lease terms expiring between 2026 and 2042, with some leases containing options to renew. The terms and conditions for these leases vary by the type of underlying asset. All these agreements have fixed, periodic payments over the lease term, and do not contain variable payments or guaranteed residual values in the lease agreements. For those agreements that are cancellable by the lessors or LAX with an advance notice, they are considered as non-cancellable in accordance with GASB Statement No. 87.

Lease related right-of-use assets by major class of underlying assets consist of the following (amounts in thousands):

	FY 2025	FY 2024
Right to use assets	$ 105,098	$ 102,865
Accumulated amortization	(59,329)	(48,618)
Total lease related assets	$ 45,769	$ 54,247

Total lease related assets consist of the following (amounts in thousands):

	FY 2025	FY 2024
Land	$ 45,911	$ 45,911
Buildings	8,688	8,688
Equipment	16,248	15,476
Vehicles	34,251	32,790
Total right to use assets	$ 105,098	$ 102,865

In accordance with GASB No. 87, as lessee, LAX recognized $10.7 million of amortization expense for the years ended June 30, 2025 and 2024. LAX also recognized $1.9 million and $1.8 million of interest expense for the years ended 2025 and 2024, respectively.

Principal and interest payments to be made, under these leases for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 9,236	$ 1,571	$ 10,807
2027	7,897	1,291	9,188
2028	4,798	1,050	5,848
2029	2,903	939	3,842
2030	2,862	842	3,704
2031 - 2035	9,779	2,981	12,760
2036 - 2040	8,534	1,651	10,185
2041 - 2043	5,271	226	5,497
Total	$ 51,280	$ 10,551	$ 61,831

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

LAX as Lessor

LAX leases terminal space (except for regulated leases as described below), aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other building facilities and ancillary land facilities at LAX to air carriers and other tenants under various agreements, majority of which is non-cancellable and terminate no later than fiscal year 2040. Certain provisions of the leases provide for fixed and variable rental payments, and all are generally designed to allow LAWA to meet its debt service requirements and recover certain operating and maintenance costs.

LAX, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for regulated leases and short-term leases. As lessor, the asset underlying the lease is not derecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The leases typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of the lease receivables. These variable payments based on index are considered to be 'fixed in substance' and are included in the calculation of the lease receivable. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods.

Building and Land Leases

LAX leases terminal space, aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other building facilities and ancillary land facilities at LAX to air carriers and other tenants under various agreements. The terms of these long-term leases range from more than one to forty years and generally expire between fiscal years 2026 and 2040. There is one lease with term of 50 years that started in fiscal year 2024. The building and lease agreements (except for regulated leases as described below) are accounted for as agreements under GASB Statement No. 87.

LAX also leases office spaces in Skyview Center to air carriers and other tenants under various agreements. The terms of these long-term leases range from two to ten years and generally expire between fiscal years 2026 and 2030. The building and lease agreements (except for regulated leases as described below) are accounted for as agreements under GASB Statement No. 87.

Concessions Leases

LAX operates a comprehensive concessions program at LAX that includes advertising and sponsorship, duty free merchandise, food and beverage, retail, and services operators in the terminal facilities. Contractually, concessionaires pay rent to LAX in an amount equal to the greater of a percentage of gross sales or a Minimum Annual Guarantee (MAG). The decline in passenger traffic due to COVID-19 significantly reduced concession sales and prompted the Board of Airport Commissioners (Board) to temporarily authorize revised payment terms to suspend MAGs through June 30, 2021, and require concessionaires to pay rent only in the amount of the percentage of gross sales defined in each agreement. The ongoing impacts of COVID-19 on travel have slowed the recovery of concession sales. The Board approved to extend the temporary suspension of MAG rent from July 1, 2021 through June 30, 2022, and required payment of rent based on percentage of gross sales if the concession units are open and operational. Due to the variable nature of the above revenues from year-to-year, expected future minimum payments are indeterminable. Accordingly, these concession agreements with MAG waiver are not recognized as agreements under GASB Statement No. 87 in fiscal years 2021 and 2022. These leases will be recognized as agreements under GASB Statement No. 87 when the MAG is reinstated.

Expected future payments, which are included in the measurement of the lease receivable, at June 30, 2025, are as follows (in thousands):

Building Rentals

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 7,690	$ 1,874	$ 9,564
2027	7,993	1,695	9,688
2028	8,480	1,426	9,906
2029	8,279	1,140	9,419
2030	6,566	875	7,441
2031 - 2035	23,025	1,653	24,678
Total	$ 62,033	$ 8,663	$ 70,696

Skyview - Building Rentals

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 2,393	$ 325	$ 2,718
2027	2,476	230	2,706
2028	2,476	144	2,620
2029	1,784	66	1,850
2030	1,131	17	1,148
Total	$ 10,260	$ 782	$ 11,042

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Land Rentals

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 6,429	$ 1,710	$ 8,139
2027	6,751	1,524	8,275
2028	7,132	1,297	8,429
2029	6,217	1,065	7,282
2030	6,052	864	6,916
2031 - 2035	13,176	2,149	15,325
2036 - 2040	3,109	1,267	4,376
2041 - 2045	(45)	1,044	999
2046 - 2050	159	1,036	1,195
2051 - 2055	442	988	1,430
2056 - 2060	827	884	1,711
2061 - 2065	1,341	705	2,046
2066 - 2070	2,019	428	2,447
2071 - 2073	1,475	72	1,547
Total	$ 55,084	$ 15,033	$ 70,117

Concessions

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 1,454	$ 73	$ 1,527
2027	743	32	775
2028	512	14	526
2029	148	1	149
Total	$ 2,857	$ 120	$ 2,977

	Total		
Fiscal year(s) ending	Principal	Interest	Total
2026	$ 17,966	$ 3,982	$ 21,948
2027	17,963	3,481	21,444
2028	18,600	2,881	21,481
2029	16,428	2,272	18,700
2030	13,749	1,756	15,505
2031 - 2035	36,201	3,802	40,003
2036 - 2040	3,109	1,267	4,376
2041 - 2045	(45)	1,044	999
2046 - 2050	159	1,036	1,195
2051 - 2055	442	988	1,430
2056 - 2060	827	884	1,711
2061 - 2065	1,341	705	2,046
2066 - 2070	2,019	428	2,447
2071 - 2073	1,475	72	1,547
Total	$ 130,234	$ 24,598	$ 154,832

For fiscal year ended June 30, 2025, LAX recognized the following balances related to the leases as lessor (amounts in thousands):

	Fixed Payments	Interest Income	Variable Payments
Building Rentals	$ 10,721	$ 2,477	$ —
Land Rentals	6,062	1,901	—
Concession Revenue	1,407	117	591

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

For fiscal year ended June 30, 2024, LAX recognized the following balances related to the leases as lessor (amounts in thousands):

	Fixed Payments	Interest Income	Variable Payments
Building Rentals	$ 15,582	$ 2,751	$ —
Land Rentals	16,378	2,158	—
Concession Revenue	1,244	140	595

Airport Facilities Use Leases

LAWA has issued Airport Facilities Use Terms and Conditions (UTC) permits for various facility users using non-terminal airport facility space at LAX. These UTCs are not subject to a lease or the Airport Terminal Tariff, and have no term or expiration date and can be cancelled by either party at any time. The use of the facility does not create a property right, and they are being charged based on a square footage rental rate charge subject to annual and 5-year periodic market rent adjustments as approved by the Board. As there is no term or expiration date, expected future minimum payments are indeterminable. Accordingly, these agreements are not recognized under GASB Statement No. 87.

Regulated Leases

LAX entered into various Terminal Rate Agreements with airlines as described in Note 1j for usage of LAX facilities for the purpose of conducting business as air transportation businesses. The 2021 Rate Agreement Amendment was executed with a term that extended through December 2032. The Further Amended and Restated Rate Agreement extended the term through June 2033. The 2023 Amended and Restated Rate Agreement extended the term through June 2035. Under the terms of these agreements, airlines pay LAX monthly fees based on an approved methodology of calculating rates and charges for airlines and airline consortia. The other regulated lease agreements expire between fiscal years 2026 and 2049.

In accordance with GASB Statement No. 87, LAX does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between airports and air carriers and other aeronautical users.

For the fiscal year ended June 30, 2025, LAX recognized the following balances related to regulated leases (in thousands):

	Fixed Payments	Variable Payments
Building Rentals	$ 543,017	$ —
Land Rentals	30,744	—

For the fiscal year ended June 30, 2024, LAX recognized the following balances related to regulated leases (in thousands):

	Fixed Payments	Variable Payments
Building Rentals	$ 461,452	$ —
Land Rentals	33,140	—

Expected future minimum lease payments from regulated leases at June 30, 2025 based on the assumption that current agreements are carried to contractual termination, without considering the potential effect of the ongoing COVID-19 pandemic, and without considering future expansion and changes in operations by LAWA or the signatory airlines, are as follows (amounts in thousands):

Fiscal year(s) ending	Total
2026	$ 438,606
2027	392,703
2028	393,918
2029	372,501
2030	370,359
2031-2035	1,147,051
2036-2040	111,471
2041-2045	73,687
2046-2049	68,824
Total	$ 3,369,120

LAX's outstanding revenue and revenue refunding bonds are secured by net revenues earned from the airlines. Additional information can be found in Note 6b of the notes to the financial statements.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Under the agreements with the airlines, they may have preferential and exclusive use of certain space and facilities of the terminals and gates in LAX as summarized below:

Terminal	Total Terminal Area (SQFT)	Non-exclusively Used Terminal Area (SQFT)	Exclusively Used Terminal Area (SQFT)	Airlines using the Terminal Area Exclusively
T1 & T1.5	214,964	29,992	184,972	Southwest Airlines
T2	131,719	2,360	129,359	Delta Air Lines
T3	347,306	3,309	343,997	Delta Air Lines
T4	322,403	284	322,119	American Airlines
T5	467,323	33,750	433,573	American Airlines
T6	141,379	30,006	111,373	Alaska Airlines
T7	335,087	4,057	331,030	United Airlines
T8	17,278	583	16,695	United Airlines
TBIT/MSC	225,987	225,987	—	
Total	2,203,446	330,328	1,873,118	

Note: The information above is based on June 2025 billing.

	Total no. of Gates	Common Use Gates	Preferential Use Gates	Airlines using the Gates Preferentially
T1 & T1.5	13	0	13	Southwest Airlines
T2	12	0	12	Delta Air Lines
T3	19	0	19	Delta Air Lines
T4	17	0	17	American Airlines
T5	15	0	5	American Airlines
T5	0	0	5	Jetblue Airlines
T5	0	0	5	Spirit Airlines
T5	0	0	0	Various airlines
T6	15	2	11	Alaska Airlines
T6	0	0	2	Air Canada
T7	15	0	15	United Airlines
T8	8	0	8	United Airlines
TBIT & MSC	36	0	0	Delta Air Lines
TBIT & MSC	0	36	0	Various airlines
Remote	9	9	0	Various airlines
Commuter	9	0	9	Various airlines
Total	168	47	121	

Note: According to the lease agreements, the above airlines are entitled to use the gates on a preferential basis in accordance with the scheduling protocols. LAWA has the rights to schedule aircraft operations of other airlines on the preferential-use gates if such scheduling will not interfere with the above airlines' operation.

9. Passenger Facility Charges

Passenger Facility Charges (PFCs) are fees imposed on enplaning passengers by airports to finance eligible airport related projects that preserve or enhance safety, capacity, or security of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers. Both the fee and the intended projects are reviewed and approved by the Federal Aviation Administration (FAA). Airlines operating at LAX have been collecting PFCs on behalf of LAX. PFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. The current PFCs are $4.50 per enplaned passenger. PFCs collection authorities approved by FAA was $9.5 billion at LAX as of June 30, 2025 and 2024. LAX has received approval from the FAA to collect and use passenger facility charges (PFCs) to pay for debt service on bonds issued to finance the Automated People Mover (APM) System, Tom Bradley International Terminal (TBIT) Renovations, Bradley West projects and Terminal 6 improvements. Board of Airport Commissioners authorized amounts of $161.5 million and $130.2 million were used for debt service in fiscal years 2025 and 2024, respectively.

The following is a summary of projects approved by FAA as of June 30, 2025 and 2024 (amounts in thousands):

	2025 & 2024
Terminal development	$ 4,891,679
Automated People Mover System	3,475,250
Noise mitigation	1,064,015
Airfield development and equipment	83,620
Total	$ 9,514,564

PFCs collected and the related interest earnings through June 30, 2025 and 2024 were as follows (amounts in thousands):

	2025	2024
Amount collected	$ 3,383,298	3,234,360
Interest earnings	256,925	248,021
Total	$ 3,640,223	$ 3,482,381

Cumulative expenditures on approved PFCs projects totaled $3.3 billion and $3.2 billion for fiscal years 2025 and 2024, respectively.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

10. Customer Facility Charges

California CFC Legislation permits LAWA to require the collection by rental car companies of CFCs at a rate charged on a per-day basis up to $9.00 per day (for up to 5 days), and CFCs collected by the rental car companies on behalf of LAWA are permitted under the California CFC Legislation to finance, design and construct the ConRAC; to finance, design, construct and operate the APM System, as well as acquiring vehicles for use in that system; and to finance, design and construct terminal modifications to accommodate the common-use transportation system.

In November 2001, in anticipation of constructing a consolidated rental car facility (ConRAC) identified in LAX's master plan, the Board approved collection of CFCs of $10.00 per rental contract and began collections in August 2007. On October 5, 2017, the Board authorized collection of an updated CFC pursuant to the California CFC Legislation to fund costs of a ConRAC and its share of a common-use transportation system (CTS) at LAX. The Board authorized collection of CFCs of $7.50 per day for the first five days of each car rental contract, effective January 1, 2018, by rental car companies serving LAX. On June 20, 2019, the Board authorized collection of $9.00 per day for the first five days of each car rental contract, effective September 1, 2019, by rental car companies serving LAX.

CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. CFCs collected, related interest earnings, and cumulative expenditures to date are summarized as follows (amounts in thousands):

	2025	2024
Amount collected	$ 769,371	$ 699,144
Interest earnings	73,544	64,988
Subtotal	842,915	764,132
Expenditures		
ConRAC planning, design and construction	793,792	729,132
Unexpended CFCs revenue and interest earnings	$ 49,123	$ 35,000

LAX is in the stages of delivering LAMP to modernize and improve landside access at LAX with the ConRAC as a critical component. Pursuant to Board Resolution No. 26684 that was adopted on January 17, 2019, LAWA has authority to use up to $2.1 billion for the payment/reimbursement of Design-Build-Finance- Operate-Maintain (DBFOM) Agreement with LA Gateway Partners for the ConRAC from sources of revenue including but not limited to CFCs, LAX non-aeronautical revenues, special facility bond proceeds, and revenues derived from concession and lease agreements between LAWA and rental car companies using the ConRAC. In this regard, the amount of CFC funds that was used for ConRAC Design and Construction (D&C) payments was $64.7 million and $69.5 million in fiscal years 2025 and 2024, respectively. LAX's cumulative expenditures on approved CFCs projects totaled $793.8 million and $729.1 million for fiscal years 2025 and 2024, respectively.

11. Capital Grant Contributions

Contributed capital related to government grants and other aid totaled $196.7 million and $127.5 million in fiscal years 2025 and 2024, respectively. Capital grant funds are primarily provided by the FAA Airport Improvement Program and Transportation Security Administration.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), which became law on December 27, 2020, provided additional direct aid to LAWA. LAWA was allocated approximately $72.3 million in Airport Coronavirus Response Grant Program funds pursuant to CRRSAA. LAWA used approximately $54.7 million and $8.4 million of CRRSAA grants for payment of LAX maintenance and operation expenses in fiscal year 2023 and 2022, respectively. The remaining balance of $9.2 million CRRSAA funds was used for concession relief in fiscal year 2025.

The American Rescue Plan Act (ARPA) became law on March 11, 2021. LAWA was awarded $303.8 million in American Rescue Grants pursuant to ARPA. LAWA did not receive any grant reimbursement in fiscal year 2025 compared to receiving $36.8 million in grant reimbursement in fiscal year 2024 for concessions rent relief. LAWA was reimbursed $22.4 million for the MAG waiver provided to concessionaires in 2021, and provided rent relief of $9.9 million and $4.8 million to concessionaires in fiscal year 2025 and 2024, respectively. LAWA received $267.0 million in grant reimbursement in fiscal year 2023 for the eligible operation and maintenance and debt service expenses incurred since March 2021, including $3.5 million and $12.9 million for expenses incurred in fiscal years 2021 and 2022, respectively.

The federal Infrastructure Investment and Jobs Act of 2021 (referred to as the “Bipartisan Infrastructure Law” or “BIL”) was approved by the United States Congress and signed by the President on November 15, 2021. LAWA was awarded approximately $79.2 million of Infrastructure Grants for LAX, and $763.0 thousand for VNY, in the 2022 federal fiscal year (October 1, 2021 through September 30, 2022). LAWA was awarded approximately $79.1 million of Infrastructure Grants for LAX, and $844.0 thousand for VNY, in the 2023 federal fiscal year (October 1, 2022 through September 30, 2023). LAWA was awarded approximately $72.5 million of Infrastructure Grants for LAX, and $851.0 thousand for VNY, in the 2024 federal fiscal year (October 1, 2023 through September 30, 2024). LAWA was awarded approximately $72.7 million of Infrastructure Grants for LAX, and $687.0 thousand for VNY, in the 2025 federal fiscal year (October 1, 2024 through September 30, 2025). In addition to the Infrastructure Grants, BIL provides for approximately $1.0 billion per year of grants to be awarded through the Airport Terminal Program (“ATP”) provisions of BIL, with up to 55% going to large hub airports. LAWA was awarded a $31.0 million ATP grant in federal fiscal year 2024 for the auxiliary curbs project at LAX. LAWA was awarded a $50.0 million ATP grant in federal fiscal year 2023 for terminal roadway improvements at LAX. LAWA was awarded a $30.0 million ATP grant in federal fiscal year 2025 for the terminal roadways - retaining walls project at LAX with construction to commence in federal fiscal year 2026 and begin the grant reimbursement process.

Notes to the Financial Statements

June 30, 2025 and 2024

(continued)

12. Related Party Transactions

The City provides services to LAX such as construction and building inspection, fire and paramedic, police, water and power, and certain administrative services. The costs for these services for fiscal years ended June 30, 2025 and 2024 were $143.6 million and $122.3 million, respectively.

LAX collects parking taxes on behalf of the City's General Fund. The parking taxes collected and remitted for both fiscal years 2025 and 2024 were $16.1 million.

LAX shares certain administrative functions with VNY and PMD including, but not limited to, legal, human services, and financial services. Also, beginning fiscal year 2011, LAX pays VNY annual rent for the use of the land where the Flyaway Terminal resides. The rent is adjusted every July 1 of each year based on the consumer price index. The adjusted rent was $1.4 million and $1.3 million for fiscal years 2025 and 2024. The details are as follows (amounts in thousands):

	2025	2024
Allocated administrative costs		
VNY	$ 3,182	3,611
PMD	519	371
Total	3,701	3,982
Land rental	(1,381)	(1,281)
Net	$ 2,320	$ 2,701

13. Pension Plan

I. *Los Angeles City Employees' Retirement System*

a. General Information

Plan Description

All full-time employees of LAX are eligible to participate in the Los Angeles City Employees' Retirement System (LACERS), a single-employer defined benefit pension plan (the Pension Plan). LACERS serves as a common investment and administrative agent for City departments and agencies that participate in LACERS. LACERS is under the exclusive management and control of its Board of Administration whose authority is granted by statutes in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. Benefits and benefit changes are established by ordinance and approved by City Council and the Mayor.

All employees who became members of LACERS before July 1, 2013 are designated as Tier 1 members. On or after July 1, 2013, new employees became members of LACERS Tier 2. On July 9, 2015, Tier 2 was rescinded and a new tier of benefits was created. As a result, Ordinance No. 184134 was adopted on January 12, 2016, where all active Tier 2 members were transferred to Tier 1 as of February 21, 2016. Thereafter, new members became Tier 3 members of LACERS. Membership to Tier 1 is now closed to new entrants.In fiscal year 2018, LACERS became closed to Airport Peace Officers (APO) and all new APO hired after January 6, 2018 would be enrolled in City of Los Angeles Fire and Police Pensions (LAFPP) Tier 6, rather than in LACERS. Please refer to Note 13.II for more information.

LACERS' publicly issued financial report, which covers both pension benefits and other postemployment benefits, may be obtained by writing or calling: Los Angeles City Employees' Retirement System, 202 W. First Street, Suite 500, Los Angeles, CA 90012-4401, (800) 779-8328 or LACERS' website *http://lacers.org/aboutlacers/reports/index.html*. As a City department, LAWA shares in the risks and costs with the City. LAX presents the related defined benefit disclosures as a participant in a single employer plan of the City on a cost-sharing basis. As of the report date of LAX's financial statements, LACERS' financial statements and the Pension Plan's actuarial valuation study for fiscal year 2025 are not yet available.

Benefits Provided

LACERS provides for service and disability retirement benefits, as well as death benefits. Members of LACERS have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, members are eligible for future retirement benefits, which increase with length of service. If a member who has five or more years of continuous City service terminates employment, the member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

LACERS Tier 1 members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the member's average monthly pensionable salary during the member's last 12 months of service, or during any other 12 consecutive months of service designated by the member, multiplied by the member's years of service credit. Members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater.

Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary will be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a $2,500 funeral allowance is paid, and modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

LACERS Tier 3 members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provide that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Members also are eligible to retire with an age-based reduced benefits before reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the member is younger than age 55 with 30 years of service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, LACERS also provides Tier 3 members an enhanced retirement benefits with a 2.0% retirement factor if the member retires at age 63 with at least 10 years of service; or a retirement factor of 2.1% if the member retires at age 63 with 30 years of service. Tier 3 retirement benefits are determined by multiplying the member's retirement factor (1.5% - 2.1%), with the member's last 36 months of final average compensation or any other 36 consecutive months designated by the member, and by the member's years of service credit.

Tier 3 members with five years of continuous service are eligible for disability retirement, and the benefits are determined as 1/70 of the member's final average monthly salary for each year of service or 1/3 of the member's final average monthly salary, if greater. Upon an active member's death, a refund of the member's contributions and, depending on the member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Retirement allowances are indexed annually for inflation. The LACERS Board of Administration has authority to determine the average annual percentage change in the Consumer Price Index (CPI) for the purpose of providing a cost-of-living adjustment (COLA) to the benefits of eligible members and beneficiaries in July. The adjustment is based on the prior year's change of Los Angeles area CPI subject to a maximum of 3.0% for Tier 1 members or 2.0% for Tier 3 members. The excess over the maximum will be banked for Tier 1 members only.

Membership

The components of LACERS membership in both tiers (Tier 1 and Tier 3) for the measurement dates as of June 30, 2024 and June 30, 2023, respectively, were as follows: (Note: information for fiscal year 2025 is not yet available as of this report issue date.)

		2024	2023
Active			
	Vested	18,643	17,968
	Non-vested	8,139	7,907
		26,782	25,875
Inactive			
	Non-vested	8,379	7,759
	Terminated entitled to benefits, not yet receiving benefits	3,460	3,389
	Retired	22,763	22,510
Total		61,384	59,533

Member Contributions

The current contribution rate for most of the Tier 1 members is 11% of their pensionable salary including a 1% increase in the member contribution rate pursuant to the 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP cost obligation is fully recovered, whichever comes first); and 4% additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy pursuant to a 2011 City Council ordinance. As of June 30, 2019 and June 30, 2018, all active Tier 1 members are now paying additional contributions, and are not subject to the retiree medical subsidy cap. The contribution rate for Tier 3 members is 11% of their pensionable salary including 4% of additional contributions in exchange for a vested right to future increases in the maximum retiree medical subsidy. Unlike Tier 1, Tier 3 members do not pay the ERIP contribution; therefore, Tier 3 members' contribution rate will not drop down when Tier 1 members cease to pay the 1% ERIP contribution.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Employer Contributions

The City contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Administration. Employer contribution rates are adopted annually based upon recommendations received from LACERS actuary after the completion of the annual actuarial valuation. The average employer contribution rates were 29.43% and 29.39% of compensation as of June 30, 2024 (based on the June 30, 2022 valuation) and June 30, 2023 (based on the June 30, 2021 valuation), respectively. (Note: information for fiscal year 2025 is not yet available as of this report issue date).

The total City contributions to LACERS of $1.1 billion and $994.0 million for the years ended June 30, 2025 and June 30, 2024, respectively, consisted of the following (amounts in thousands):

	2025	2024
Required contributions - Retirement Plan	$ 803,985	$ 714,338
Family death benefit Plan	35	51
Total City contributions	804,020	714,389
Member contributions - Retirement Plan	306,765	279,636
Total	$ 1,110,785	$ 994,025

The required City contribution of $804.0 million was equal to 100% of the actuarially determined employer contribution. Member contributions of $306.8 million were made toward the retirement and voluntary family death benefits for fiscal year 2025.

The required City contribution of $714.3 million was equal to 100% of the actuarially determined employer contribution. Member contributions of $279.6 million were made toward the retirement and voluntary family death benefits for fiscal year 2024.

LAX's Contributions to the Pension Plan

LAX's contributions to the Pension Plan for the year ended June 30 (amounts in thousands):

	2025	2024
LAX's required contributions to the Pension Plan	$ 89,844	$ 79,264

The LAX contributions made to the Pension Plan under the required contribution category in the amounts of $89.8 million and $79.3 million for fiscal years 2025 and 2024, respectively, were equal to 100% of the actuarially determined contribution of the employer.

b. Net Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to the Pension Plan

LACERS' Net Pension Liability (NPL) for fiscal year 2025 was measured as of June 30, 2024 and determined based upon the Plan Fiduciary Net Position (FNP) and Total Pension Liability (TPL) from actuarial valuation as of June 30, 2024.

The Pension Plan's fiduciary net position has been determined on the same basis used by the Pension Plan and the plans basis of accounting, including policies with respect to benefit payments and valuation of investments. Detailed information about LACERS net position is available in the separately issued LACERS financial reports, which can be found on the LACERS website.

As of the reporting dates June 30, 2025 (measurement date of June 30, 2024) and June 30, 2024 (measurement date of June 30, 2023), LAX reported its proportionate shares of TPL, FNP and NPL as follows (amounts in thousands):

	Reporting date 6/30/25 Measurement date 6/30/24	Reporting date 6/30/24 Measurement date 6/30/23
LAX's proportionate share:		
Total Pension Liability	$ 2,935,268	$ 2,922,612
Plan Fiduciary Net Position	(2,121,085)	(2,073,971)
Net Pension Liability	$ 814,183	$ 848,641
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	72.26%	70.96%

Change in LAX's proportionate share of the NPL as of June 30, 2025 (measurement date June 30, 2024) and 2024 (measurement date June 30, 2023) was as follows (amounts in thousands):

	NPL	Proportion
Proportion - Reporting date June 30, 2025 (measurement date June 30, 2024)	$ 814,183	11.08%
Proportion - Reporting date June 30, 2024 (measurement date June 30, 2023)	$ 848,641	11.56%
Change - decrease	$ (34,458)	(0.48)%

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

For the year ended June 30, 2025, LAX recognized pension expense of $77.7 million. At June 30, 2025, LAX reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 89,844	$ —
Differences between expected and actual experience	51,076	7,169
Changes of assumptions	—	7,149
Net difference between projected and actual earnings on pension plan investments	30,661	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	79	62,113
Total	$ 171,660	$ 76,431

$89.8 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NPL in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts in thousands):

Fiscal year ending	Amount
2026	$ (31,267)
2027	49,799
2028	(7,687)
2029	(5,460)

For the year ended June 30, 2024, LAX recognized pension expense of $89.5 million. At June 30, 2024, LAX reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 79,264	$ —
Differences between expected and actual experience	49,691	13,387
Changes of assumptions	12,197	10,216
Net difference between projected and actual earnings on pension plan investments	61,917	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	126	61,700
Total	$ 203,195	$ 85,303

Actuarial Assumptions

The total pension liability as of June 30, 2025 was determined by actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022)
Long-Term Expected Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service, including inflation
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries	Pub-2010 Contingent Survivor Amount-Weighted Above Meridian Mortality Tables with rates increased by 5% for males and 10% for females, projected generationally with the two- dimensional mortality improvement scale MP-2021.
Percent Married/Domestic Partner	76% of male and 52% of female are assumed to be married or have a qualified domestic partner.
Spouse Age Difference	Male retirees are assumed to be three years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2024 and June 30, 2023.

The long-term expected rate of return on retirement plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses) and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. The information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2024. This information will change every three years based on the actuarial experience study. The last experience study was from July 1, 2019 through June 30, 2022. The next experience study will be conducted in 2026.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00	6.65
Developed International Large Cap Equity	15.00	7.01
Developed International Small Cap Equity	3.00	7.34
Emerging Markets Equity	6.67	8.80
Core Bonds	11.25	1.97
High Yield Bonds	1.50	4.63
Bank Loans	1.50	4.07
Protected Securities (TIPS)	3.60	1.77
Emerging Market External Debt	2.00	4.72
Emerging Market Local Currency Debt	2.00	4.53
Real Estate Core	4.20	3.86
Cash & Equivalents	1.00	0.63
Private Equity	16.00	9.84
Private Credit (Private Debt)	5.75	6.47
Emerging Market Small-Cap Equity	1.33	11.10
REIT	1.40	6.80
Real Estate -Non Core	2.80	5.40
Total	100.00%	

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Sensitivity of LAX's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents LAX's proportionate share of the NPL as of June 30, 2025, calculated using the discount rate of 7.00%, as well as what LAX's proportionate share of NPL would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate (amounts in thousands):

	June 30, 2025
1% decrease	6.00%
Net Pension Liability	$1,198,524
Current discount rate	7.00%
Net Pension Liability	$814,183
1% increase	8.00%
Net Pension Liability	$496,349

II. *City of Los Angeles Fire and Police Pensions*

a. General Information

In November 2016, voters approved a ballot measure that allowed for approximately 500 sworn Airport Peace Officers (APO) to opt-out of the LACERS Plan and transfer to the City of Los Angeles Fire and Police Pensions (LAFPP) as Tier 6 members. On March 28, 2017, the City Council adopted Ordinance No. 184853 to amend the Los Angeles Administrative Code authorizing certain sworn APO at LACERS an option to transfer to Tier 6 of LAFPP Plan or to remain in the LACERS Plan. All new APO hired after January 7, 2018 would be enrolled in LAFPP Tier 6. Under the ordinance, APO members who elect to remain in LACERS would be Tier 1 members, and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.3% (versus 2.16% for all other Tier 1 members), contingent upon a mandatory additional contribution payment of $5,700 per remaining member to LACERS. The enhanced benefits was effective from January 7, 2018.

Plan Description

LAFPP operates under the City of Los Angeles Charter and Administrative Code provisions as a single-employer defined benefit pension plan covering all full-time active sworn firefighters, police officers, certain LAWA APO and Harbor Port Police officers of the City of Los Angeles. LAFPP is composed of six tiers.

Tier 6 is the current tier for all LAWA APO hired on or after January 7, 2018. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the LAFPP Board has the responsibility to administer the plan. Changes to the benefit terms require approval by the City Council.

LAFPP issues a publicly available financial report that may be obtained by writing or calling: Los Angeles Fire and Police Pension System, 701 East 3rd Street, Suite 200, Los Angeles, CA 90013, (213) 279-3000 or LAFPP’s website https://www.lafpp.com/financial-reports. As of the completion date of LAWA’s financial statements, the LAFPP’s financial statements and the plan’s actuarial valuation study for fiscal year 2025 are not yet available.

Benefits Provided by the LAFPP Plan

Information about benefits for Tiers 1 through 5 members is available in the separately issued LAFPP financial report. Tier 6 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for postemployment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus LAFPP Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Member and Employer Contributions to the LAFPP Plan

The Board of Administration/Commissioners of LAFPP establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the LAFPP plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded actuarial liabilities over a period not to exceed thirty years. The City Administrative Code and related ordinance define member contributions.

All members are required to make contributions to LAFPP regardless of tier in which they are included. However, members are exempt from making contributions when their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5 and Tier 6.

For fiscal years 2024 and 2023, the average employer contribution rates for fiscal year 2024 (based on the June 30, 2022 valuation) and fiscal year 2023 (based on the June 30, 2020 valuation) were 30.05% and 29.96% of compensation, respectively.

LAX's Contributions to the LAFPP Plan

In fiscal year 2025 LAX's contribution rate for the APO that are members of the LAFPP Tier 6 plan, as determined by the actuary was 24.07% of covered payroll. Based on LAX's reported covered payroll of $19.0 million for Tier 6, LAX's pro rata share of the combined actuarially determined contribution for pension and postemployment healthcare benefits, and actual contribution made to LAFPP was $4.6 million. In fiscal year 2024, LAX's contribution rate for the APO that are members of the LAFPP Tier 6 plan, as determined by the actuary was 26.20% of covered payroll. Based on LAX's reported covered payroll of $13.7 million for Tier 6, LAX's pro rata share of the combined actuarially determined contribution for pension and postemployment healthcare benefits, and actual contribution made to LAFPP was $3.6 million. LAX has made 100% of the actuarially determined contributions for both fiscal years.

b. Net Pension Liability/Asset, Pension Expenses and Deferred Outflows/Inflows of Resources Related to the LAFPP Plan

At June 30, 2025, LAX recognized its proportionate shares of Net Pension Asset (NPA) of $5.0 million and pension expense of $0.6 million for the LAFPP plan. LAX also reported deferred outflows of resources and deferred inflows of resources related to pensions for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 3,306	$ —
Differences between expected and actual experience	4	1,921
Changes of assumptions	18	694
Net difference between projected and actual earnings on pension plan investments	—	402
Total	$ 3,328	$ 3,017

$3.3 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability (NPL) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts in thousands)

Fiscal year ending	Amount
2026	$ (1,026)
2027	(513)
2028	(806)
2029	(546)
2030	(104)

At June 30, 2024, LAX recognized its proportionate shares of NPL of $1.8 million and pension expense of $1.8 million for the LAFPP plan. LAX also reported deferred outflows of resources and deferred inflows of resources related to pensions for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
Pension contributions subsequent to measurement date	$ 2,562	$ —
Differences between expected and actual experience	10	1,063
Changes of assumptions	86	892
Net difference between projected and actual earnings on pension plan investments	44	—
Total	$ 2,702	$ 1,955

14. Other Postemployment Benefit Plan (OPEB)

I. Los Angeles City Employees' Retirement System

a. General Information

Plan Description

Los Angeles City Employees' Retirement System (LACERS) provides other postemployment health care benefits under a Postemployment Health Care Plan to eligible retirees and their eligible spouses/ domestic partners who participate in the Pension Plan. Benefits and benefit changes are established by ordinance and approved by the City Council and the Mayor. Under Division 4, Chapter 11 of the City's Administrative Code, certain retired employees are eligible for a health insurance premium subsidy. This subsidy is to be funded entirely by the City. These benefits may also extend to the coverage of other eligible dependent(s). To be eligible for health care benefits, member must: 1) be at least age 55; 2) had at least 10 whole years of service with LACERS; and 3) enrolled in a System-sponsored medical or dental plan or are a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only, based on service years and service credit.

LACERS' publicly issued financial report, which covers both pension benefits and other postemployment benefits, may be obtained by writing or calling: Los Angeles City Employees' Retirement System, 202 W. First Street, Suite 500, Los Angeles, CA 90012-4401, (800) 779-8328 or LACERS' website *http://lacers.org/aboutlacers/reports/index.html*. As a City department, LAWA shares in the risks and costs with the City. LAX presents the related OPEB benefit disclosures as a participant in a single employer plan of the City on a cost-sharing basis. As of the report date of LAX's financial statements, LACERS' financial statements and the OPEB's actuarial valuation study for fiscal year 2025 are not yet available.

Benefits Provided

The maximum subsidies are set annually by the LACERS Board of Administration. Both Tier 1 and Tier 3 members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and the eligible members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Pension Plan members are entitled to LACERS' postemployment health care benefits after the retired member's death. During fiscal year 2011, the City adopted an ordinance (Subsidy Cap Ordinance) to limit the maximum medical subsidy at $1,190 for those members who retire on or after July 1, 2011; however, members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2019, all active Tier 1 and Tier 3 Members were making the additional contributions, and therefore will not be subject to the medical subsidy cap.

Membership

As of the measurement dates June 30, 2024 and June 30, 2023, the components of membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits were as follows: (Note: information for fiscal year 2025 is not yet available as of this report issue date.)

	2024	2023
Retirement members/Surviving spouses [a]	17,909	17,759
Vested terminated members entitled to, but not yet receiving benefits [b]	1,651	1,617
Retired members and surviving spouses not yet eligible for health benefits	113	132
Active members	26,782	25,875
Total	46,455	45,383

a. *Total participants including married dependents and dependent children receiving benefits were 23,769 and 23,696 as of June 30, 2024 and 2023, respectively.*

b. *Including terminated members due a refund of employee contributions.*

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. The required contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2024, was 3.93% of covered payroll, determined by the June 30, 2022 actuarial valuation. The required contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2023, was 3.92% of covered payroll, determined by the June 30, 2021 actuarial valuation. (Note: information for fiscal year 2025 is not yet available as of this report issue date.)

LACERS uses the Entry Age cost method to determine the required annual contribution amount for the Postemployment Health Plan. The required annual contribution amount is composed of two components: normal cost which is the cost of the portion of the benefit that is allocated to a given year, and the payment to amortize the unfunded actuarial accrued liability (UAAL) which is the difference between LACERS actuarial liabilities and actuarial assets. The components of the UAAL are amortized as a level percent of pay. Based on LACERS funding policy, increases or decreases in the UAAL due to assumption changes are amortized over 20 years, except that health cost trend and premium assumption changes are amortized over 15 years. Plan changes and experience gains and losses are amortized over 15 years, subject to adjustments to comply with GASB requirements on maximum amortization period of 30 years for all layers combined. The amortization periods are closed as each layer of the UAAL is systematically amortized over a fixed period.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

The total OPEB contributions to LACERS for the years ended June 30, 2025 and 2024 was $97.1 million and $90.6 million, representing 100% of the Actuarially Determined Contribution (ADC) of the employer as defined by GASB Statement No. 74[3]. (Note: information for fiscal year 2025 is not yet available as of this report issue date.)

LAX's Contributions to the Postemployment Health Care Plan

LAX's contributions to the Postemployment Health Care Plan for the years ended June 30 (amounts in thousands):

	2025	2024
LAX's required contributions to the Postemployment Health Care Plan	$ 9,682	$ 10,199

LAX's contributions made for the Postemployment Health Care Plan, in the amounts of $9.7 million and $10.2 million for fiscal years 2025 and 2024, respectively, represent 100% of the ADC as defined by GASB Statement No. 74. The Postemployment Health Care Plan is administered through a trust that meets the criteria of GASB Statement No. 75[4].

[3] *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued in June 2015*

[4] *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, issued in June 2015*

c. Net OPEB Liability, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the OPEB Plan

LACERS' Net OPEB Liability (NOL)/Net OPEB Asset (NOA) for fiscal year 2025 was measured as of June 30, 2024 and determined based upon the Plan Fiduciary Net Position (FNP) and Total OPEB Liability (TOL) from actuarial valuation as of June 30, 2024.

As of the reporting dates June 30, 2025 (measurement date of June 30, 2024) and June 30, 2024 (measurement date of June 30, 2023), LAX reported its proportionate shares of TOL, FNP and NOL as follows (amounts in thousands):

	Reporting date 6/30/25 Measurement date 6/30/24	Reporting date 6/30/24 Measurement date 6/30/23
LAX's proportionate share:		
Total OPEB Liability	$ 367,018	$ 366,386
Plan Fiduciary Net Position	(390,253)	(380,944)
Plan's Net OPEB Liability (Asset)	$ (23,235)	$ (14,558)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	106.33 %	103.97 %

LAX's NOL/NOA was measured as the proportionate share of the NOL/NOA based on the employer contributions made by LAWA during fiscal year 2024. The NOL/NOA was measured as of June 30, 2024 and determined based upon the Postemployment Health Care Plan's FNP (plan assets) and TOL from actuarial valuations as of June 30, 2024.

Change in LAX's proportionate share of the NOL/NOA as of June 30, 2025 (measurement date June 30, 2024) and 2024 (measurement date June 30, 2023) was as follows (amounts in thousands):

	NOL/(NOA)	Proportion
Proportion - Reporting date June 30, 2025 (measurement date June 30, 2024)	$ (23,235)	10.28%
Proportion - Reporting date June 30, 2024 (measurement date June 30, 2023)	$ (14,558)	10.76%
Change - Decrease	$ (8,677)	(0.48)%

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

For the year ended June 30, 2025, LAX recognized a Postemployment Health Care Plan's OPEB credit of ($6.9 million). At June 30, 2025, LAX reported deferred outflows of resources and deferred inflows of resources related to the Postemployment Health Care Plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 9,682	$ —
Differences between expected and actual experience	411	7,541
Changes of assumptions	4,097	35,115
Net difference between projected and actual earnings on OPEB plan investments	1,265	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	243	6,055
Total	$ 15,698	$ 48,711

$9.7 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to net OPEB liability will be recognized as OPEB expense as follows (amounts in thousands):

Fiscal year ending	Amount
2026	$ (19,014)
2027	(1,612)
2028	(12,062)
2029	(8,696)
2030	(1,174)
2031	(137)

For the year ended June 30, 2024, LAX recognized a Postemployment Health Care Plan's OPEB credit of ($2.6 million). At June 30, 2024, LAX reported deferred outflows of resources and deferred inflows of resources related to the Postemployment Health Care Plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 10,199	$ —
Differences between expected and actual experience	611	9,351
Changes of assumptions	5,297	47,244
Net difference between projected and actual earnings on OPEB plan investments	6,715	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	320	7,254
Total	$ 23,142	$ 63,849

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2025 was determined by actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022)
Long-Term Expected Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Range from 4.00% to 9.00% based on years of service, including inflation
Mortality Table for Retirees	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries (not in-pay status as of Valuation)	Pub-2010 Contingent Survivor Headcount-Weighted Above Meridian Mortality Tables (separate tables for males and females), with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries (not in-pay status as of Valuation)	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP--2021.
Spouse / Domestic Partner Coverage	For all active and inactive members, 60% of male participants and 35% of female participants who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and select dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage of the retiree predeceases the spouse/domestic partner. Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Healthcare Cost Trend Rates	Medical Premium Trend Rates to be applied in the following fiscal years, to all health plans. Trend Rate is to be applied to the premium for shown fiscal year to calculate next fiscal year's projected premium. Medical Premium Trend Rates to be applied to fiscal year 2025 and later years are:

First Fiscal Year (July 1, 2024 through June 30, 2025)

Carrier	Under Age 65	Age 65 & Over
Kaiser HMO	6.88%	0.25%
Anthem Blue Cross HMO	7.71%	N/A
Anthem Blue Cross PPO	7.72%	0.25%
UHC Medicare HMO	N/A	10.2%
SCAN	N/A	0.25%

Dental Premium Trend - 1.50%, then 3.00% thereafter.

Medicare Part B Premium Trend is 5.20%, then 4.50% thereafter.

Discount Rate

A 7.00% discount rate was used to measure the total OPEB liability as of June 30, 2024 and June 30, 2023. The projection of cash flows used to determine the discount rate assumed member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current Plan Members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB Liability as of both June 30, 2024 and June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expense) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic real rates of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023, including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning on June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2024 actuarial valuation. This information will change every three years based on the actuarial experience study. The last experience study was for July 1, 2019 through June 30, 2022. The next experience study will be conducted in fiscal year 2026.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00	6.65
Developed International Large Cap Equity	15.00	7.01
Developed International Small Cap Equity	3.00	7.34
Emerging Markets Equity	6.67	8.80
Core Bonds	11.25	1.97
High Yield Bonds	1.50	4.63
Bank Loans	1.50	4.07
Protected Securities (TIPS)	3.60	1.77
Emerging Market External Debt	2.00	4.72
Emerging Market Local Currency Debt	2.00	4.53
Real Estate Core	4.20	3.86
Cash & Equivalents	1.00	0.63
Private Equity	16.00	9.84
Private Credit (Private Debt)	5.75	6.47
Emerging Market Small-Cap Equity	1.33	11.10
REIT	1.40	6.80
Real Estate - Non Core	2.80	5.40
Total	100.00%	

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, employer contributions are intended only to fund the benefits of current plan members and their beneficiaries. Based on those assumptions, LACERS fiduciary net position was projected to be available to make all projected future benefit payments for current plan Members and their beneficiaries. Therefore, in accordance with the GASB Statement No. 74, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2025.

Sensitivity of LAX's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate

The following presents LAX's proportionate share of the net OPEB liability/(asset) as of June 30, 2025, calculated using the discount rate of 7.00%, as well as what LAX's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

	June 30, 2025
1% decrease	6.00%
Net OPEB Liability	$26,107
Current discount rate	7.00%
Net OPEB Asset	$(23,235)
1% increase	8.00%
Net OPEB Asset	$(64,001)

Sensitivity of LAX's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Healthcare Cost Trend Rates

The following presents LAX's proportionate share of the net OPEB (asset)/liability as of June 30, 2025, as well as what LAX's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current trend rate[5] (dollar in thousands):

	June 30, 2025
1% decrease	
Net OPEB Liability (Asset)	$(68,062)
Current Healthcare Cost Trend Rates	
Net OPEB Liability (Asset)	$(23,235)
1% increase	
Net OPEB Liability	$32,219

[5] *Current healthcare cost trend rates: 7.37% graded down to 4.50% over 12 years for Non-Medicare medical plan costs, and actual premium increase in first year, then 3.76% and then graded from 6.87% to ultimate 4.50% over 10 years for Medicare medical plan costs. Actual premium increase in first year, then 3.00% thereafter for Dental. Actual premium increase in the first year then 6.20% for the following 9 years, then graded down to ultimate 4.50% over 6 years for Medicare Part B subsidy cost.*

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

II. ***City of Los Angeles Fire and Police Pensions***

a. Benefits Provided by the LAFPP Plan - OPEB

LAFPP provides other postemployment healthcare benefits to eligible members. Detailed information about the LAFPP OPEB plan is available in the separately issued LAFPP financial report.

b. Net OPEB Liability, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to the LAFPP Plan

At June 30, 2025, LAX recognized its proportionate shares of Net OPEB Asset (NOA) of $1.4 million and OPEB expense of $0.6 million for the LAFPP plan. LAX also reported deferred outflows of resources and deferred inflows of resources related to OPEB for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 1,274	$ —
Differences between expected and actual experience	194	286
Changes of assumptions	59	531
Net difference between projected and actual earnings on OPEB plan investments	—	125
Total	$ 1,527	$ 942

$1.3 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to net OPEB liability will be recognized as OPEB expense as follows (amounts in thousands):

Fiscal year ending	Amount
2026	$ (229)
2027	(110)
2028	(172)
2029	(153)
2030	(52)
2031	27

At June 30, 2024, LAX recognized its proportionate shares of Net OPEB Asset of $1.1 million and OPEB expense of $0.5 million for the LAFPP plan. LAX also reported deferred outflows of resources and deferred inflows of resources related to OPEB for the LAFPP plan from the following resources (amounts in thousands):

	Deferred outflows of resources	Deferred inflows of resources
OPEB contributions subsequent to measurement date	$ 1,039	$ —
Differences between expected and actual experience	115	385
Changes of assumptions	42	657
Net difference between projected and actual earnings on OPEB plan investments	38	—
Total	$ 1,234	$ 1,042

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

15. Risk Management and Certain Risk Disclosures

a. Risk Management

The Risk Management Division administers LAWA's risk and claims management program by implementing a comprehensive risk identification, assessment, regulation and insurance program. The program addresses key risks that may adversely affect LAWA's ability to meet its business goals and objectives and effectively insures against losses, transfers risk or otherwise mitigates risk losses.

LAWA has purchased insurance to cover catastrophic property losses with limits of $2.5 billion. Additionally, LAWA has purchased insurance coverage for earthquake losses up to $25 million at LAX and $5.0 million at VNY, with no deductible. LAWA self-insures for earthquake losses in excess of $30 million..

LAWA also purchased $25 million primary Nuclear Chemical Biological Radiological Terrorism insurance coverage; $5 million primary Malicious Assailant insurance coverage; $9 million aggregate and primary excess Law Enforcement Liability insurance coverage; $15 million aggregate and primary excess Public officials Errors and Omission Liability insurance coverage; and $10 million aggregate and primary excess Employment Practices Liability insurance coverage.

LAWA carries commercial aviation general liability insurance with coverage of $1.3 billion for losses arising out of liability for airport operations. The self-insured retention on the commercial aviation general liability coverage is $500,000 per occurrence for bodily injury and property damage. The liability coverage has endorsements to cover third-party bodily injury and property damage claims and suits, on premises automobile coverage, personal and advertising injury coverage, errors and omissions coverage and hangar and aircraft owner's liability coverage. As a separate coverage agreement, LAWA carries employment practices liability insurance with coverage limits of $10 million for protection against employment-related losses, including coverage for defense costs and damages, with self-insured retention of $1.5 million per occurrence.

LAWA carries all-risk property insurance with coverage limits of $2.5 billion for all LAWA properties. The deductible on this coverage is 5% per insured structure subject to $500,000 per occurrence with no aggregate. LAWA's property insurance also incorporates a special endorsement that provides coverage of $2.0 billion for property losses resulting from acts of terrorism for declared foreign acts of terrorism and "business interruption" losses resulting from a covered property peril as well as terrorism. LAWA's property insurance coverage also incorporates a special endorsement that provides for coverage for "boiler and machinery" losses up to a covered limit of $250 million.

LAWA carries cyber liability, ransomware and technical errors and omissions insurance (subject to a deductible) for protection against cyber liability risks as well as critical financial protection from loss, disclosure, or theft of data in any form, including but not limited to, media and content rights infringement and liability, network security failure, denial of service attacks and transmission of malicious code.

LAWA also has purchased excess War and Risk perils buy-back coverage with limits of $1.0 billion for any one occurrence and in the aggregate. War and Risk Perils coverage includes but is not limited to any act of one or more persons, whether or not agents for a sovereign for political or terrorist purposes and whether the loss or damage resulting therefrom is accidental or intentional and any malicious act or act of sabotage.

Coverage under the War and Risk Perils endorsement may be terminated at any time by the underwriters and terminates automatically upon the outbreak of war (whether there has been a declaration of war or not) between any two or more of the following: France, the People's Republic of China, the Russian Federation, the United Kingdom or the United States, and certain provisions of the endorsement are terminated upon the hostile detonation of any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force.

LAWA maintains an insurance reserve fund pursuant to Board policy. This fund has been established to fund uninsured or under-insured losses or where insurance capacity is unavailable or excessive in cost relative to coverage. This reserve fund would provide primary funding for catastrophic losses with respect to both LAX and VNY and Palmdale Land Holdings. The insurance reserve fund balance at LAX was approximately $248.6 million and $243.3 million at June 30, 2025 and June 30, 2024, respectively.

A number of claims/lawsuits were pending against LAX that arose in the normal course of its operations. LAX recognizes a liability for claims and judgments when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Outside counsel provides estimates for the amount of liabilities with a probability of occurring from these lawsuits. The probability weighted liability for litigation and other claims for the fiscal years ended June 30, 2025 and 2024 was $10.1 million. There have been no settlements in the past three years that have exceeded LAX's insurance coverage.

LAX is self-insured as part of the City's program for workers' compensation. All workers' compensation cases are processed by LAWA under the City's workers compensation program. Liability and risk are retained by LAX. The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. The present value of the estimated outstanding losses was calculated based on a 3% yield on investments. LAX's accrued workers' compensation liabilities at June 30, 2025 and 2024 were $106.7 million and $93.9 million, respectively.

The changes in LAX's estimated claims payable are as follows (amounts in thousands):

	June 30		
	2025	2024	2023
Balance at beginning of year	$ 104,036	$ 97,993	$ 98,054
Provision for current year's events and changes in provision for prior years' events	26,010	17,204	9,789
Claims payments	(13,244)	(11,161)	(9,850)
Balance at end of year	$ 116,802	$ 104,036	$ 97,993
Current portion	(13,017)	(13,244)	(11,161)
Noncurrent portion	$ 103,785	$ 90,792	$ 86,832

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

b. Certain Risk Disclosures

GASB Statement NO. 102, *Certain Risk Disclosures* requires governments to assess and disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

LAWA has evaluated whether any concentrations or constraints exist, whether any events associated with them could cause a substantial impact, and whether those events are likely to occur within 12 months of the issuance of the financial statements. As of June 30, 2025, management has determined that there are no risks which meet the criteria for disclosure under this statement.

16. Public-Private and Public-Public Partnerships and Availability Payment Arrangements

According to GASB Statement No. 94, *Public-private and public-public partnerships and Availability payment arrangements*, public-private and public-public partnerships, collectively referred to as PPPs, comprise a wide variety of arrangements between a government and another party that are engaged in providing services to a government's constituents. Availability payment arrangements (APAs) also have been used in practice to procure governmental services. LAX have Public-Private Partnership (PPP) agreements for APM and ConRAC projects.

Automated People Mover System (APM)

On April 11, 2018, LAWA and LAX Integrated Express Solutions, LLC (APM Developer) entered into a design-build-finance-operate-maintain agreement, as amended (APM Agreement), for the purposes of developing, financing, operating and maintaining the approximately 2.25-mile elevated, grade-separated APM System that will generally run from the ConRAC to the CTA. The APM System will include six stations: (i) one in the ConRAC; (ii) one to be located at the multi-modal/transit facility located at 96th Street and Aviation Boulevard, which facility will also contain a connection to the Los Angeles County Metropolitan Transportation Authority's light rail system; (iii) one to be located at the multi-modal/transit facility located north of 96th Avenue between Jetway Boulevard and Airport Boulevard; and (iv) three stations to be located in the CTA. Under the APM Agreement, LAWA has granted the APM Developer the exclusive right, during a 30-year term, to design, build, finance, operate and maintain the APM System. Construction of the APM System is continuing and, based on the APM Developer's current projections, LAWA currently estimates that the APM will begin service for LAX passengers in the first quarter of 2026.

The APM Agreement provides that beginning on the Passenger Service Availability (PSA) date, LAWA must make monthly payments to the APM Developer (APM Availability Payments). The APM Availability Payments are intended to compensate the APM Developer for the costs of designing, building and financing the APM System not otherwise paid from the APM Milestone Payments, as well as the costs of operating and maintaining the APM System over the term of the APM Agreement. The original contractual PSA date of March 31, 2023 has been extended under various change orders and is now December 8, 2025. For the extended period LAWA has agreed to make stepped-down Availability Payments to cover the APM Developer's financing costs. The Operations and Maintenance period of 25 years has been reduced by the same duration as the extended PSA date.

For the components of the APM Availability Payments that are related to the design, construction, and financing of the APM in which ownership of the APM belongs to LAWA, all future payments for these components will be reported as a financed purchase of the APM by LAWA. For the components of the APM Availability Payments that are related to providing services for the operation or maintenance of the APM, future payments for these components will be accounted for as outflows of resources in the period to which the payments relate by LAWA.

The APM Agreement provides that the APM Developer will be entitled to receive a series of six milestone payments from LAWA upon its completion of certain design and construction milestones in the aggregate principal amount of approximately $1.01 billion, subject to deductions provided in the APM Agreement, as partial compensation for the APM Developer's performance of the work required to design and construct the APM System. LAWA paid the last APM Milestone Payment of $168.3 million in September 2024.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

On July 18, 2024, the Board approved a change order in the amount of $550.0 million to finalize the bilateral agreement on terms to settle claims between LAWA and LAX Integrated Express Solutions, LLC (LINXS) for delay and compensation amounts, occurring prior to and including May 31, 2024 (Global Settlement) and establishes schedule certainty. In September 2024, LAWA made a lump sum payment of $200 million as part of the settlement. Following this, payments of $28 million and $119 million were made in December 2024. The remaining $203 million of the settlement will be disbursed through four lump sum payments, contingent upon LINXS achieving specific completion milestones.

Consolidated Rental Car Facility (ConRAC)

On November 6, 2018, LAWA and LA Gateway Partners, LLC (ConRAC Developer) entered into a design-build-finance-operate-maintain agreement for the ConRAC (ConRAC Agreement). The ConRAC Developer is comprised of Fengate Capital Management Ltd., PCL Investments USA, LLC, Johnson Controls, and MVI Finance LLC. Under the ConRAC Agreement, subject to certain limitations, LAWA granted to the ConRAC Developer the exclusive right, during the 28-year term of the ConRAC Agreement, to design, build, finance, operate and maintain the ConRAC.

As construction of the ConRAC was substantially completed in fiscal year 2023, the ConRAC is currently in an Operation Readiness Phase. Because the ConRAC Date of Beneficial Occupancy occurred prior to the APM PSA date, LAWA has only partially activated the facility and is supporting a shuttle service that transports rental car customers between the CTA and the ConRAC. As of the date of this report, LAWA has partially opened the ConRAC to accommodate the operations of the Avis Budget Group but has not made a final decision as to the timing of the move of the other rental car operator in to the new facility.

The ConRAC Agreement (as adjusted in accordance with the settlement of certain claims) further provides that, commencing on March 31, 2023, payments will be made to the ConRAC Developer to compensate the ConRAC Developer for the costs of designing, building and financing a portion of the ConRAC (ConRAC Capital Availability Payments), for the cost of operating and maintaining certain portions of the ConRAC (ConRAC Operations and Maintenance Availability Payments), and for the costs of renewing the ConRAC (ConRAC Renewal Availability Payments, and collectively with ConRAC Capital Availability Payments and ConRAC Operations and Maintenance Availability Payments, the ConRAC Availability Payments). LAWA expects to make the ConRAC Capital Availability Payments and the ConRAC Renewal Availability Payments from CFC revenues, subject to the prior payment of the principal of and interest on the LAX CFC Bonds and the other deposits required to be made to the funds and accounts established and maintained pursuant to the trust indenture entered into with respect to the LAX CFC Bonds.

For the components of the ConRAC Capital Availability Payments that are related to the design, construction, and financing of the ConRAC in which ownership of the ConRAC belongs to LAWA, all future payments for these components is reported as a financed purchase of the ConRAC by LAWA in the statement of net position as PPP availability payment liability. For the components of the ConRAC Operations and Maintenance Availability Payments that are related to providing services for the operation or maintenance of the ConRAC, future payments for these components will be accounted for as outflows of resources in the period to which the payments relate by LAWA. For the components of the ConRAC Renewal Availability Payments that are related to the renewal of the capital assets for ConRAC in which ownership of the ConRAC belongs to LAWA, all future payments for these components is reported as a financed purchase of the ConRAC by LAWA.

LAWA has capitalized ConRAC for approximately $1.5 billion on June 30, 2023, with depreciation starting from July 2023. The capitalization costs included three elements: Periodic Payments, Milestones Payments and Change Orders, Capital Availability Payments, and Capital Renewal Payments.

Capital Availability Payment of $525.2 million was computed based on the present value of future payments of $892.5 million with discount rate of 4.71%. Capital Renewal Payment of $69.6 million was computed based on the present value of future payments of $120.9 million with discount rate of 4.71%. In connection with the capitalization, LAWA recognized PPP availability payment liability of $561.8 million, current liabilities of $11.6 million, interest expense of $27.3 million, and depreciation of $73.2 million in fiscal year 2025. LAWA recognized PPP availability payment liability of $573.5 million, current liabilities of $10.7 million,

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

interest expense of $27.7 million, and depreciation of $71.1 million in fiscal year 2024. In fiscal year 2025, LAWA made the Capital Availability Payment of $33.9 million, Capital Renewal Payment of $5.1 million, and Operations and Maintenance Availability Payment of $8.6 million.

Subject to any limitations and exceptions expressly provided in the ConRAC Agreement, Annual Availability Payments (covering the ConRAC Capital Availability Payments, ConRAC Operations and Maintenance Availability Payments, and ConRAC Renewal Availability Payments) shall be paid to Developer in monthly installments. Each month, the Maximum Monthly Payment shall be calculated as the sum of (a) the monthly amount of the annual maximum availability payment, plus (b) the amount of Variable O&M Costs projected to be paid by Developer in the immediately subsequent month, plus (c) for the Month immediately following the end of each Quarter, a Utility Rate Risk Share calculated pursuant to the terms of the ConRAC Agreement.

ConRAC has the following liabilities activities for fiscal year ended June 30, 2025 and 2024 (amounts in thousands):

	Balance at June 30, 2024	Additions	Amortization	Balance at June 30, 2025	Current Portion
Capital Payment Liability	$ 515,370	$ —	$ (9,775)	$ 505,595	$ 10,592
Capital Renewal Payment	68,761	—	(894)	67,867	1,020
Total	$ 584,131	$ —	$ (10,669)	$ 573,462	$ 11,612

	Balance at June 30, 2023	Additions	Amortization	Balance at June 30, 2024	Current Portion
Capital Payment Liability	$ 524,370	$ —	$ (9,000)	$ 515,370	$ 9,775
Capital Renewal Payment	69,535	—	(774)	68,761	894
Total	$ 593,905	$ —	$ (9,774)	$ 584,131	$ 10,669

Principal and interest payments to be made related to the Capital Availability Payment for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 10,592	$ 23,588	$ 34,180
2027	11,451	23,071	34,522
2028	12,355	22,512	34,867
2029	13,305	21,910	35,215
2030	14,306	21,262	35,568
2031 - 2035	88,435	94,809	183,244
2036 - 2040	122,372	70,219	192,591
2041 - 2045	165,838	36,577	202,415
2046 - 2047	66,941	2,799	69,740
Total	$ 505,595	$ 316,747	$ 822,342

Principal and interest payments to be made related to the Capital Renewal Payment for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2026	$ 1,020	$ 3,175	$ 4,195
2027	1,156	3,124	4,280
2028	1,298	3,067	4,365
2029	1,450	3,002	4,452
2030	1,611	2,931	4,542
2031 - 2035	10,818	13,288	24,106
2036 - 2040	16,502	10,114	26,616
2041 - 2045	23,985	5,401	29,386
2046 - 2047	10,027	420	10,447
Total	$ 67,867	$ 44,522	$ 112,389

17. Subscription Based Information Technology Agreements (SBITA)

LAX utilizes IT software contracts to purchase all software, including a variety of software products that are installed on servers, workstations, mobile devices, notebooks, and other hardware. These software products include core software used throughout the organization, such as Microsoft Office 365; Microsoft Teams; Adobe Acrobat Pro DC; Software -as -a -Service (SaaS), such as Amazon Web Services and Azure; and Firewall-as-a-Service (FWaaS), such as Cloudflare. These contracts are also used to purchase specialized programs, such as project scheduling, other airport-specific software, and associated software support services used throughout the organization, and to purchase software for capital and operating initiatives, including Interactive Kiosks, Workforce Central, SharePoint, OpenText, and software used for estimating, construction project management, drafting, aerial imagery, large document review and collaboration, Building Information Modeling, and project risk management, etc. In many cases, LAX is required to purchase the annual licenses for these products to obtain functional and security updates as well as maintenance support services.

LAX evaluates these contracts and identifies the qualified SBITAs in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The present value of the SBITAs, calculated based on the incremental borrowing rate discussed below, are aggregated on a portfolio basis. LAX has adopted the following policies to account for agreements in accordance with the requirements of GASB No. 96.

Basis of SBITA classification

In accordance with GASB 96, LAX recognizes short-term subscription payments, which have a maximum possible term under the SBITA contract of 12 months or less, as outflows of resources based on the payment provisions of the contract.

For purposes of determining the applicability of GASB No. 96, Software as a Service, Platform as a Service, and Infrastructure as a Service are three common deployment models of cloud computing arrangements. Each deployment model may contain IT software used in combination with tangible capital assets. The substance of the arrangement is evaluated by LAX in accordance with GASB No. 96 to determine whether the arrangement meets the definition of SBITA.

Term

At the time of the SBITA commencement or conversion, the term will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. For extension periods without explicit rent payment amounts in the agreement, LAX assumed a CPI increase of 4.03% and 3.65% for fiscal year 2025 and 2024, respectively, to prior payment amounts on an annual basis.

Discount rate

Unless explicitly stated in the agreement, known by LAX, or LAX is able to determine the rate implicit within the agreement, the discount rate used to calculate the right-to-use subscription assets and liabilities is LAWA's incremental borrowing rate at the end of each fiscal year.

The discount rate utilized for the applicable agreement beginning in each fiscal year were as follows:

Term of Agreement	2025	2024
2-year	3.09	3.58
3-year	3.12	3.47
4-year	3.13	3.45
5-year	3.24	3.42
Above 5-year	3.72	3.34

Variable payments

Variable payments based on the future performance of the agreement or usage of the underlying asset are not included in the measurement of subscription assets or liabilities. For the fiscal years ended June 30, 2025 and 2024, all agreements are based on fixed payments and do not have variable payment components.

Remeasurement

For the fiscal years ended June 30, 2025 and 2024, LAX did not have to remeasure any right-to-use subscription liabilities due to (1) early termination of subscription, (2) reduction in monthly subscription payment, and (3) change in borrowing rate.

Right-to-use subscription assets consist of the following (amounts in thousands):

	2025	2024
Right-to-use subscription assets	$ 53,214	$ 40,475
Accumulated amortization	(40,001)	(27,031)
Total amortized assets	$ 13,213	$ 13,444

In accordance with GASB No. 96, LAX recognized $12.7 million and $10.7 million of amortization expense for the years ended June 30, 2025 and 2024, respectively. LAX also recognized $423.3 thousand and $463.0 thousand of interest expense for the years ended June 30, 2025 and 2024, respectively.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

Principal and interest payments to be made, under these SBITAs for each of the next five years and in five-year increments thereafter are as follows (amounts in thousands):

Fiscal year(s) ending	Principal	Interest	Total
2026	6,135	190	6,325
2027	2,064	149	2,213
2028	1,998	102	2,100
2029	1,866	60	1,926
2030	1,371	22	1,393
2031 - 2035	825	9	834
Total	$ 14,259	$ 532	$ 14,791

18. Commitments, Litigations, and Contingencies

a. Commitments

LAX has commitments for open purchase orders of approximately $88.3 million and $91.2 million as of June 30, 2025 and 2024, respectively.

LAX has the following commitments on major construction contracts[6]:

Project	Amount (in millions)
APM	$ 3,111
ConRAC	1,201
TBIT Baggage Optimization Project Phase 2	138
ATMP Roadway Improvements	117
ITF Auxiliary Curbs Project	102
MSC South	55
Total	$ 4,724

LAX has the following commitments on major tenant based acquisitions:

Project	Amount (in millions)
Terminals 4/5 Improvement	$ 427
Terminal 6 Improvement	34
Total	$ 461

Multiple Award Task Order Contracts

LAX has approved the following Multiple Award Task Order Contracts (MATOC) in fiscal year 2025:

- the award of 51 five-year MATOC, with two one-year renewal options for each contract, in the amount not to exceed $5.0 billion, to pre-qualified contractors to provide Design-Build and Construction Services, on as needed basis, in support of the Capital Improvement Program and other key initiatives.

[6] *Unpaid portion of total commitments.*

b. Aviation Security

Concerns about the safety and security of airline travel and the effectiveness of security precautions may influence passenger travel behavior and air travel demand, particularly in the light of existing international hostilities, potential terrorist attacks, and world health concerns, including epidemics and pandemics. As a result of terrorist activities, certain international hostilities and risk of violent crime, LAWA has coordinated response and mitigation protocols with federal partners including the Federal Aviation Administration (FAA), the Transportation Security Administration (TSA), the Department of Homeland Security and Airport management with the intent of enhancing security at LAX and other LAWA properties. Current and future security measures may create significant inconvenience, costs and delays at LAX which may deter members of the public from selecting air travel generally and may encourage switching from air ground travel modes. Consequently, this may adversely affect LAWA's operations, expenditures and revenues. LAWA cannot predict whether LAX or and LAWA's other airport will be actual targets of terrorists or other violent acts in the future.

c. Environmental Issues

LAX bears ultimate responsibility for the cleanup of environmental contamination on property it owns. However, there are instances where tenants accept responsibility for the cleanup actions. Under certain applicable laws, LAX may become liable for cleaning up soil and/or groundwater contamination on a property in the event that the previous responsible party does not perform its assessment or remediation obligations. No assurance can be given that any future investigation and/or remediation costs for any such contamination will not be material. On November 7, 2019, the Board approved: (i) an update to the LAX Ground Support Equipment Emissions Reduction Policy (GSE ERP) with new emission reduction targets for 2023 and 2031; (ii) the LAX Air Quality Improvement Measures (AQIM), which consolidated existing air quality improvement programs or previously adopted policies into one plan to more efficiently track progress and align with LAWA’s Sustainability Action Plan; and (iii) a Memorandum of Understanding (MOU) with the South Coast Air Quality Management District (SCAQMD) to quantify emission reductions associated with the following LAX AQIM measures identified in the MOU to assist SCAQMD in obtaining emission reductions for these measures to meet its obligations under the Clean Air Act:

- Ground Support Equipment Emissions Reduction Policy
- Alternative Fuel Vehicle Incentive Program
- Zero-Emission Bus Program

LAX’s primary obligations under the MOU are to implement the above measures and provide annual reports to SCAQMD on implementation of the measures, including equipment data and emission inventory calculations. In the event that actual emission reduction is less than the estimated emission reduction projected for these measures, LAX and SCAQMD will work together to consider potential new or enhanced programs, or better efforts to quantify existing programs, to help SCAQMD address any shortfalls. On June 15, 2023, the Board approved $0.5 million for LAX Electric Ground Support Incentive Program to accelerate the deployment of zero-emission ground support equipment (eGSE) at LAX. In fiscal year 2025, participating airport tenants and service providers have been reimbursed $400K, leaving a balance of $100K from the total allocated amount for further reimbursements related to eGSE purchases.

In 2022, California banned the use of class B firefighting foam containing Per- and Polyfluoroalkyl Substances (PFAS) with an exception made for certain facilities that utilize fixed foam fire suppression systems whose compliance deadline was extended to January 1, 2024. At that time, Aqueous Film-Forming Foam (AFFF) with PFAS can no longer be used in hangar systems. The United Reservoir in the West Campus at LAX has provided fire water to the Federal Express (FedEx) Hangar, the former United Airlines (United) Hangar, and the American Airlines (American) Superbay Hangar complexes, among other facilities. American asserts that it has invested approximately $20.0 million into a PFAS-free fire suppression system at the American Superbay and that they intended to activate the system, which is connected to the United Reservoir by January 1, 2024, but now may not activate it due to the contaminated fire water supply. LAWA has pursued FedEx and United as potentially responsible parties to identify the source of the AFFF with PFAS, delineate the extent of contamination, and investigate remedies. While LAWA continues to work with FedEx, United, and American, the time sensitive nature of the matter has required LAWA to conduct sampling, delineate the extent of the contamination, and retain both engineering and technical support staff to investigate and recommend solutions.

The Board approved the increase of the contract authority of Geosyntec Consultants, Inc. from $4.5 million to $13.0 million to cover the cost of remediation of AFFF contamination of the United Reservoir and associated facilities on the West Campus at LAX. LAWA does not have any pollution remediation obligations as defined under GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, based on analysis of the obligating events and balancing equities as the PFAS obligations will not be charging on the airports.

Notes to the Financial Statements
June 30, 2025 and 2024
(continued)

19. Subsequent Events

On July 17, 2025, the Board approved the award of a 3-year contract to Sully-Miller Contracting Company covering construction of the Taxiway C Easterly Extension Project at LAX for a cost not to exceed $36.9 million and appropriation of $50.4 million for said project. The Airfield and Terminal Modernization Project (ATMP) includes airfield improvements at LAX to enhance operational management and safety. In the current airfield configuration, aircraft departing from Runway 25R must transition and queue on Taxiway B, east Taxilane C1. The same segment of Taxiway B is the only route for aircraft to enter and exit Taxilane B1 cargo ramp at the east end of Runway 25R. The result is bottleneck which creates delays in ramp entry and exit and requires breaks in the departure queue, reducing airfield capacity. The construction of the easterly extension of Taxiway C to Taxiway B1 will provide dual parallel taxiways and eliminate efficiencies, mitigate delays, improve safety, decrease emissions and provide better operational flexibility.

On July 17, 2025, the Board approved the appropriation of $158.4 million for the Infrastructure Capital Program (Asset Renewal) Projects at LAX. The program will decrease maintenance costs and improve the safety, reliability and user experience in LAWA facilities. Many of LAWA's critical mechanical, electrical, plumbing, fire protection, vertical transportation, civil, utilities, and other assets are beyond their useful life and are prone to failure. The project focuses on replacing and future proofing both above-ground and below ground infrastructure to ensure the airport's operational excellence and alignment with industry standards.

On August 21, 2025, the Board authorized the acceptance of grant offers from the Federal Aviation Administration for airfield improvements, noise mitigation, roadway projects, and relative to the purchase and installation of Phase 2 of Electric Ground Support Equipment Chargers at LAX and the Taxiway Reconstruction Project Phase 2 at Van Nuys Airport. LAX and VNY may receive up to $117.8M from the FAA, pending award approval, to reimburse direct costs for these projects.

On August 21, 2025, the Board approved the award of a 3-year contract to Zones, LLC covering purchase of general information software licenses, renewals, and support services for LAWA, for a cost of $76.5 million. This contract will support critical airport business operations systems, applications, and security controls databases, as well as existing and new IT systems and applications, cyber security controls, including network, internet, and email threat prevention, analysis against potential attacks, malware, and ransomware, software used to support Multi-Factor Authentication (MFA) and Single Sign-on (SSO), Microsoft licenses and services to strengthen cyber security measures, including advanced threat protection, enhanced identity and access management, and compliance tools, web content management for public LAWA websites, the Aerobahn Airport Surface Management (ASMS), which provides airfield awareness and intelligence to predict and respond to issues and identify operational improvements and capital project estimation and modeling tools for cost compliance.

On August 21, 2025, the Board approved the First Amendment to Contract DA-5732 with Webcor Construction, LP, adding $81.0 million, for a total contract authority of $104.9 million for the design and construction of the Wayfinding Enhancement Program at LAX, and to appropriate funds in the amount of $108.7 million for the project. The amendment will allow for the completion of design and preconstruction services for the Wayfinding Enhancement, and the construction of enabling work to include wayfinding related to the Automated People Mover (APM) activation, terminal gate renumbering, and the procurement of applicable trade subcontractors.

On August 21, 2025, the Board approved the appropriation of $160.0 million for the Tom Bradley International Terminal (TBIT) – Terminal Refresh Project at LAX. This Direct Project Budget will fund the long lead architectural and mechanical-electrical-plumbing (MEP) systems. The project is intended to refresh and modernize the TBIT Departures and Arrivals areas in pursuit of addressing Skytrax feedback deficiencies and passenger congestion in these areas.

On September 18, 2025, the Board approved the appropriation of $1.4 billion for the Terminal 5 (T5) Renovation and Reconstruction Project at LAX. The project will renovate, reconstruct, and replace worn and outdated systems, infrastructure, and layouts in T5 in its existing location.

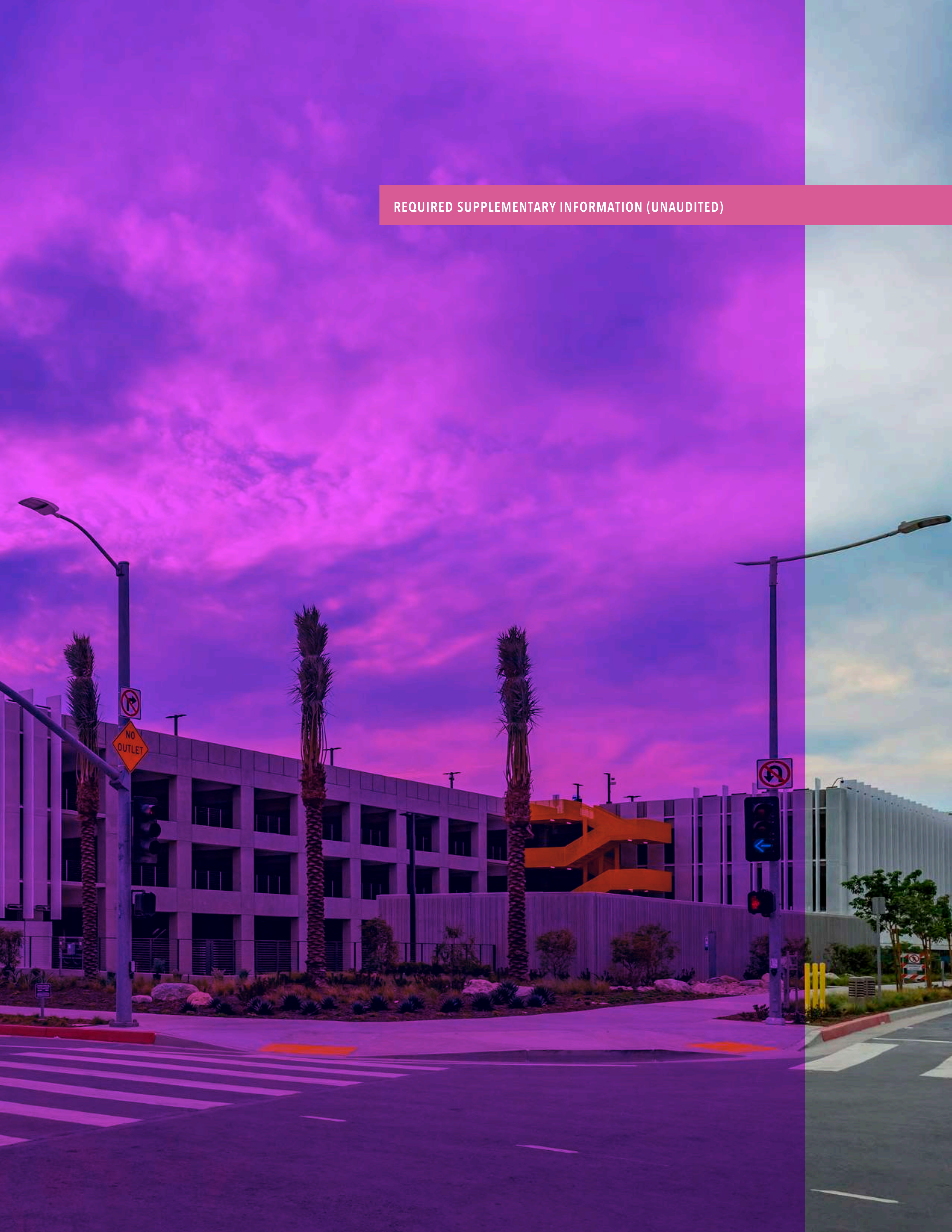
On September 18, 2025, the Board approved a Contract of Sale and Escrow Instructions with the Los Angeles Community College District, a public agency, acting by order of and through its Board of Trustees. The agreement is for the acquisition of property located at 9700 South Sepulveda Boulevard, Los Angeles for $55.1 million plus closing costs in an amount not to exceed $0.5 million. The property is needed for the Airfield and Terminal Modernization Project at LAX. Of the total acquisition cost of $55.6 million, $34.5 was previously appropriated under a prior action for a partial acquisition and the additional amount of $21.1 was approved by the Board.

This page intentionally left blank.

Required Supplementary Information (Unaudited)

2025 ANNUAL FINANCIAL REPORT | LOS ANGELES INTERNATIONAL AIRPORT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)



Los Angeles World Airports
(Department of Airports of the City of Los Angeles, California)
Los Angeles International Airport

Required Supplementary Information (Unaudited)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Pension Plan

Schedule of LAX's Proportionate Share of the Net Pension Liability (1) (2)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Proportion of the Net Pension Liability	Proportionate share of the Net Pension Liability	Covered Payroll (3)	Proportionate share of the Net Pension Liability as a percentage of its Covered Payroll	Proportionate share of Pension Plan's Fiduciary Net Position	Proportionate share of Pension Plan's Total Pension Liability	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2016	12.87 %	$ 642,431	$ 235,176	273.17 %	$ 1,534,875	$ 2,177,306	70.49 %
2017	13.55 %	$ 761,187	$ 256,833	296.37 %	$ 1,599,900	$ 2,361,087	67.77 %
2018	13.47 %	$ 710,724	$ 266,780	266.41 %	$ 1,774,969	$ 2,485,693	71.41 %
2019	13.52 %	$ 771,926	$ 274,167	281.55 %	$ 1,924,658	$ 2,696,584	71.37 %
2020	13.49 %	$ 806,117	$ 275,892	292.19 %	$ 1,997,900	$ 2,804,017	71.25 %
2021	13.23 %	$ 1,004,450	$ 287,623	349.22 %	$ 1,974,887	$ 2,979,337	66.29 %
2022	12.30 %	$ 536,606	$ 266,130	201.63 %	$ 2,326,341	$ 2,862,947	81.26 %
2023	12.29 %	$ 868,347	$ 251,303	345.54 %	$ 2,090,854	$ 2,959,201	70.66 %
2024	11.56 %	$ 848,641	$ 253,909	334.23 %	$ 2,073,971	$ 2,922,612	70.96 %
2025	11.08 %	$ 814,183	$ 260,394	312.67 %	$ 2,121,085	$ 2,935,268	72.26 %

Required Supplementary Information (Unaudited) (continued)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Schedule of LAWA's Proportionate Share of the Net Pension Liability (1)

The schedules included in the Required Supplementary information for the Pension Plan are intended to show information for 10 years. However, the following LAFPP schedules do not have a full 10-year trend, and therefore, LAX presented information only for those years for which information is available. Additional years will be displayed in the future as they become available.

City of Los Angeles Fire and Police Pensions (LAFPP)

Fiscal Year	Proportion of the Net Pension Liability	Proportionate share of the Net Pension Liability	Covered Payroll (2)	Proportionate share of the Net Pension Liability as a percentage of its Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2019	0.119 %	$ 1,493	$ 1,882	79.34 %	73.15 %
2020	0.090 %	$ 1,568	$ 4,871	32.20 %	79.50 %
2021	0.090 %	$ 2,316	$ 6,140	37.71 %	77.96 %
2022	0.004 %	$ (106)	$ 7,858	(1.35)%	100.76 %
2023	0.089 %	$ 579	$ 10,092	5.74 %	96.52 %
2024	(0.500)%	$ (1,819)	$ 13,163	(13.82)%	109.53 %
2025	1.949 %	$ (4,978)	$ 13,746	(36.21)%	122.78 %

Notes to schedule:

Los Angeles City Employees' Retirement System (LACERS)

1. Changes of assumptions

   The June 30, 2014 calculations reflected various assumption changes based on the triennial experience study for the period from July 1, 2011 through June 30, 2014. The increase of total pension liability for fiscal years ended on June 30, 2014 is primarily due to the lowered assumed investment rate of return from 7.75% to 7.50%, and longer assumed life expectancies for Members and beneficiaries while the June 30, 2017 increase is primarily due to the lowered assumed investment rate of return from 7.50% to 7.25%. The June 30, 2018 calculations reflected changes in the actuarial assumptions adopted by the Board on August 14, 2018 based on the triennial experience study for the period from July 1, 2014 through June 30, 2017, including revising the mortality tables from static to generational to reflect future mortality improvement, contributing to increased total pension liability. The June 30, 2020 calculations reflected changes in the actuarial assumptions based on the actuarial experience study covering the period from July 1, 2016 to June 30, 2019, and adopted by the Board on June 23, 2020. The changes included lowered assumed investment rate of return from 7.25% to 7.00% along with an Inflation Rate reduction from 3.00% to 2.75%, changes in various demographic assumptions such as adjustments on retirement, termination, disability and mortality rates.The total pension liability calculation on fiscal years ended June 30, 2014, June 30, 2017, June 30, 2020 and June 30, 2023 reflected various assumption changes based on the triennial actuarial experience study. The latest experience study covers the period July 1, 2019 to June 30, 2022 resulted to changes of assumptions used in the June 30, 2023 actuarial valuation. The changes include inflation rate reduction from 2.75% to 2.50% and various demographic assumption changes such as retirement, mortality, disability and termination rates.

2. In calculating the Pension Plan's Net Pension Liability, the Total Pension Liability and the Plan Fiduciary Net Position exclude amounts associated with Family Death, and Larger Annuity Benefits.

3. Covered payroll represents the collective total of the pensionable wages of all LACERS membership tiers and is reported based on measurement period.

City of Los Angeles Fire and Police Pensions (LAFPP)

1. Changes of assumptions

   Per capita costs and health plan election assumptions were updated to reflect 2024-2025 plan year premiums and subsidies, based on more recent data. Trend assumptions were updated to reflect the anticipated impact of the Inflation Reduction Act on the plan’s 2025-2026 Medicare plan premiums, and higher trend expectations for the Part B premium reimbursements. The updated claims, health plan elections and associated trend assumptions had a combined impact of increasing the actuarial accrued liability.

2. Covered payroll represents payroll on which contributions to the pension plan are based.

Required Supplementary Information (Unaudited) (continued)
Last Ten Fiscal Years Ended June 30
(amounts in thousands)

Schedule of Contributions - Pension

Los Angeles City Employees' Retirement System (LACERS)

	2025	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	$ 89,844	$ 79,264	$ 77,463	$ 72,808	$ 68,312
contributions	89,844	79,264	77,463	72,808	68,312
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAX's covered payroll	$ 288,146	$ 260,394	$ 253,909	$ 251,303	$266,130
LAX's contributions as a percentage of covered payroll	31.18 %	30.44 %	30.51 %	28.97 %	25.67 %

	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	$ 73,229	$ 64,737	$ 60,948	$ 61,197	$ 55,972
contributions	73,229	64,737	$ 60,948	61,197	55,972
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAX's covered payroll	$ 287,623	$ 275,892	$ 274,167	$ 266,780	$ 256,833
LAX's contributions as a percentage of covered payroll	25.46 %	23.46 %	22.23 %	22.94 %	21.79 %

Schedule of Contributions - Pension

City of Los Angeles Fire and Police Pensions (LAFPP)

	2025	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	$ 3,306	$ 2,562	$ 2,622	$ 1,987	$ 1,559
Contributions in relation to the actuarially determined contributions	3,306	2,562	2,622	1,987	1,559
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAX's covered payroll	$ 19,032	$ 13,746	$ 13,163	$ 10,092	$ 7,858
LAX's contributions as a percentage of covered payroll	17.37 %	18.64 %	19.92 %	19.69 %	19.84 %

	2020	2019
Contractually required contribution (actuarially determined)	$ 1,207	$ 880
Contributions in relation to the actuarially determined contributions	1,207	880
Contribution deficiency (excess)	$ —	$ —
LAWA's covered payroll	$ 6,140	$ 4,871
LAWA's contributions as a percentage of covered payroll	19.66 %	18.07 %

Required Supplementary Information (Unaudited) (continued)

Last Ten Fiscal Years Ended June 30

(amounts in thousands)

Notes to Schedules - Pension

Los Angeles City Employees' Retirement System (LACERS)

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Investment Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service

City of Los Angeles Fire and Police Pensions (LAFPP)

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Investment Rate of Return	7.00%
Inflation	2.75%
Projected Salary Increases	Ranges from 4.15% to 12.25% based on years of service

Other Postemployment Benefit Plan (OPEB)

The schedules included in the Required Supplementary Information for the Postemployment Health Care Plan are intended to show information for 10 years. However, the following schedules do not have a full 10-year trend, and therefore, LAX presented information only for those years for which information is available. Additional years will be displayed in the future as they become available.

Schedule of LAX's Proportionate Share of the Net OPEB Liability (1)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Proportion of the Net Postemployment Health Care (OPEB) Liability	Proportionate share of the Net OPEB (Asset) Liability	Covered Payroll (2)	Proportionate share of the Net OPEB Liability as a percentage of its Covered Payroll	Proportionate share of Postemployment Health Care Plan's Fiduciary Net Position	Proportionate share of Postemployment Health Care Plan's Total OPEB Liability	Postemployment Health Care Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2018	13.46 %	$ 76,310	$ 266,780	28.60 %	$ 328,269	$ 404,579	81.14 %
2019	13.28 %	$ 77,056	$ 274,167	28.11 %	$ 355,290	$ 432,346	82.18 %
2020	13.00 %	$ 67,889	$ 275,892	24.61 %	$ 365,588	$ 433,477	84.34 %
2021	12.56 %	$ 79,788	$ 287,623	27.74 %	$ 358,071	$ 437,859	81.78 %
2022	11.49 %	$ (30,062)	$ 266,130	(11.30)%	$ 434,615	$ 404,553	107.43 %
2023	11.56 %	$ 26,920	$ 251,303	10.71 %	$ 386,914	$ 413,834	93.49 %
2024	10.76 %	$ (14,558)	$ 253,909	(5.73)%	$ 380,944	$ 366,386	103.97 %
2025	10.28 %	$ (23,235)	$ 260,394	(8.92)%	$ 390,253	$ 367,018	106.33 %

Required Supplementary Information (Unaudited) (continued)

Last Ten Fiscal Years Ended June 30

(amounts in thousands)

Schedule of LAX's Proportionate Share of the Net OPEB Liability (1)

City of Los Angeles Fire and Police Pensions (LAFPP)

Fiscal Year	Proportion of the Net Postemployment Health Care (OPEB) Liability	Proportionate share of the Net OPEB (Asset) Liability	Covered Payroll (2)	Proportionate share of the Net OPEB Liability as a percentage of its Covered Payroll	Postemployment Health Care Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability
2019	0.042 %	$ 713	$ 1,882	37.90 %	49.48 %
2020	0.038 %	$ 595	$ 4,871	12.21 %	66.14 %
2021	0.04 %	$ 623	$ 6,140	10.15 %	73.17 %
2022	0.002 %	$ 20	$ 7,858	0.25 %	99.37 %
2023	(0.002)%	$ (13)	$ 10,092	(0.13)%	100.36 %
2024	(0.135)%	$ (1,143)	$ 13,163	(8.68)%	128.84 %
2025	(0.174)%	$ (1,417)	$ 13,746	(10.31)%	126.62 %

Notes to schedule:

Los Angeles City Employees' Retirement System (LACERS)

1. Changes of assumptions
   The OPEB liability from the changes of assumptions for the fiscal year ended June 30, 2017 is primarily due to the lowered assumed investment rate of return, from 7.50% to 7.25%, and the June 30, 2018 increase is primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2014 through June 30, 2017), including revising the mortality tables from static to generational. The June 30, 2019 increase is mainly due to the increased Medicare Part B Premium Trend Rate from 4.0% to 4.5% while the June 30, 2020 is due to the new actuarial assumptions adopted as a result of actuarial experience study covering the period July 1, 2016 to June 30, 2019 which included a lowered investment rate of returns from 7.25% to 7.00% as well as using revised mortality tables. The June 30, 2021 liability decrease was primarily due to 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience. The June 30, 2022 liability decrease was primarily due to favorable 2022/2023 premium renewal experience and lower 2022/2023 subsidy levels than expected. The June 30, 2023 liability decrease was primarily due to lower overall 2023/2024 premiums and subsidy levels than expected, and to a lesser degree the new assumptions adopted in the triennial experience study (July 1, 2019 to June 30, 2022). The OPEB liability increase from changes of assumptions for fiscal year ended June 30, 2024 was mainly due to updated trend assumptions for prescription drug costs and Part B premiums. The impact of the higher trend assumptions was mostly offset by the updated starting costs for 2024/2025.

2. Covered payroll represents the collective total of the pensionable wages of all LACERS membership tiers and is reported based on measurement period.

City of Los Angeles Fire and Police Pensions (LAFPP)

1. Changes of assumptions
   Per capita costs and health plan election assumptions were updated to reflect 2024-2025 plan year premiums and subsidies, based on more recent data. Trend assumptions were updated to reflect the anticipated impact of the Inflation Reduction Act on the plan’s 2025-2026 Medicare plan premiums, and higher trend expectations for the Part B premium reimbursements. The updated claims,health plan elections and associated trend assumptions had a combined impact of increasing the actuarial accrued liability.

2. Covered payroll represents payroll on which contributions to the OPEB plan are based.

Required Supplementary Information (Unaudited) (continued)

Last Ten Fiscal Years Ended June 30

(amounts in thousands)

Schedule of Contributions - OPEB

Los Angeles City Employees' Retirement System (LACERS)

	2025	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	$ 9,682	$ 10,199	$ 9,945	$ 10,818	$ 12,064
Contributions in relation to the actuarially determined contributions	9,682	10,199	9,945	10,818	12,064
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAX's covered payroll	$ 288,146	$ 260,394	$ 253,909	$ 251,303	$ 266,130
LAX's contributions as a percentage of covered payroll	3.36 %	3.92 %	3.92 %	4.30 %	4.53 %

	2020	2019	2018
Contractually required contribution (actuarially determined)	$ 14,245	$ 14,212	$ 13,586
Contributions in relation to the actuarially determined contributions	14,245	14,212	13,586
Contribution deficiency (excess)	$ —	$ —	$ —
LAX's covered payroll	$ 287,623	$ 275,892	$ 274,167
LAX's contributions as a percentage of covered payroll	4.95 %	5.15 %	4.96 %

Schedule of Contributions - OPEB

City of Los Angeles Fire and Police Pensions (LAFPP)

	2025	2024	2023	2022	2021
Contractually required contribution (actuarially determined)	$ 1,274	$ 1,039	$ 1,038	$ 853	$ 665
Contributions in relation to the actuarially determined contributions	1,274	1,039	1,038	853	665
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —
LAX's covered payroll	$ 19,032	$ 13,746	$ 13,163	$ 10,092	$ 7,858
LAX's contributions as a percentage of covered payroll	6.69 %	7.56 %	7.89 %	8.45 %	8.46 %

	2020	2019
Contractually required contribution (actuarially determined)	$ 481	$ 457
Contributions in relation to the actuarially determined contributions	481	457
Contribution deficiency (excess)	$ —	$ —
LAX's covered payroll	$ 6,140	$ 4,871
LAX's contributions as a percentage of covered payroll	7.83 %	9.38 %

Required Supplementary Information (Unaudited) (continued)

Last Ten Fiscal Years Ended June 30

(amounts in thousands)

Notes to Schedules - OPEB

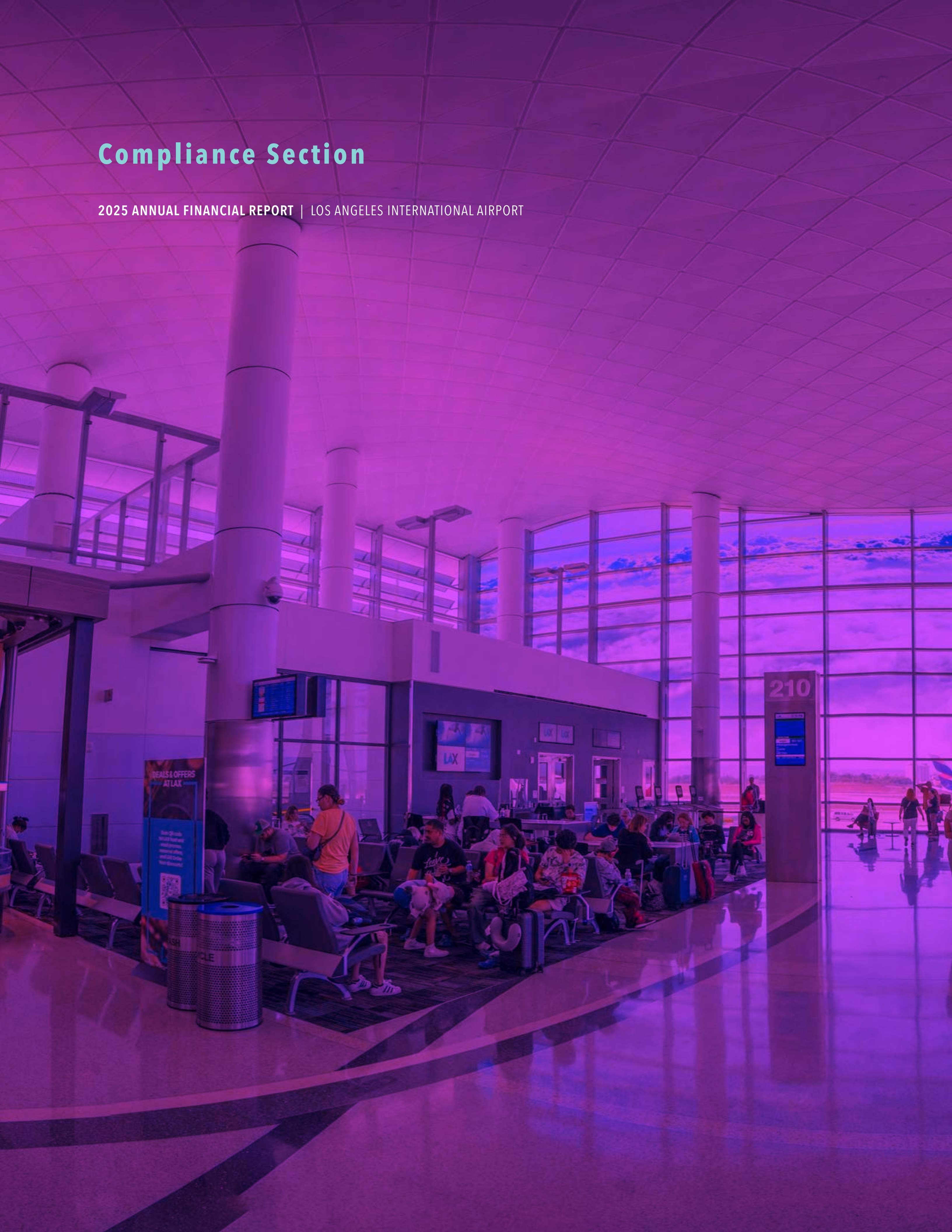
Los Angeles City Employees' Retirement System (LACERS)

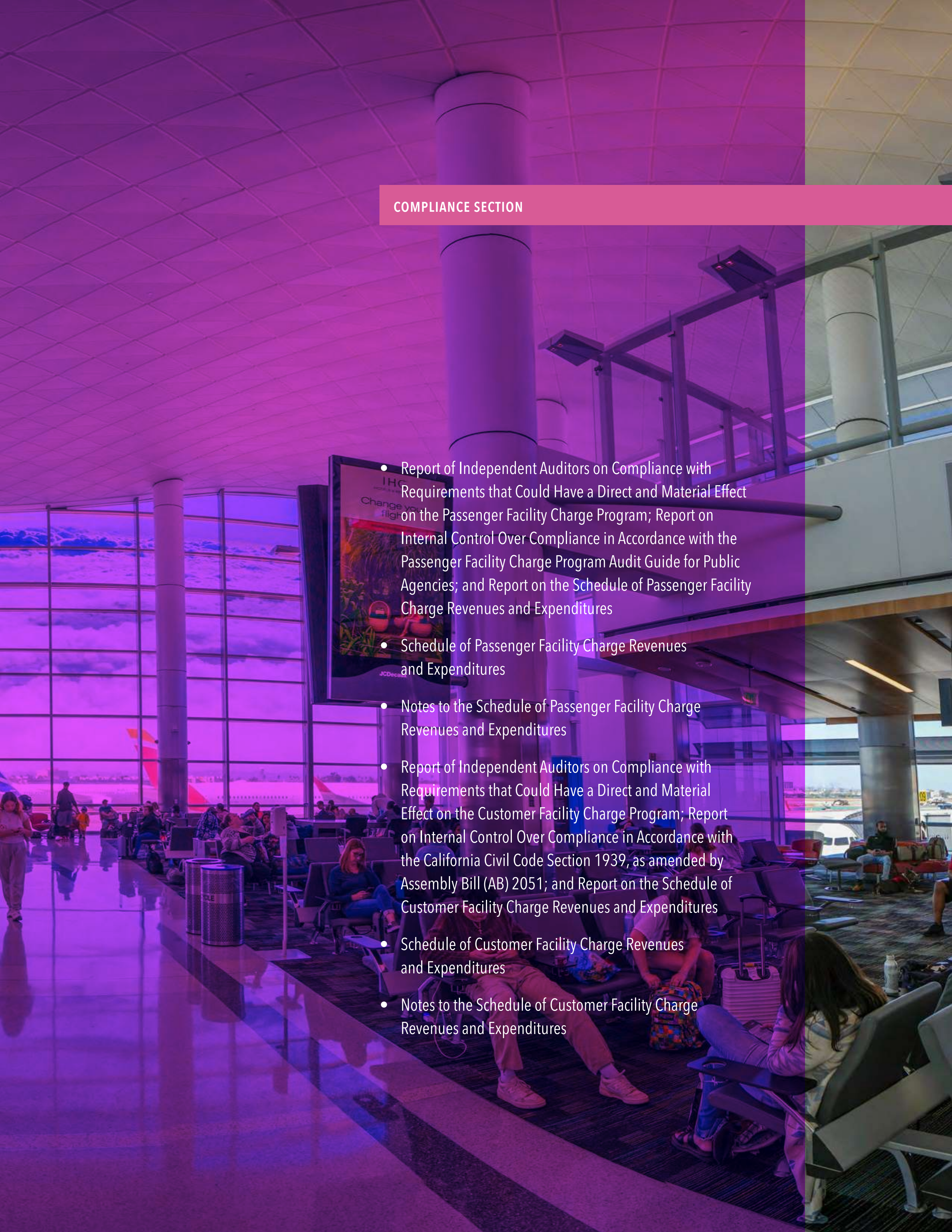
Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Investment Rate of Return	7.00%
Inflation	2.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service

City of Los Angeles Fire and Police Pensions (LAFPP)

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	Level percent of payroll
Investment Rate of Return	7.00%
Inflation	2.75%
Projected Salary Increases	Ranges from 4.15% to 12.25% based on years of service

Compliance Section





COMPLIANCE SECTION

- Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the Passenger Facility Charge Program Audit Guide for Public Agencies; and Report on the Schedule of Passenger Facility Charge Revenues and Expenditures
- Schedule of Passenger Facility Charge Revenues and Expenditures
- Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures
- Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Customer Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051; and Report on the Schedule of Customer Facility Charge Revenues and Expenditures
- Schedule of Customer Facility Charge Revenues and Expenditures
- Notes to the Schedule of Customer Facility Charge Revenues and Expenditures

bakertilly

Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Passenger Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide for Public Agencies*; and Report on the Schedule of Passenger Facility Charge Revenues and Expenditures

To the Members of the Board of Airport Commissioners
City of Los Angeles, California

Report on Compliance for Passenger Facility Charge Program

Opinion on PFC Program

We have audited Los Angeles International Airport ("LAX"), a department of Los Angeles World Airports (Department of Airports of the City of Los Angeles, California), an Enterprise Fund of the City of Los Angeles, compliance with the types of compliance requirements described in the *Passenger Facility Charge Program Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"), that could have a direct and material effect on the Passenger Facility Charge ("PFC") program for the year ended June 30, 2025.

In our opinion, LAX complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its PFC program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of LAX 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 PFC program. Our audit does not provide a legal determination of LAX'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 requirements of laws, statutes, regulations, and provisions of contracts or grant agreements applicable to the PFC 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 LAX'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 LAX's compliance with the requirements of the PFC 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 LAX'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 LAX'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 LAX's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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.

Report on Schedule of Passenger Facility Charge Revenues and Expenditures

We have audited the financial statements of LAX, as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise LAX's basic financial statements, and have issued our report thereon dated November 6, 2025, 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. The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures is presented for purposes of additional analysis as required by 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 Charge Revenues and Expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly US, LLP

El Segundo, California
November 6, 2025

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Schedule of Passenger Facility Charge Revenues and Expenditures

For the Fiscal Years Ended June 30, 2025 and 2024

(amounts in thousands)

	Passenger facility charge revenue	Interest earned	Total revenues	Expenditures on approved projects	Under (over) expenditures on approved projects
Program to date as of Program to date as of June 30, 2023	$ 3,082,854	$ 240,567	$ 3,323,421	$ 3,037,287	$ 286,134
Fiscal year 2023-24 transactions					
Quarter ended September 30, 2023	37,079	1,535	38,614	32,548	6,066
Quarter ended December 31, 2023	35,302	1,800	37,102	32,548	4,554
Quarter ended March 31, 2024	38,676	2,040	40,716	32,548	8,168
Quarter ended June 30, 2024	40,449	2,079	42,528	32,631	9,897
Program to date as of Program to date as of June 30, 2024	3,234,360	248,021	3,482,381	3,167,562	314,819
Fiscal year 2024-25 transactions					
Quarter ended September 30, 2024	38,223	2,165	40,388	40,375	13
Quarter ended December 31, 2024	35,475	2,318	37,793	58,754	(20,961)
Quarter ended March 31, 2025	34,738	2,105	36,843	40,375	(3,532)
Quarter ended June 30, 2025	40,502	2,316	42,818	23,544	19,274
Unexpended passenger facility charge revenues and interest earned June 30, 2025	$ 3,383,298	$ 256,925	$ 3,640,223	$ 3,330,610	$ 309,613

See accompanying notes to the schedule of passenger facility charge revenues and expenditures.

Los Angeles World Airports

(Department of Airports of the City of Los Angeles)

Los Angeles International Airport

Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures
For the Fiscal Years Ended June 30, 2025 and 2024

1. General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the imposition of Passenger Facility Charges (PFCs) and use of the resulting revenue on Federal Aviation Administration (FAA) approved projects. The current PFC rate is $4.50 per enplaned passenger. PFCs collection authorities approved by FAA was $9.5 billion at LAX as of June 30, 2025 and 2024.

The details are as follows (amounts in thousands):

Application number	Charge effective date*	2025 & 2024 Amount approved for use
96-02-U-00-LAX, closed 6/2/03	6/1/1993	$ 116,371
96-03-C-00-LAX, closed 10/1/08	7/1/1993	50,223
97-04-C-02-LAX	2/1/1998	90,000
97-04-C-03-LAX	2/1/1998	700,000
97-04-C-04-LAX	2/1/1998	88,334
05-05-C-00-LAX	12/1/2005	229,750
05-05-C-01-LAX	12/1/2005	468,030
07-06-C-00-LAX	10/1/2009	85,000
10-07-C-01-LAX	6/1/2012	1,848,284
11-08-C-00-LAX	3/1/2019	27,801
13-09-C-00-LAX	6/1/2019	44,379
14-10-C-00-LAX	10/1/2019	516,091
15-11-U-00-LAX	3/1/2019	3,115
20-12-C-00-LAX	1/1/2029	1,771,936
23-13-C-00-LAX	1/1/2038	$ 3,475,250
Total		$ 9,514,564

** Based on FAA's Final Agency Decision and subject to change with actual collections and future collection authorities approved by FAA.*

Note:

In May 2023, FAA approved application number 23-13-C-00-LAX for a total amount of $3.475 billion ($1.750 billion for bond capital and $1.725 billion for financing and interest) for the Automated People Mover (APM) System, and $250 thousand for PFC Consulting Fees. The APM system includes three stations inside the central terminal area (West, Center, and East Central Terminal Area stations) and three outside the terminal loop (Intermodal Transportation Facilities (ITF) West, Airport Metro Connector, and Consolidated Rent-A-Car (ConRAC) stations). The APM system is the centerpiece of LAX's Landside Access Modernization Program (LAMP).

Notes to the Schedule of Passenger Facility Charge Revenues and Expenditures For the Fiscal Years Ended June 30, 2025 and 2024

(continued)

The general description of the approved projects and the expenditures to date are as follows (amounts in thousands):

Approved projects	Amount approved for collection	Expenditures to date June 30 2025	Expenditures to date June 30 2024
ONT Terminal Development Program	$ 116,371	$ 116,371	$ 116,371
Taxiway C Easterly Extension, Phase II	13,440	13,440	13,440
Remote Aircraft Boarding Gates	9,355	9,355	9,355
Interline Baggage Remodel - TBIT	2,004	2,004	2,004
Southside Taxiways Extension S & Q	9,350	9,350	9,350
TBIT Improvements	4,455	4,455	4,455
ONT Airport Drive West End	3,462	3,462	3,462
ONT Access Control Monitoring System	808	808	808
ONT Taxiway North Westerly Extension	7,349	7,349	7,349
Noise Mitigation - Land Acquisitions	575,000	549,527	562,849
Noise Mitigation - Soundproofing	125,000	125,000	125,000
Noise Mitigation - Other Local Jurisdictions	178,334	178,335	178,335
Apron Lighting Upgrade	1,873	1,412	1,412
South Airfield Improvement Program (SAIP) and NLA Integrated Study	1,381	1,381	1,381
Century Cargo Complex - Demolition of AF3	1,000	880	880
Taxilane C-10 Reconstruction	780	2	2
LAX Master Plan	122,168	75,183	75,183
Aircraft Rescue and Firefighting Vehicles	975	444	444
PMD Master Plan	1,050	—	—
Aircraft Noise Monitoring and Management System	3,450	3,652	3,652
SAIP - Airfield Intersection Improvement	28,000	8,987	8,987
SAIP - Remote Boarding	12,500	8,218	8,218
TBIT Interior Improvements and Baggage Screening System	468,030	405,483	399,202
Implementation of IT Security Master Plan	56,573	32,807	32,807
Residential Soundproofing Phase II	35,000	34,141	34,141
Noise Mitigation - Other Local Jurisdictions Phase II	50,000	50,000	50,000
Bradley West	1,848,284	890,661	814,501
Lennox Schools Soundproofing Program	27,801	23,946	23,946
Inglewood USD Soundproofing Program	44,379	36,490	40,000
Terminal 6 Improvements	210,131	146,889	129,749
Elevators/Escalators/Moving Walkways Replacement	110,000	110,000	110,000
Midfield Satellite Concourse North Project	5,960	5,960	5,960
Central Utility Plant Replacement	190,000	190,000	190,000
Lennox Schools Soundproofing Program - Future Sites	3,115	—	—
Midfield Satellite Concourse - Phase I	1,750,000	265,912	203,992
PFC Consulting Fees	250	245	245
Inglewood High School Soundproofing Program	21,686	—	—
Automated People Mover System	3,475,000	18,379	—
PFC Consulting Fees	250	82	82
Total	$ 9,514,564	$ 3,330,610	$ 3,167,562

2. Basis of Accounting - Schedule of Passenger Facility Charge Revenues and Expenditures

The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (Schedule) represents amounts reported to the FAA on the Passenger Facility Charge Quarterly Status Reports. The Schedule was prepared using the accrual basis of accounting.

3. Excess Project Expenditures

The expenditures for the Aircraft Noise Monitoring and Management System and the Noise Mitigation - Other Local Jurisdictions Phase II were in excess of authorized amounts. However, in accordance with FAA guidelines, if actual allowable project costs exceed the estimate contained in the PFCs application in which the authority was approved, the public agency may elect to increase the total approved PFCs revenue in that application by 15% or less.

Report of Independent Auditors on Compliance with Requirements that Could Have a Direct and Material Effect on the Customer Facility Charge Program; Report on Internal Control Over Compliance in Accordance with the *California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051*; and Report on the Schedule of Customer Facility Charge Revenues and Expenditures

To the Members of the Board of Airport Commissioners
City of Los Angeles, California

Report on Compliance for Customer Facility Charge Program

Opinion on CFC Program

We have audited Los Angeles International Airport ("LAX"), a department of Los Angeles World Airports (Department of Airports of the City of Los Angeles, California), an Enterprise Fund of the City of Los Angeles, compliance with the types of compliance requirements described in the *California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051* (the "Code"), that could have a direct and material effect on the Customer Facility Charge ("CFC") program for the year ended June 30, 2025.

In our opinion, LAX complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its CFC programs for the year ended June 30, 2025.

Basis for Opinion on CFC 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 *(Government Auditing Standards)*; 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 LAX 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 CFC program. Our audit does not provide a legal determination of LAX'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 requirements of laws, statutes, regulations, and provisions of contracts or grant agreements applicable to the CFC 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 LAX'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 LAX's compliance with the requirements of the CFC program as a whole.

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 LAX'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 LAX'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 LAX's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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.

Report on Schedule of Customer Facility Charge Revenues and Expenditures

We have audited the financial statements of LAX, an Enterprise Fund of the City of Los Angeles, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise LAX's basic financial statements, and have issued our report thereon dated November 6, 2025, 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. The accompanying Schedule of Customer Facility Charge Revenues and Expenditures is presented for purposes of additional analysis as required by 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 Schedule of Customer Facility Charge Revenues and Expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Tilly US, LLP

El Segundo, California
November 6, 2025

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Schedule of Customer Facility Charge Revenues and Expenditures

For the Fiscal Years Ended June 30, 2025 and 2024

(amounts in thousands)

	Customer facility charge revenue	Interest earned	Total revenues	Expenditures on approved projects	Under (over) expenditures on approved projects
Program to date as of as of June 30, 2023	$ 628,412	$ 51,128	$ 679,540	$ 659,630	$ 19,910
Fiscal year 2023-24 transactions					
Quarter ended September 30, 2023	19,853	2,207	22,060	16,543	5,517
Quarter ended December 31, 2023	16,882	3,333	20,215	21,227	(1,012)
Quarter ended March 31, 2024	15,117	3,537	18,654	15,901	2,753
Quarter ended June 30, 2024	18,880	4,783	23,663	15,831	7,832
Program to date as of as of June 30, 2024	699,144	64,988	764,132	729,132	35,000
Fiscal year 2024-25 transactions					
Quarter ended September 30, 2024	20,344	2,182	22,526	19,230	3,296
Quarter ended December 31, 2024	17,301	2,582	19,883	19,791	92
Quarter ended March 31, 2025	13,980	1,588	15,568	13,664	1,904
Quarter ended June 30, 2025	18,602	2,204	20,806	11,975	8,831
Unexpended customer facility charge revenues and interest earned June 30, 2025	$ 769,371	$ 73,544	$ 842,915	$ 793,792	$ 49,123

See accompanying notes to the schedule of customer facility charge revenues and expenditures.

Los Angeles World Airports

(Department of Airports of the City of Los Angeles, California)

Los Angeles International Airport

Notes to the Schedule of Customer Facility Charge Revenues and Expenditures
For the Fiscal Years Ended June 30, 2025 and 2024

---

1. **General**

California law (California Government Code Sections 50474.3, 50474.21 and 50474.22, collectively, CFC Legislation), which authority was previously contained in California Civil Code Section 1936 et seq., allows airport operators to require rental car companies to collect a fee from rental car customers on behalf of the airport operator to pay for certain costs incurred by an airport operator for a consolidated rental car facility (ConRAC) and a common-use transportation system (CTS) that moves passengers between airport terminals and the ConRAC. The fee is referred to as Customer Facility Charges (CFCs). Revenue from the CFCs may not exceed the reasonable costs to finance, design, construct, operate, maintain or otherwise improve, as applicable, those facilities, systems and modifications.California CFC Legislation permits LAWA to require the collection by rental car companies of a CFC at a rate charged on a per-day basis up to $9.00 per day (for up to 5 days), and CFCs collected by the rental car companies on behalf of LAWA are permitted under the California CFC Legislation to finance, design and construct the ConRAC; to finance, design, construct and operate the APM System, as well as acquiring vehicles for use in that system; and to finance, design and construct terminal modifications to accommodate the common-use transportation system.

LAWA is modernizing LAX to improve passenger quality-of-service and provide world class facilities for its customers. To further transform LAX and to address increasing levels of traffic congestion at and around LAX, LAWA is working on the Landside Access Modernization Program (LAMP) to implement a ground access system to LAX, which would include a seamless connection to the regional rail and transit system.

The LAMP program includes the following major project components:

- An Automated People Mover System (APM), including the acquisition of vehicles for the use in such System, with six APM stations connecting the Central Terminal Area (CTA) via an above-grade fixed guideway to new proposed ground transportation facilities (serving as the CTS for the ConRAC)
- A ConRAC designed to meet the needs of rental car companies serving LAX with access to the CTA via the APM
- Two lntermodal Transportation Facilities (ITFs) providing airport parking and pick-up and drop-off areas outside the CTA for private vehicles and commercial shuttles
- Roadway improvements designed to improve access to the proposed ConRAC, ITFs, the CTA, and other facilities and reduce traffic congestion in neighboring communities

In November 2001, in anticipation of constructing a ConRAC identified in LAX's master plan, the Board approved collection of CFCs of $10.00 per rental contract and began collections in August 2007. On October 5, 2017, the Board authorized collection of an updated CFC pursuant to the California CFC Legislation to fund costs of a ConRAC and its share of a common-use transportation system (CTS) at LAX. The Board authorized collection of CFCs of $7.50 per day for the first five days of each car rental contract, effective January 1, 2018, by rental car companies serving LAX. On June 20, 2019, the Board authorized collection of $9.00 per day for the first five days of each car rental contract, effective September 1, 2019, by rental car companies serving LAX.

CFCs are recorded as nonoperating revenue and presented as restricted assets in the financial statements. CFCs collected, related interest earnings, and cumulative expenditures to date are summarized as follows (amounts in thousands):

	2025	2024
Amount collected	$ 769,371	$ 699,144
Interest earnings	73,544	64,988
Subtotal	842,915	764,132
Expenditures		
ConRAC planning, design and construction	793,792	729,132
Unexpended CFCs revenue and interest earnings	$ 49,123	$ 35,000

LAX is in the stages of delivering LAMP to modernize and improve landside access at LAX with the ConRAC as a critical component. Pursuant to Board Resolution No. 26684 that was adopted on January 17, 2019, LAWA has authority to use up to $2.1 billion for the payment/reimbursement of Design-Build-Finance- Operate-Maintain (DBFOM) Agreement with LA Gateway Partners for the ConRAC from sources of revenue including but not limited to CFCs, LAX non-aeronautical revenues, special facility bond proceeds, and revenues derived from concession and lease agreements between LAWA and rental car companies using the ConRAC. In this regard, the amount of CFC funds that was used for ConRAC Design and Construction (D&C) payments was $64.7 million and $69.5 million in fiscal years 2025 and 2024, respectively. LAX's cumulative expenditures on approved CFCs projects totaled $793.8 million and $729.1 million for fiscal years 2025 and 2024, respectively.

2. Basis of Accounting - Schedule of Customer Facility Charge Revenues and Expenditures

The accompanying Schedule of Customer Facility Charge Revenues and Expenditures was prepared using the accrual basis of accounting.

This page intentionally left blank.

LAX
LOS ANGELES INTERNATIONAL AIRPORT

LOS ANGELES WORLD AIRPORTS
ADMINISTRATIVE OFFICES

1 World Way | Los Angeles, CA 90045-5803
Mail: PO Box 92216 | Los Angeles, CA 90009-2216
Telephone: (310) 646-5252
Internet: www.lawa.org

LOS ANGELES INTERNATIONAL AIRPORT

1 World Way | Los Angeles, CA 90045-5803
Telephone: (310) 646-5252

VAN NUYS AIRPORT

16461 Sherman Way, Suite 300 | Van Nuys, CA 91406
Telephone: (818) 442-6500