BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Basic Financial Statements

Year ended June 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

MGO. Certified Public Accountants

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Basic Financial Statements

June 30, 2023 and 2022

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Independent Auditor's Report

The Honorable Board of Commissioners
Burbank-Glendale-Pasadena Airport Authority
Burbank, California

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of the Burbank-Glendale-Pasadena Airport Authority (the Authority) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2023 and 2022, and the changes in financial 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 15, 2023

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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The Burbank-Glendale-Pasadena Airport Authority (Authority) is a separate governmental entity created by a Joint Exercise of Power Agreement (Agreement) executed in June 1977 among the Cities of Burbank, Glendale, and Pasadena, California (Cities). The purpose of the Agreement was to enable the Cities to acquire, operate, repair, maintain, improve, and administer the Bob Hope Airport, commonly known as "Hollywood Burbank Airport" (Airport), as a public air terminal. The Authority is governed by a nine member Board of Airport Commissioners, three of which are appointed by the City Council of each of the Cities. The members of the Airport Commission annually elect a President, Vice-President, and Secretary of the Commission. The Authority has contracted with TBI Airport Management, Inc. (TBI) to perform certain airport administrative, maintenance, operational services, and aircraft rescue and firefighting (ARFF) services.

The management of the Authority presents the following narrative overview of the Authority's financial activities for the fiscal years ended June 30, 2023 and 2022. The following discussion and analysis should be read in conjunction with the accompanying basic financial statements.

The Authority's report consists of this management's discussion and analysis (MD&A) and the financial statements. The MD&A is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements include the *Statements of Net Position*, the *Statements of Revenues, Expenses and Changes in Net Position*, the *Statements of Cash Flows*, and the *Notes to Basic Financial Statements*.

The *Statements of Net Position* present information on all of the Authority's assets, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will result in cash flows in future fiscal periods.

The *Statements of Cash Flows* present information on the Authority's inflows and outflows of cash and cash equivalents during the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

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

Overview of the Authority's Operations

Highlights of Airport Activities

The Authority's fiscal year (FY) 2023 performance reflected a strong recovery from the unprecedented impacts of the COVID-19 pandemic with total passenger levels concluding at 5,973,893, representing a 8.7% increase over pre-pandemic FY 2019 levels. During FY 2023, the Airport was served by ten air carriers as follows: Alaska Airlines, American Airlines, Avelo Airlines, Delta Air Lines, Flair Airlines, Frontier Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines, and United Airlines. The increase in passenger activity levels, comprised primarily of the leisure travel sector, contributed to the overall favorable financial results.

The major portion of demand for air travel at the Airport is strongly influenced by local socioeconomic characteristics of the Southern California region, and the Airport's proximity to Los Angeles, the San Fernando Valley, and Ventura County make it a convenient gateway to many leisure travel destination and important economic sub-regions.

In addition, during FY 2023 the Authority progressed significantly with the development of the Replacement Passenger Terminal (RPT) project. Milestones achieved include selection of the Design-Build team and the terminal design concept. Completion of this important multi-year safety project remains a focus of the Authority with a target date to open and become operational in the latter part of calendar year 2026.

While FY 2023 exhibited a positive trend in activity and financial performance, the Airport is cognizant that there are potential external influences that may negatively impact its future operations. These include the impacts of inflation leading to the potential of an economic recession, geopolitical instability leading to increased fuel costs, and other external factors outside the control of the Airport that may dampen the demand for air travel. The Authority's financial approach will continue to be conservative, maintain and strengthen its liquidity position, be prudent with expenses as well as a practical approach to discretionary capital programs, and maintaining a reasonable cost structure in the Los Angeles-Long Beach-Anaheim, California area.

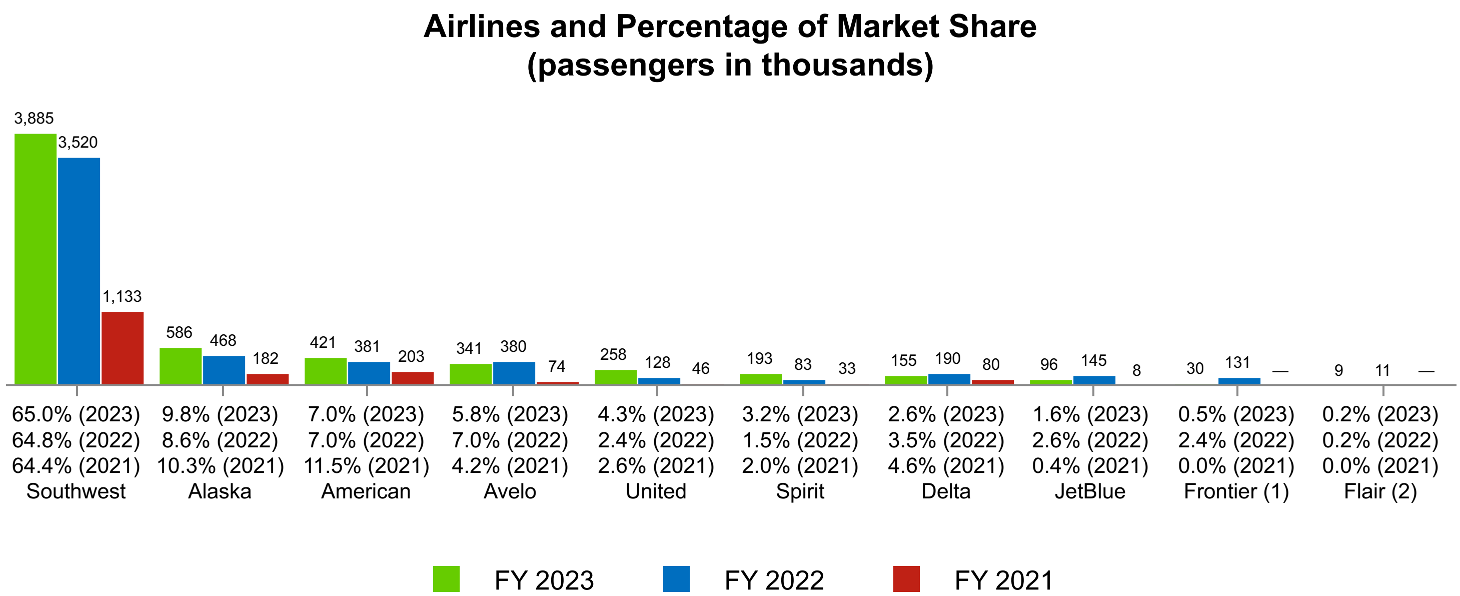
Passenger and Other Activity

The following table presents a comparative summary of passenger and other activity in FY 2023, FY 2022, and FY 2021:

Description	2023	2022	2021	% increase (decrease) FY 2022/23	% increase (decrease) FY 2021/22
Commercial carrier flight operations (takeoffs and landings)	63,904	60,849	27,759	5.0%	119.2%
Landed weight (in pounds)	4,433,115,288	4,200,608,262	1,994,519,421	5.5	110.6
Total passengers	5,973,893	5,434,646	1,758,771	9.9	209.0
Departing passengers (enplaned)	2,979,039	2,712,835	876,735	9.8	209.4
Arriving passengers (deplaned)	2,994,854	2,721,811	882,036	10.0	208.6
Cargo tonnage (in tons)	38,979	51,061	56,495	(23.7)	(9.6)

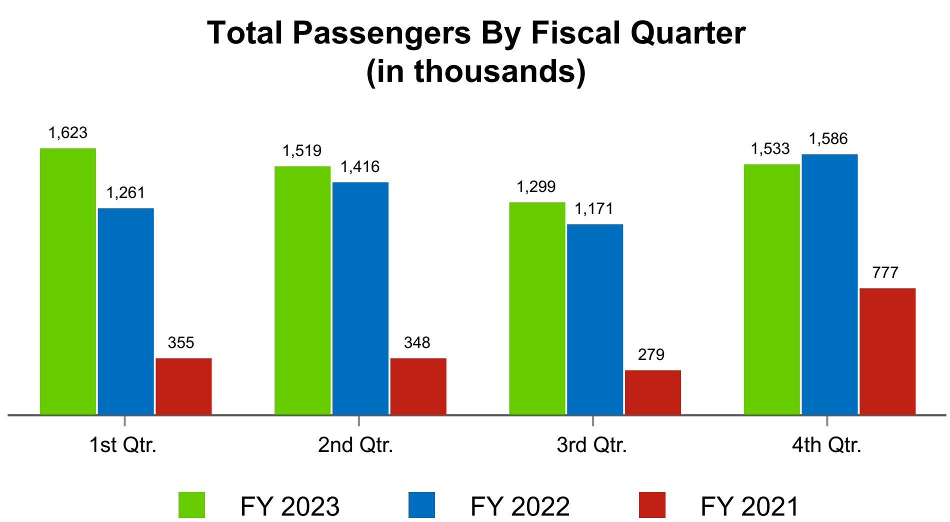
Passenger levels at the Airport increased by 9.9% and 209.0% compared to the prior year in FY 2023 and 2022, respectively. Of the 5,973,893 and 5,434,646 passengers during FY 2023 and 2022, respectively, Southwest Airlines is the largest air carrier serving the Airport with 65.0% and 64.8% of total passengers in FY 2023 and 2022, respectively.

The chart below presents the passenger market share by airline for FY 2023, FY 2022, and FY 2021:



(1) Frontier Airlines became a non-signatory beginning in FY 2023 and ceased operations in March 2023.
(2) Flair Airlines ceased operations in November 2022.

The following chart presents the passenger levels by quarter for FY 2023, FY 2022, and FY 2021:



Commercial Air Carrier Flight Activities

The total number of commercial air carrier flights was 63,904 and 60,849, resulting in an increase of 5.0% and 119.2% from the prior fiscal year for FY 2023 and 2022, respectively. Revenue landed weight increased 5.5% and 110.6% from the prior fiscal year for FY 2023 and 2022, respectively. The top three carriers in terms of landed weight were Southwest Airlines, Alaska Airlines, and American Airlines. In total, these three airlines contributed 84.1% and 82.0% of the total revenue landed weight at the Airport for FY 2023 and 2022, respectively.

Air Cargo Activities

Freight and mail cargo at the Airport for FY 2023 and 2022 was 38,979 and 51,061 tons, respectively. FY 2023 and FY 2022 resulted in a decrease of 23.7% and 9.6% in air cargo tonnage from the prior fiscal year, respectively. The decrease in air cargo activities can be attributed to supply chain issues and a slowdown in online consumer spending. Federal Express (FedEx) and United Parcel Service (UPS) are the top air freight carriers accounting for 95.5% and 94.6% of the total freight cargo for FY 2023 and 2022, respectively.

Overview of the Authority's Financial Activities

Financial Highlights, Fiscal Year 2023

- Assets exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by $583,786,396.
- Operating revenues were $72,536,457.
- Operating expenses before depreciation and amortization were $54,856,016.
- Nonoperating revenues, net of nonoperating expenses were $25,849,947, primarily consisting of Passenger Facility Charges, Customer Facility Charges, investment income, and other noncapital grants, reduced by interest expense.
- Capital contributions from the Federal Aviation Administration's (FAA) Airport Improvement (AIP) and federal relief grants were $8,030,233, of which $5,423,949 consisted of federal relief grant funds used for bond debt service.
- Net position increased by $36,067,742 primarily due to increased operating revenues, the Authority's prudent management of expenses, and the use of federal relief grant funds.
- The Authority selected a progressive design-build firm (PDB) and began the design phase of the Replacement Passenger Terminal.
- The Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), effective July 1, 2021.

Financial Highlights, Fiscal Year 2022

- Assets exceeded liabilities and deferred inflows of resources (net position) at the close of the fiscal year by $547,718,654, which was restated due to the implementation of GASB 96.
- Operating revenues were $64,712,780.
- Operating expenses before depreciation and amortization were $48,889,223, which was restated due to the implementation of GASB 96.
- Nonoperating revenues, net of nonoperating expenses were $12,466,551, primarily consisting of Passenger Facility Charges, Customer Facility Charges, and other noncapital grants, reduced by unrealized investment losses and interest expense.
- Capital contributions from the FAA AIP and federal relief grants were $7,233,553, of which $5,988,499 consisted of federal relief grant funds used for bond debt service.
- Net position increased by $19,048,740 primarily due to increased operating revenues, the Authority's prudent management of expenditures, and the use of federal relief grant funds.
- The Authority restarted the Replacement Passenger Terminal project after an 18-month suspension due to the pandemic.
- The Authority implemented GASB Statement No. 87, *Leases*, effective July 1, 2020.

Net Position Summary

A summary of the Airport's net position as of June 30, 2023, 2022, and 2021 is presented below:

Schedule of Net Position

	2023	2022 (Restated)	2021	FY 2022/23 increase (decrease) Amount	FY 2022/23 increase (decrease) %	FY 2021/22 increase (decrease) Amount	FY 2021/22 increase (decrease) %
Assets:							
Current unrestricted assets	$ 50,168,631	$ 47,183,502	$ 51,842,292	$ 2,985,129	6.3%	$ (4,658,790)	(9.0)%
Noncurrent unrestricted assets	6,663,553	10,244,382	5,710,548	(3,580,829)	(35.0)	4,533,834	N/A
Restricted assets	107,538,208	97,832,280	90,412,599	9,705,928	9.9	7,419,681	8.2
Debt service reserve surety	4,728	9,455	14,183	(4,727)	(50.0)	(4,728)	(33.3)
Facility Development Reserve	205,132,453	200,132,453	180,132,453	5,000,000	2.5	20,000,000	11.1
Capital assets, net	324,518,102	305,248,073	312,584,227	19,270,029	6.3	(7,336,154)	(2.3)
Total assets	694,025,675	660,650,145	640,696,302	33,375,530	5.1	19,953,843	3.1
Liabilities:							
Current liabilities	19,598,063	11,722,670	11,389,307	7,875,393	67.2	333,363	2.9
Liabilities payable from restricted assets	8,245,196	8,103,228	7,974,152	141,968	1.8	129,076	1.6
Noncurrent liabilities	72,049,628	78,591,343	84,723,912	(6,541,715)	(8.3)	(6,132,569)	(7.2)
Total liabilities	99,892,887	98,417,241	104,087,371	1,475,646	1.5	(5,670,130)	(5.4)
Deferred inflows of resources:							
Deferred inflows - leases	10,244,382	14,310,232	7,632,990	(4,065,850)	(28.4)	6,677,242	N/A
Deferred amount on refunding	102,010	204,018	306,027	(102,008)	(50.0)	(102,009)	(33.3)
Total deferred inflows of resources	10,346,392	14,514,250	7,939,017	(4,167,858)	(28.7)	6,575,233	82.8
Net position:							
Net investment in capital assets	252,577,172	226,762,973	228,168,126	25,814,199	11.4	(1,405,153)	(0.6)
Restricted, debt service	23,980,877	21,857,596	21,582,760	2,123,281	9.7	274,836	1.3
Restricted, capital projects	71,516,622	64,085,949	56,900,982	7,430,673	11.6	7,184,967	12.6
Restricted, federal asset seizure	25,049	24,615	24,298	434	1.8	317	1.3
Restricted, other purposes	3,484,425	3,400,497	3,316,569	83,928	2.5	83,928	2.5
Unrestricted	232,202,251	231,587,024	218,677,179	615,227	0.3	12,909,845	5.9
Total net position	$ 583,786,396	$ 547,718,654	$ 528,669,914	$ 36,067,742	6.6%	$ 19,048,740	3.6%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective July 1, 2021.

Net Position

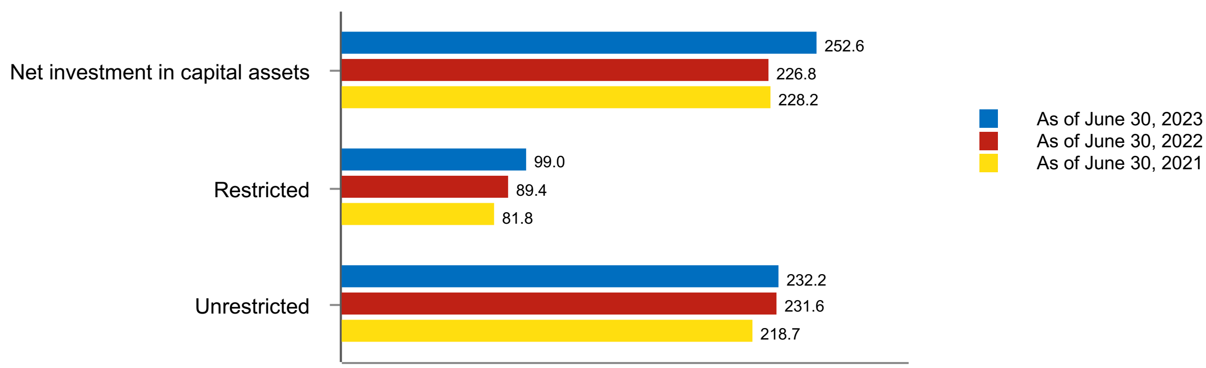
Net position may serve over time as a useful indicator of the Authority's financial position at fiscal year-end. The Authority's assets exceeded its liabilities, deferred inflows of resources, and beginning net positions by $36,067,742 and $19,048,740 resulting in ending net positions of $583,786,396 and $547,718,654 as of June 30, 2023 and 2022, respectively, which continued the Authority's steady increase in net position from its June 30, 2021 ending net position of $528,669,914.

The first component of the Authority's net position reflects its investment in capital assets (e.g., land, buildings, runways, etc.), net of accumulated deprecation and amortization, less any related debt and liabilities used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide services to Airport users and to maintain its operations. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt and liabilities, the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The second component of the Authority's net position represents resources that are subject to external restrictions on how they may be used. Of this restricted net position, 24.2%, 24.5%, and 26.4% are for repayment of long-term debt and 72.2%, 71.7%, and 69.5% are for construction of capital assets at June 30, 2023, 2022, and 2021, respectively. A very small percentage of restricted net position, comprising less than 0.1% at June 30, 2023, 2022 and 2021, are for uses pursuant to the Federal Asset Seizure Program. Lastly, 3.5%, 3.8%, and 4.1% are for other restricted purposes.

The final component is unrestricted net position and may be used to meet the Authority's ongoing obligations to Airport users and creditors.

Net Position as of June 30, 2023, 2022 (Restated), and 2021
(in millions of dollars)



The Authority's positive unrestricted net position balance has continued to increase over the three fiscal years ended June 30, 2023, 2022, and 2021.

Current Unrestricted Assets

Current unrestricted assets consist primarily of cash and investments in the operating investment portfolio. Current unrestricted cash inflows are from operating activities, investment activities, non-capital grants, and federal grant reimbursements for eligible capital projects. Unrestricted cash outflows are for operating activities, capital acquisitions, transfers to fiscal agents for debt service, and transfers to the unrestricted Facility Development Reserve.

The Authority's current unrestricted assets increased by $2,985,129, or 6.3%, and decreased by $4,658,790, or 9.0%, in FY 2023 and 2022, respectively. The net increase in FY 2023 is primarily from an increase in operating cash from positive financial performance reduced by the transfer of $5,000,000 to the unrestricted Facility Development Reserve. The net decrease in FY 2022 is primarily from an unrealized loss in the Authority's operating investment portfolio due to the fiscal year-end market valuation and the transfer of $20,000,000 to the Facility Development Reserve. The Authority transferred these funds to the Facility Development Reserve due to an increase in operating cash from positive financial performance related to passenger activity recovery in FY 2022.

Additionally, effective July 1, 2020, the Authority implemented GASB Statement No. 87, *Leases*, which requires the Authority to recognize a lease receivable and a deferred inflow of resources for leases that previously were classified as operating leases at the commencement of the lease term, with certain exceptions for leases held as investments, certain regulated leases, short-term leases, variable payment leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The related deferred inflow of resources are 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. For the fiscal years ended June 30, 2023 and 2022, the Authority recorded current lease receivables of $3,580,829 and $4,065,850, respectively. Additional information regarding the Authority's lease receivables can be found in note 7 in the accompanying notes to the basic financial statements.

Noncurrent Unrestricted Assets

The Authority's noncurrent unrestricted assets include the noncurrent portion of lease receivables of $6,663,553 and $10,244,382 as of June 30, 2023 and 2022, respectively, that was recorded to conform to the requirements of GASB Statement No. 87, *Leases*, which was effective July 1, 2020.

Facility Development Reserve

The Facility Development Reserve is an unrestricted fund that was established by the Authority during FY 2000 to provide for the development of a replacement terminal and other Airport facilities. The actual appropriation of these funds to selected facility development projects is determined based on the approval of the Authority. For FY 2023 and 2022, the Authority transferred $5,000,000 and $20,000,000, respectively, of excess revenues from the current operating fund to the Facility Development Reserve.

Restricted Assets

The Authority's restricted assets increased by $9,705,928, or 9.9%, and $7,419,681, or 8.2%, in FY 2023 and 2022, respectively, resulting primarily from an increase in passenger facility charges (PFC) for eligible capital expenditures and a transfer of funds to the Operating Reserve Fund in FY 2023 to meet the 25% reserve requirement for the FY 2023 operations and maintenance expense (O&M) budget. Restricted assets consist primarily of cash and investments in the operating portfolio that are restricted based on constraints placed on assets through external parties such as creditors, grantors, leases, trust agreements, contributors, laws or regulations of other governments, or enabling legislation. Restricted funds are nondiscretionary in terms of use and provide for payment of debt service on Authority bonds, reserves for outstanding bonds, reserves for operations and maintenance, and construction of long-term assets.

Capital Assets

Below is a summary of the Authority's capital assets for FY 2023, 2022, and 2021:

				FY 2022/23 increase (decrease)		FY 2021/22 increase (decrease)	
Capital assets:	2023	2022 (Restated)	2021	Amount	%	Amount	%
Land	$ 160,065,894	$ 160,065,894	$ 160,065,894	$ —	—%	$ —	—%
Other non-depreciable capital assets	1,128,515	1,128,515	1,128,515	—	—	—	—
Construction in progress	32,649,419	10,006,984	2,698,604	22,642,435	226.3	7,308,380	270.8
Buildings and improvements	255,974,998	255,846,105	255,846,105	128,893	0.1	—	—
Runways and improvements	159,622,308	149,020,913	149,020,913	10,601,395	7.1	—	—
Machinery and equipment	38,711,805	38,199,756	36,893,349	512,049	1.3	1,306,407	3.5
Intangible right to use asset	660,984	523,980	—	137,004	26.1	523,980	N/A
Less accumulated depreciation and amortization	(324,295,821)	(309,544,074)	(293,069,153)	(14,751,747)	4.8	(16,474,921)	5.6
Total capital assets, net	$ 324,518,102	$ 305,248,073	$ 312,584,227	$ 19,270,029	6.3%	$ (7,336,154)	(2.3)%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

The Authority's net capital assets increased by $19,270,029, or 6.3%, in FY 2023 and decreased by $7,336,154, or 2.3%, in FY 2022. The increase in FY 2023 was primarily due to an increase in construction in progress related to the Replacement Passenger Terminal project. The decrease in FY 2022 was primarily due to depreciation and amortization expense for the Authority's depreciable capital assets, which include buildings and improvements, runways and improvements, machinery and equipment, intangible right to use asset, and disposals of depreciable capital assets exceeding acquisitions. Total depreciable capital asset additions in FY 2023 and 2022 were $12,120,473 and $1,830,387, respectively, and total non-depreciable capital asset additions, consisting of construction in progress, in FY 2023 and 2022 were $34,625,904 and $8,614,787, respectively. Total deletions, including canceled projects and transfers from construction in progress to depreciable and non-depreciable capital assets, were $11,983,469 and $1,306,407, respectively.

Significant capital asset additions in FY 2023 include:

- Airfield lighting vault replacement
- Taxiway C & shoulder rehabilitation
- Taxilane A rehabilitation
- HVAC replacement units
- Aircraft Rescue and Firefighting vehicle replacement
- Vehicle replacements
- IT server infrastructure

Significant capital asset additions in FY 2022 include:

- Aircraft Rescue and Firefighting truck replacement
- Airfield sweeper and scrubber replacement
- Handheld radio equipment replacement
- Vehicle replacements

The Authority had significant contract commitments outstanding as of June 30, 2023 for various capital projects totaling $44,553,336 for the Taxiway C and shoulder rehabilitation, Lot F parking improvements, landside paving, Runway 8 precision approach pathway indicators navigation and equipment relocation, and the RPT project.

Additional information regarding the Authority's capital assets can be found in note 4 in the accompanying notes to the basic financial statements.

Additionally, effective July 1, 2021, the Authority implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), which requires the Authority to record a subscription asset, reported as an intangible right to use asset under the capital assets section in the Statements of Net Position, and a corresponding subscription liability measured at the present value of payments expected to be made during the subscription term, less any vendor incentives, for all in-scope GASB Statement No. 96 SBITAs maintained by the Authority. The subscription asset is measured at the amount of the initial measurement of the subscription liability, plus any payments made to the SBITA vendor at the commencement of the subscription term, and certain initial implementation costs. For the fiscal years ended June 30, 2023 and 2022, the Authority recorded intangible right to use assets of $660,984 and $523,980, respectively. Additional information regarding the Authority's SBITA contracts can be found in note 8 in the accompanying notes to the basic financial statements.

Current Liabilities

Current liabilities increased by $7,875,393, or 67.2%, and $333,363, or 2.9%, in FY 2023 and 2022, respectively. The FY 2023 increase is primarily due to increases in vendor accruals, mostly related to the Replacement Passenger Terminal project, and unearned revenue related to prepayments by tenants. The FY 2022 increase is primarily due to increases in vendor accruals and customer deposits reduced by decreases in payroll accruals for vacation and sick leave and unearned revenue.

Additionally, as mentioned previously in the Capital Assets section, effective July 1, 2021, the Authority implemented GASB Statement No. 96, *SBITA,* which requires the recording of a subscription liability, both current and noncurrent, measured at the present value of payments expected to be made during the subscription term, less any vendor incentives, for all in-scope SBITAs maintained by the Authority. For the fiscal years ended June 30, 2023 and 2022, the Authority recorded current subscription liabilities of $75,329 and $50,135, respectively.

Additional information regarding the Authority's current subscription liabilities can be found in note 8 in the accompanying notes to the basic financial statements.

Liabilities Payable from Restricted Assets

Liabilities payable from restricted assets increased by $141,968, or 1.8%, in FY 2023 and $129,076, or 1.6%, in FY 2022. The increase in FY 2023 and FY 2022 reflects an increase of $280,000 and $260,000, respectively, in the current portion of principal payable for the 2012 and 2015 Bonds reduced by a decrease of $138,032 and $130,924, respectively, in interest payable for both bonds.

Additional information regarding the Authority's liabilities payable from restricted assets can be found in note 5 in the accompanying notes to the basic financial statements.

Noncurrent Liabilities

Below is a summary of the Authority's noncurrent liabilities for FY 2023, 2022, and 2021:

Noncurrent liabilities:	2023	2022 (Restated)	2021	FY 2022/23 increase (decrease) Amount	FY 2022/23 increase (decrease) %	FY 2021/22 increase (decrease) Amount	FY 2021/22 increase (decrease) %
Revenue bonds payable, less current portion	$ 71,280,000	$ 77,370,000	$ 83,180,000	$ (6,090,000)	(7.9)%	$ (5,810,000)	(7.0)%
Original issue premium, net	589,438	1,066,675	1,543,912	(477,237)	(44.7)	(477,237)	(30.9)
Subscription liabilities, noncurrent	180,190	154,668	—	25,522	16.5	154,668	N/A
Total long-term liabilities	$ 72,049,628	$ 78,591,343	$ 84,723,912	$ (6,541,715)	(8.3)%	$ (6,132,569)	(7.2)%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

As of June 30, 2023 and 2022, the Authority's outstanding long-term debt consisted of its outstanding 2012 (Series A and B) and 2015 (Series B) bonds of $71,280,000 and $77,370,000, respectively, and unamortized premium of $589,438 and $1,066,675, respectively.

Additionally, as of June 30, 2023 and 2022, the Authority's noncurrent subscription liabilities, resulting from the implementation of GASB Statement No. 96, *SBITA,* effective July 1, 2021, was $180,190 and $154,668, respectively.

The Authority's long-term liabilities decreased by $6,541,715, or 8.3%, and $6,132,569, or 7.2%, in FY 2023 and 2022, respectively. The decrease in FY 2023 includes the reclassification of the current portions of the 2012 Bonds of $1,950,000 and 2015 Bonds of $4,140,000, and amortization of the original issue premium on both bonds of $477,237 offset by an increase in noncurrent subscription liabilities of $25,522. The decrease in FY 2022 includes the reclassification of the current portion of 2012 Bonds of $1,870,000 and current portion of the 2015 Bonds of $3,940,000, and amortization of the original issue premium on both bonds of $477,237 offset by an increase in noncurrent subscription liabilities of $154,668.

Additional information regarding the Authority's long-term debt and noncurrent subscription liabilities can be found in notes 5 and 8, respectively, in the accompanying notes to the basic financial statements.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to future periods that will not be recognized as in inflow of resources (revenue) until that time. The Authority's deferred inflows of resources consist of 1) the deferred inflow of resources related to leases 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 of $10,244,382 and $14,310,232 at June 30, 2023 and 2022, respectively, and 2) the net deferred amount on refunding of the 2005 Bonds of $102,010 and $204,018 at June 30, 2023 and 2022, respectively. The refunding and defeasance of the 2005 Bonds resulted in a difference between the re-acquisition price of the 2015 Bonds and the net carrying amount of the 2005 Bonds of $935,367. This difference, reported in the accompanying basic financial statements as a deferred inflow of resources, is being credited to interest expense through July 1, 2024, the final maturity of the 2015 Bonds, using the straight-line method. Amortization in FY 2023 and FY 2022 totaled $102,008 and $102,009, respectively.

Changes in Net Position Summary

A condensed summary of the Authority's changes in net position for fiscal years ended June 30, 2023, 2022, and 2021 is presented below:

Schedule of Revenues, Expenses, and Changes in Net Position

	2023	2022 (Restated)	2021	FY 2022/23 increase (decrease) Amount	FY 2022/23 %	FY 2021/22 increase (decrease) Amount	FY 2021/22 %
Operating revenues	$ 72,536,457	$ 64,712,780	$ 34,415,327	$ 7,823,677	12.1%	$ 30,297,453	88.0%
Operating expenses	70,348,895	65,364,144	58,029,680	4,984,751	7.6	7,334,464	12.6
Operating income (loss)	2,187,562	(651,364)	(23,614,353)	2,838,926	(435.8)	22,962,989	(97.2)
Nonoperating revenues, net	25,849,947	12,466,551	12,503,857	13,383,396	107.4	(37,306)	(0.3)
Income before capital contributions	28,037,509	11,815,187	(11,110,496)	16,222,322	(137.3)	22,925,683	(206.3)
Capital contributions	8,030,233	7,233,553	12,730,126	796,680	11.0	(5,496,573)	(43.2)
Changes in net position	36,067,742	19,048,740	1,619,630	17,019,002	89.3	17,429,110	1,076.1
Total net position - beginning	547,718,654	528,669,914	527,050,284	19,048,740	3.6	1,619,630	0.3
Total net position - ending	$ 583,786,396	$ 547,718,654	$ 528,669,914	$ 36,067,742	6.6%	$ 19,048,740	3.6%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

Operating Revenues

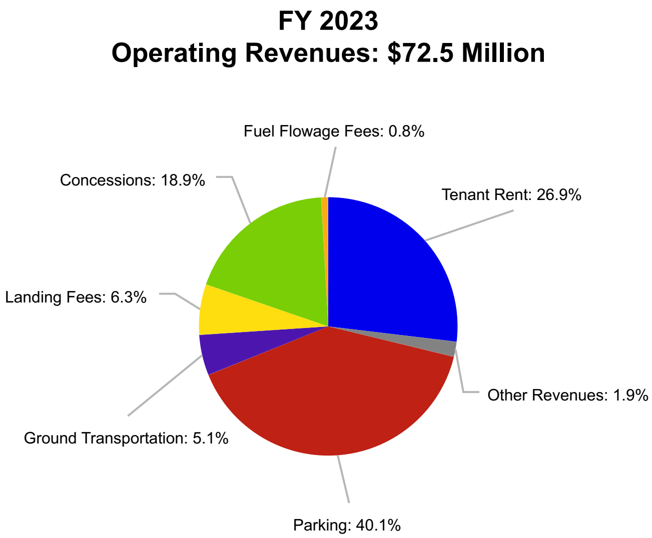
The Airport derives its operating revenues from parking operations, aircraft landing fees, concessions, tenant rent, and other assessments such as ground transportation access fees and fuel flowage fees.

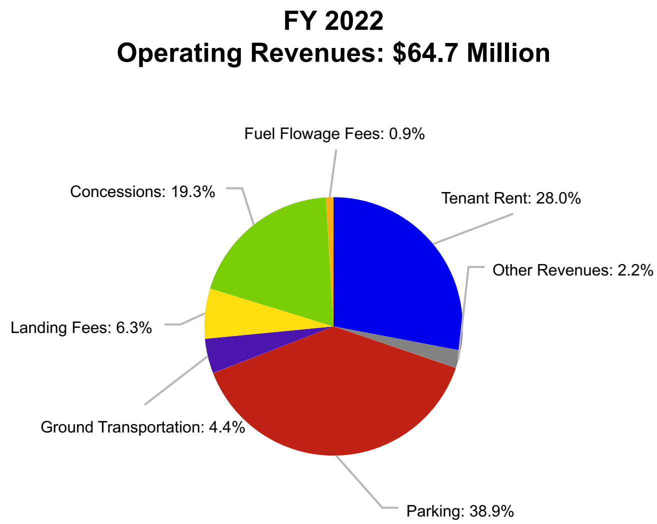
The following table presents a comparative summary of operating revenues in FY 2023, FY 2022, and FY 2021:

Comparative Summary of Operating Revenues

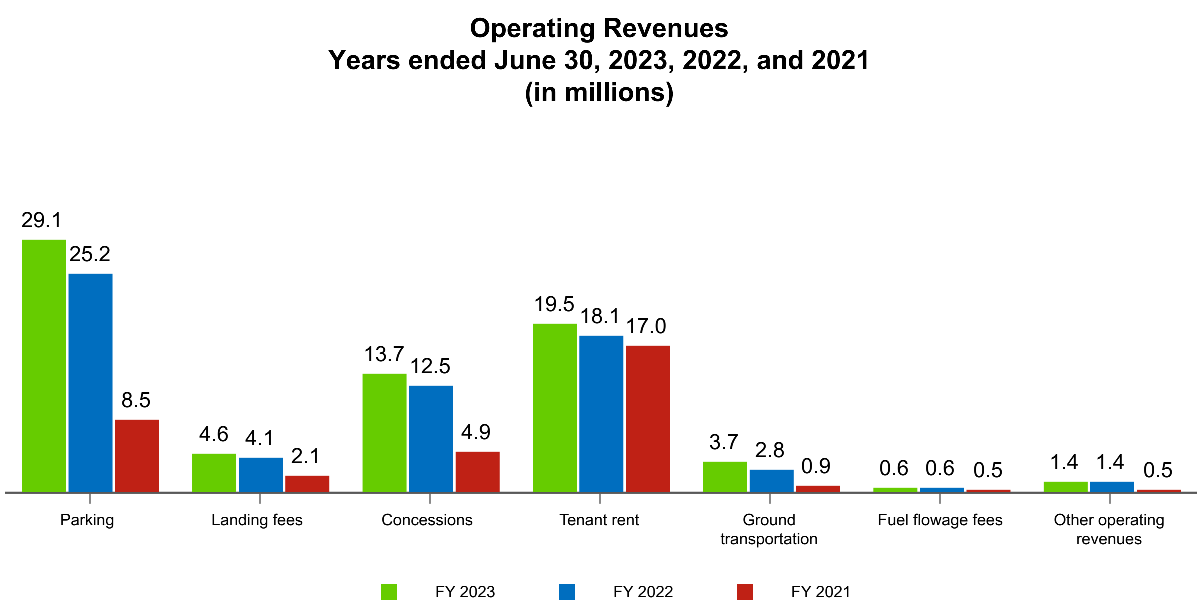
	2023	2022	2021	FY 2022/23 increase (decrease) Amount	FY 2022/23 %	FY 2021/22 increase (decrease) Amount	FY 2021/22 %
Parking	$ 29,082,523	$ 25,174,110	$ 8,526,479	$ 3,908,413	15.5%	$ 16,647,631	195.2%
Landing fees	4,586,568	4,055,176	2,139,159	531,392	13.1	1,916,017	89.6
Concessions	13,681,344	12,506,117	4,871,064	1,175,227	9.4	7,635,053	156.7
Tenant rent	19,514,228	18,122,079	16,963,475	1,392,149	7.7	1,158,604	6.8
Ground transportation	3,681,065	2,815,018	948,286	866,047	30.8	1,866,732	196.9
Fuel flowage fees	623,058	604,992	481,963	18,066	3.0	123,029	25.5
Other operating revenues	1,367,671	1,435,288	484,901	(67,617)	(4.7)	950,387	196.0
Total operating revenues	$ 72,536,457	$ 64,712,780	$ 34,415,327	$ 7,823,677	12.1%	$ 30,297,453	88.0%

The charts below present the distribution of major sources of operating revenues in FY 2023 and FY 2022:





The chart below presents the comparative summary of operating revenues for FY 2023, FY 2022, and FY 2021:



In FY 2023, total operating revenues increased by $7,823,677, or 12.1%, primarily due to continued passenger activity recovery from the COVID-19 pandemic.

(1) increased parking revenues of $3,908,413, primarily due to an increase of utilization of self-park options and a full year of parking rate increases implemented in mid-FY 2022;

(2) increased landing fees of $531,392, primarily due to additional air carrier flight operations from the resumption of previously suspended routes, the addition of new routes, and the upgauging of aircraft;

(3) increased concession fees of $1,175,227, primarily due to increased passenger activity;

(4) increased tenant rent of $1,392,149, primarily due to the addition of new hangar leases and CPI increases to existing leases; and

(5) increased ground transportation revenues of $866,047, primarily due to returning ride share demand.

In FY 2022, total operating revenues increased by $30,297,453, primarily due to passenger activity recovery from the COVID-19 pandemic. Also, starting in FY 2022, operating revenues include fees from a new non-exclusive license agreement for ground handling services.

(1) increased parking revenues of $16,647,631, which was commensurate with the 209.0% increase in passenger activity in FY 2022. Parking revenues are relatively correlated with passenger activity, and FY 2022 reflected this increase in parking demand along with the continued shift in consumer preference towards private modes of transportation over public transportation and ride share services. In response to the increased parking demand in FY 2022, the Authority re-opened previously closed remote parking lots. Also, rate increases were implemented to select lots beginning January 1, 2022;

(2) increased landing fees of $1,916,017, primarily due to additional air carrier flight operations from the resumption of previously suspended routes, the addition of new routes, and the introduction of new carriers;

(3) increased concession fees of $7,635,053, primarily due to increased passenger activity;

(4) increased tenant rent of $1,158,604, primarily due to the addition of new hangar leases and CPI increases to existing leases;

(5) increased ground transportation revenues of $1,866,732, primarily due to returning ride share demand;

(6) increased fuel flowage fees of $123,029, primarily due to an increase in general aviation activity in FY 2022; and

(7) increased other operating revenues of $950,387, primarily due to the introduction of a new ground handling agreement and an increase to overnight aircraft ramp parking utilization in FY 2022.

Operating Expenses

The following table presents a comparative summary of operating expenses in FY 2023, FY 2022, and FY 2021:

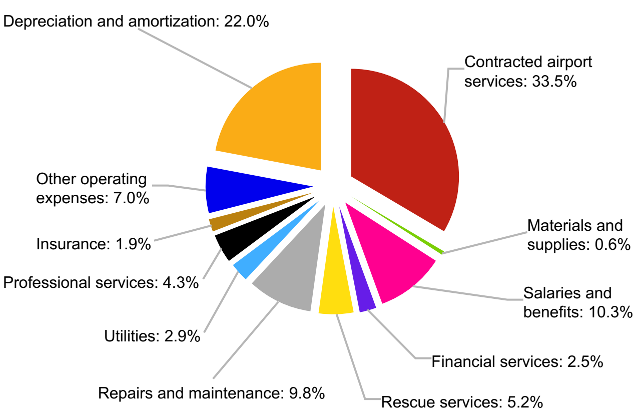
Operating Expenses Summary

	2023	2022 (Restated)	2021	FY 2022/23 increase (decrease) Amount	FY 2022/23 %	FY 2021/22 increase (decrease) Amount	FY 2021/22 %
Contracted airport services	$ 23,561,851	$ 20,871,769	$ 18,269,154	$ 2,690,082	12.9%	$ 2,602,615	14.2%
Salaries and benefits	7,277,119	6,362,897	6,301,997	914,222	14.4	60,900	1.0
Financial services	1,784,813	1,788,161	776,346	(3,348)	(0.2)	1,011,815	130.3
Rescue services	3,686,682	3,591,874	3,345,417	94,808	2.6	246,457	7.4
Materials and supplies	413,816	365,869	348,613	47,947	13.1	17,256	4.9
Repairs and maintenance	6,859,440	5,427,626	4,693,372	1,431,814	26.4	734,254	15.6
Utilities	2,008,420	1,942,277	1,715,301	66,143	3.4	226,976	13.2
Professional services	3,028,342	3,180,213	2,490,812	(151,871)	(4.8)	689,401	27.7
Insurance	1,341,036	1,337,733	1,353,231	3,303	0.2	(15,498)	(1.1)
Other operating expenses	4,894,497	4,020,804	1,609,079	873,693	21.7	2,411,725	149.9
Operating expenses before depreciation and amortization	54,856,016	48,889,223	40,903,322	5,966,793	12.2	7,985,901	19.5
Depreciation and amortization	15,492,879	16,474,921	17,126,358	(982,042)	(6.0)	(651,437)	(3.8)
Total operating expenses	$ 70,348,895	$ 65,364,144	$ 58,029,680	$ 4,984,751	7.6%	$ 7,334,464	12.6%

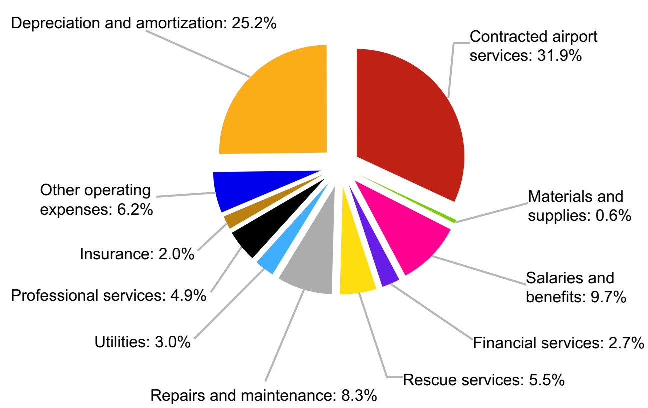
Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

The charts below present the distribution of operating expenses in FY 2023 and FY 2022:

FY 2023
Operating Expenses: $70.3 Million

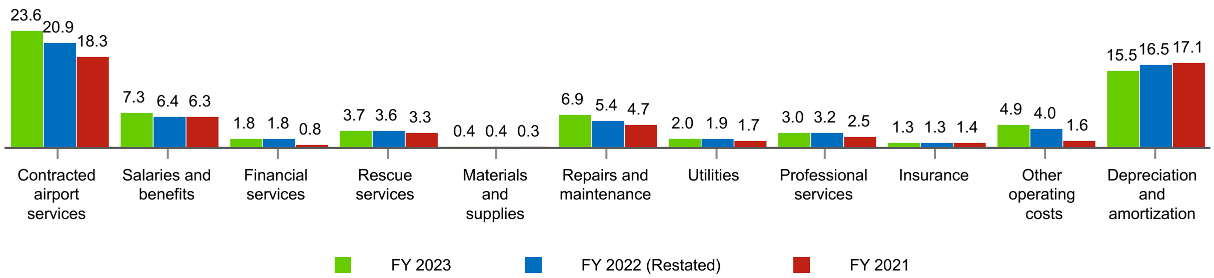


FY 2022 (Restated)
Operating Expenses: $65.4 Million



The chart below presents the comparative summary of operating expenses for FY 2023, FY 2022, and FY 2021:

Operating Expenses
Years ended June 30, 2023, 2022, and 2021
(in millions)



Total operating expenses increased by $4,984,751, or 7.6%, in FY 2023 primarily due to the reinstatement/addition of certain services due to increased passenger activity. These changes include:

(1) increased contracted airport services of $2,690,083, primarily due to reinstatement of shuttle and parking operator services from reduced levels in the prior year, and increased labor costs;

(2) increased salaries and benefits for Airport police officers of $914,222, primarily due to the terms of a new Memorandum of Understanding with the Burbank Airport Police Officers Association effective February 1, 2023;

(3) increased cost for aircraft rescue and firefighting services of $94,808, due to the terms of the collective bargaining agreement with the Burbank Airport Professional Firefighters IAFF Local 1-61 Union effective July 1, 2020;

(4) increased repairs and maintenance costs of $1,431,814, primarily due to additional fuel costs for reinstated courtesy parking shuttle services, increased janitorial costs resulting from increased passenger activity, and the implementation of GASB Statement No. 96, *SBITA,* effective July 1, 2021;

(5) increased other operating expenses of $873,693, primarily due to the resumption of air service retention initiatives, and an increase in parking tax paid to the City of Burbank; and

(6) decreased depreciation and amortization expense of $982,042, primarily due to capital assets depreciated in FY 2022 exceeding the impact of new capital asset additions in FY 2023.

Total operating expenses increased by $7,334,464, or 12.6%, in FY 2022 primarily due to reinstatement of certain services due to passenger demand recovery that had previously been suspended or curtailed. These changes include:

(1) increased contracted airport services of $2,602,615, primarily due to reinstatement of parking operator staffing levels and courtesy parking shuttle services;

(2) increased financial services expenses of $1,011,815, primarily due to increased activity based credit card transactions and parking pre-booking management fees paid;

(3) increased cost for aircraft rescue and firefighting services of $246,457, primarily due to the terms of the collective bargaining agreement with the Burbank Airport Professional Firefighters IAFF Local 1-61 Union effective July 1, 2020;

(4) increased repairs and maintenance costs of $734,254, primarily due to additional fuel costs for reinstated courtesy parking shuttle services, increased telephone expenses due to equipment replacement cycles, and increased janitorial and refuse collection services;

(5) increased utilities costs of $226,976, primarily due to an increase in water usage and utility rate increases;

(6) increased professional services expenses of $689,401, primarily due to additional traffic safety staffing levels and legal services costs associated with the Authority's ongoing litigation matters;

(7) increased other operating expenses of $2,411,725, primarily due to the resumption of air service retention initiatives, and an increase in parking tax paid to the City of Burbank; and

(8) decreased depreciation and amortization expense of $651,437, primarily due to capital assets fully depreciated in FY 2021 exceeding the impact of new capital asset additions in FY 2022.

Nonoperating Revenues and Expenses

The following summary presents a comparison of nonoperating revenues and expenses in FY 2023, FY 2022, and FY 2021:

Comparative Summary of Nonoperating Revenues and Expenses

	2023	2022 (Restated)	2021	FY 2022/23 increase (decrease) Amount	FY 2022/23 increase (decrease) %	FY 2021/22 increase (decrease) Amount	FY 2021/22 increase (decrease) %
Nonoperating revenues:							
PFC revenues	$ 12,882,716	$ 9,687,636	$ 4,195,443	$ 3,195,080	33.0%	$ 5,492,193	130.9%
CFC revenues	5,035,162	4,682,637	2,347,750	352,525	7.5	2,334,887	99.5
Investment income (loss)	3,781,146	(7,282,192)	438,124	11,063,338	(151.9)	(7,720,316)	(1,762.1)
Interest income	393,501	519,784	282,169	(126,283)	(24.3)	237,615	84.2
Gain on retirement of capital assets	13,123	—	—	13,123	N/A	—	N/A
Other noncapital grants	8,147,212	8,878,981	10,587,540	(731,769)	(8.2)	(1,708,559)	(16.1)
	30,252,860	16,486,846	17,851,026	13,766,014	83.5	(1,364,180)	(7.6)
Nonoperating expenses:							
Interest expense, debt service	3,735,875	4,011,938	4,273,787	(276,063)	(6.9)	(261,849)	(6.1)
Other interest expense	11,273	6,007	—	5,266	87.7	6,007	N/A
Sound insulation program	180	2,350	2,063	(2,170)	(92.3)	287	13.9
Replacement terminal development	655,585	—	1,071,319	655,585	N/A	(1,071,319)	(100.0)
	4,402,913	4,020,295	5,347,169	382,618	9.5	(1,326,874)	(24.8)
Total nonoperating revenues (expenses), net	$ 25,849,947	$ 12,466,551	$ 12,503,857	$ 13,383,396	107.4%	$ (37,306)	(0.3)%

Note: FY 2022 balances have been restated due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021.

Nonoperating revenues of $30,252,860 and $16,486,846 in FY 2023 and FY 2022, respectively, consist of PFC revenues, CFC revenues, net investment income, gain on retirement of capital assets, and other noncapital grants (capital grant revenues are included in capital contributions).

In FY 2023, nonoperating revenues net of nonoperating expenses increased by $13,383,396, or 107.4%, primarily due to a combination of the following:

(1) increased PFC revenues of $3,195,080, primarily due to increases in passenger levels and the fair value of investments in the PFC investment portfolio;

(2) increased CFC revenues of $352,525, due to an increase in rental car activity;

(3) decreased interest income of $126,283, due to the amortization and decrease in lease receivables related to GASB Statement No. 87, *Leases*, in FY 2023;

(4) increased investment income of $11,063,338, due to the increase in fair value of the operating investment portfolio;

(5) decreased other noncapital grants of $731,769, primarily due to a decrease in federal relief grant funds used for eligible personnel costs;

(6) decreased interest expense of $276,063, due to decreased bond principal outstanding as a result of annual debt service payments made on the 2012 and 2015 Bonds; and

(7) increased Replacement Passenger Terminal development expenses of $655,585, due to certain Replacement Passenger Terminal project costs related to financial services not being capitalized.

In FY 2022, nonoperating revenues net of nonoperating expenses decreased by $37,306, or 0.3%, primarily due to a combination of the following:

(1) increased PFC revenues of $5,492,193, primarily due to an increase in passenger levels reduced by a decrease in the fair value of investments in the PFC investment portfolio;

(2) increased CFC revenues of $2,334,887, due to an increase in rental car activity;

(3) increased interest income of $237,615, due to an increase in lease receivables in FY 2022 as a result of the implementation of GASB Statement No. 87, *Leases;*

(4) decreased investment income of $7,720,316, primarily due to a decrease in fair value of the operating investment portfolio;

(5) decreased other noncapital grants of $1,708,559, primarily due to a decrease in federal relief grant funds used for eligible personnel costs;

(6) decreased interest expense, debt service, of $261,849, due to decreased bond principal outstanding as a result of annual debt service payments made on the 2012 and 2015 Bonds; and

(7) decreased replacement terminal development expenses of $1,071,319, due to the resumption of the Replacement Passenger Terminal project as costs are now capitalized as work-in-progress.

Capital Contributions

Capital contributions amounting to $8,030,233 and $7,233,553 were recorded in FY 2023 and FY 2022, respectively. In FY 2023, these amounts represent FAA Airport Improvement (AIP) grants for the the Taxiway C and shoulder rehabilitation and the ARPA federal relief grant used for bond debt service. In FY 2022, these amounts represent FAA Airport Improvement (AIP) grants for the Delta ramp rehabilitation, the acquisition of a new Airport Rescue and Firefighting truck, the completion of the Replacement Passenger Terminal project's Environmental Impact Statement, and CRRSAA and ARPA federal relief grants used for bond debt service.

Replacement Passenger Terminal Project

The Replacement Passenger Terminal (RPT) project, as defined in the Development Agreement between the City of Burbank and the Authority, includes a 14-gate replacement passenger terminal of 355,000 square feet, associated aircraft ramp, parking facilities, ground service equipment and cargo support facilities, a new terminal loop roadway, and demolition of the existing 14-gate passenger terminal.

The Authority reinstated this important safety project in September 2021 after an 18-month suspension and in May 2022, Jacobs Project Management Inc. assumed program management responsibilities of the project. On December 19, 2022, the Authority awarded a progressive design-build agreement to Holder, Pankow, TEC Joint Venture (HPTJV) and authorized HPTJV to proceed with Phase 1, design and pre-construction services, of the RPT project.

The RPT project is estimated to cost approximately $1.25 billion with a target completion date of October 2026. In May 2023, the Authority received FAA approval for PFC Application No. 21 in the amount of $48.4 million for impose and use authority of the RPT design. Subsequently, in June 2023, the Authority selected Barclays Bank and Sumitomo Mitsui Bank Corporation as letter of credit providers for a $200 million commercial paper program to provide interim financing to support the development of the RPT project. As of June 30, 2023, the Authority has not issued any commercial paper and may issue its first commercial paper in the third quarter of FY 2024. The plan of finance to support the project is under development, and the Authority has identified potential sources of funds such as federal grants, Passenger Facility Charges, Authority cash contribution, and the issuance of public debt. HPTJV is scheduled to reach 60% design and provide a Guaranteed Maximum Price (GMP) for the RPT project in April 2024 upon which the Authority plans to issue public debt in the second half of FY 2024.

Additional information regarding the Authority's RPT project can be found in note 13 in the accompanying notes to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Burbank-Glendale-Pasadena Airport Authority, 2627 N. Hollywood Way, Burbank, California, 91505.

BASIC FINANCIAL STATEMENTS

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Net Position

June 30, 2023 and 2022

Assets	2023	2022 (Restated)
Current unrestricted assets:		
Cash and investments – operating fund (note 3)	$ 39,429,029	$ 35,350,451
Grants receivable	1,747,335	2,687,088
Leases receivable (note 7)	3,580,829	4,065,850
Accounts receivable, net of allowance	3,314,710	3,481,679
Accrued interest receivable	1,672,516	1,180,988
Prepaid expenses	424,212	417,446
Total current unrestricted assets	50,168,631	47,183,502
Current restricted assets:		
Cash and investments (note 3):		
Cash and investments held by bond trustee	15,995,174	15,477,881
Other restricted cash and investments:		
Operating Reserve Fund	13,853,975	12,231,156
Bond Surplus Fund	2,601,563	2,601,563
Authority Areas Reserve	3,484,425	3,400,497
Asset Forfeiture Fund	25,049	24,615
Proceeds from sale of Airport property	2,104,502	2,104,502
Passenger Facility Charge Fund	65,207,188	58,246,886
Customer Facility Charge Fund	1,814,161	1,831,820
Total other restricted cash and investments	89,090,863	80,441,039
Total restricted cash and investments	105,086,037	95,918,920
Passenger Facility Charge receivables	1,500,457	1,179,744
Customer Facility Charge receivables	436,695	437,240
Accrued interest receivable	515,019	296,376
Total current restricted assets	107,538,208	97,832,280
Noncurrent unrestricted assets:		
Leases receivable (note 7)	6,663,553	10,244,382
2015 Bonds debt service reserve surety (note 5)	4,728	9,455
Cash and investments – Facility Development Reserve (note 3)	205,132,453	200,132,453
Capital assets (note 4):		
Land	160,065,894	160,065,894
Other nondepreciable capital assets	1,128,515	1,128,515
Construction in progress	32,649,419	10,006,984
Buildings and improvements	255,974,998	255,846,105
Runways and improvements	159,622,308	149,020,913
Machinery and equipment	38,711,805	38,199,756
Intangible right to use asset (note 8)	660,984	523,980
Less accumulated depreciation and amortization	(324,295,821)	(309,544,074)
Total capital assets, net	324,518,102	305,248,073
Total assets	694,025,675	660,650,145

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Net Position

June 30, 2023 and 2022

(Continued)

Liabilities	**2023**	**2022 (Restated)**
Current liabilities:		
Accounts payable and accrued expenses	$ 14,276,429	$ 7,452,774
Salaries and benefits payable	1,466,222	1,230,400
Unearned revenue	2,126,997	1,445,881
Customer deposits	1,653,086	1,543,480
Subscription liabilities, current (note 8)	75,329	50,135
Total current liabilities	19,598,063	11,722,670
Liabilities payable from restricted assets:		
Current portion of long-term debt (note 5)	6,090,000	5,810,000
Accrued interest payable	2,155,196	2,293,228
Total liabilities payable from restricted assets	8,245,196	8,103,228
Noncurrent liabilities:		
Revenue bonds payable, less current portion (note 5)	71,280,000	77,370,000
Original issue premium, net (note 5)	589,438	1,066,675
Subscription liabilities, noncurrent (note 8)	180,190	154,668
Total noncurrent liabilities	72,049,628	78,591,343
Total liabilities	99,892,887	98,417,241
Deferred Inflows of Resources		
Deferred inflows - leases (note 7)	10,244,382	14,310,232
Deferred amount on refunding of 2005 Bonds (note 5)	102,010	204,018
Total deferred inflows of resources	10,346,392	14,514,250
Net Position		
Net investment in capital assets	252,577,172	226,762,973
Restricted:		
Debt service	23,980,877	21,857,596
Capital projects	71,516,622	64,085,949
Federal asset seizure	25,049	24,615
Other purposes	3,484,425	3,400,497
Unrestricted	232,202,251	231,587,024
Total net position	$ 583,786,396	$ 547,718,654

See accompanying notes to basic financial statements.

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2023 and 2022

	2023	2022 (Restated)
Operating revenues:		
Charges for services:		
Parking	$ 29,082,523	$ 25,174,110
Landing fees	4,586,568	4,055,176
Concessions	13,681,344	12,506,117
Tenant rent	19,514,228	18,122,079
Ground transportation	3,681,065	2,815,018
Fuel flowage fees	623,058	604,992
Other operating revenues	1,367,671	1,435,288
Total operating revenues	72,536,457	64,712,780
Operating expenses:		
Contracted airport services	23,561,851	20,871,769
Salaries and benefits	7,277,119	6,362,897
Financial services	1,784,813	1,788,161
Rescue services	3,686,682	3,591,874
Materials and supplies	413,816	365,869
Repairs and maintenance	6,859,440	5,427,626
Utilities	2,008,420	1,942,277
Professional services	3,028,342	3,180,213
Insurance	1,341,036	1,337,733
Other operating expenses	4,894,497	4,020,804
Total operating expenses before depreciation and amortization	54,856,016	48,889,223
Operating income before depreciation and amortization	17,680,441	15,823,557
Depreciation and amortization (note 4)	15,492,879	16,474,921
Operating income (loss)	2,187,562	(651,364)
Nonoperating revenues (expenses):		
Passenger Facility Charge revenue, including interest (note 9)	12,882,716	9,687,636
Customer Facility Charge revenue (note10)	5,035,162	4,682,637
Investment income, net	3,781,146	(7,282,192)
Interest income (note 7)	393,501	519,784
Interest expense, debt service	(3,735,875)	(4,011,938)
Other interest expense	(11,273)	(6,007)
Gain on retirement of capital assets	13,123	—
Sound insulation program	(180)	(2,350)
Other noncapital grants (note 12d)	8,147,212	8,878,981
Replacement terminal development	(655,585)	—
Total nonoperating revenues, net	25,849,947	12,466,551
Income before capital contributions	28,037,509	11,815,187
Capital contributions (note 12d)	8,030,233	7,233,553
Changes in net position	36,067,742	19,048,740
Total net position – beginning of year	547,718,654	528,669,914
Total net position – end of year	$ 583,786,396	$ 547,718,654

See accompanying notes to basic financial statements.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022 (Restated)
Cash flows from operating activities:		
Cash received from airline carriers, tenants, and others	$ 73,490,103	$ 63,798,726
Cash paid to suppliers of goods and services	(43,553,884)	(40,870,889)
Cash paid for employees' services	(7,041,297)	(6,486,803)
Cash paid for parking taxes to the City of Burbank	(3,093,997)	(2,283,251)
Cash received for replacement terminal development	4,986,083	316,211
Cash paid for tenant leasehold improvements	—	(13,765)
Net cash provided by operating activities	24,787,008	14,460,229
Cash flows from noncapital financing activities:		
Sound insulation program	(180)	(2,350)
Other noncapital grants	8,548,813	10,988,293
Net cash provided by noncapital financing activities	8,548,633	10,985,943
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(34,463,942)	(7,893,534)
Proceeds from sale of capital assets	13,123	—
Principal paid on revenue bonds	(5,810,000)	(5,550,000)
Interest paid on revenue bonds	(4,448,424)	(4,717,380)
Interest paid on subscriptions	(11,273)	(6,007)
Interest received on leases	393,501	519,784
Passenger Facility Charge program receipts	11,811,939	11,456,385
Customer Facility Charge program receipts	5,035,707	4,581,378
Capital contributions received	8,568,385	8,710,556
Net cash provided by (used in) capital and related financing activities	(18,910,984)	7,101,182
Cash flows from investing activities:		
Interest received on investments	5,676,773	6,217,558
Purchases of investments not considered cash equivalents	(17,178,361)	(29,063,393)
Proceeds from the sale or maturity of investments not considered cash equivalents	—	8,540
Net cash used in investing activities	(11,501,588)	(22,837,295)
Net increase in cash and cash equivalents	2,923,069	9,710,059
Cash and cash equivalents, beginning of year	34,244,144	24,534,085
Cash and cash equivalents, end of year	$ 37,167,213	$ 34,244,144

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Statements of Cash Flows

Years ended June 30, 2023 and 2022

(Continued)

	2023	2022 (Restated)
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 2,187,562	$ (651,364)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	15,492,879	16,474,921
Other nonoperating expenses	(655,585)	—
Changes in assets and liabilities:		
Accounts receivable	166,969	(418,174)
Prepaid expenses	(6,765)	(187,951)
Accounts payable and accrued expenses	6,575,404	(134,885)
Salaries and benefits payable	235,822	(123,906)
Unearned revenue	681,116	(592,598)
Customer deposits	109,606	94,186
Net cash provided by operating activities	$ 24,787,008	$ 14,460,229
Reconciliation of cash and cash equivalents to the statements of net position:		
Operating fund	$ 39,429,029	$ 35,350,451
Restricted cash and investments	105,086,037	95,918,920
Facility Development Reserve	205,132,453	200,132,453
Cash, cash equivalents, and investments	349,647,519	331,401,824
Investments not considered cash equivalents	(312,480,306)	(297,157,680)
Cash and cash equivalents, end of year (note 3)	$ 37,167,213	$ 34,244,144
Summary of significant noncash investing and financing activities:		
Amortization of original issue premiums	(477,237)	(477,237)
Amortization of 2005 Bonds deferred amount on refunding	(102,008)	(102,009)
Change in fair value of investments	1,855,734	(15,124,266)
Capital assets acquired by accounts payable	(1,306,314)	(1,058,067)
Net change in lease receivable on lessor lease transactions	4,065,850	(6,677,242)
Net change in grants receivable related to federal awards	969,151	2,865,893

See accompanying notes to basic financial statements.

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(1) Nature of Authority

The Burbank-Glendale-Pasadena Airport Authority (Authority) is a separate governmental entity created by a Joint Exercise of Power Agreement (Agreement) executed in June 1977 among the Cities of Burbank, Glendale, and Pasadena, California (Cities). The purpose of the Agreement was to enable the Cities to acquire, operate, repair, maintain, improve, and administer the Bob Hope Airport, commonly known as the "Hollywood Burbank Airport" (Airport), as a public air terminal. The Authority is governed by a nine-member Board of Airport Commissioners, three of which are appointed by the City Council of each of the Cities. The members of the Airport Commission annually elect a President, Vice-President, and Secretary of the Commission. The Authority has contracted with TBI Airport Management, Inc. (TBI) to perform certain airport administrative, maintenance, operational services and aircraft rescue and firefighting (ARFF) services. These contracted services are included in the Authority's statements of revenues, expenses, and changes in net position as "contracted airport services" except for ARFF services which is included as "rescue services." As required under the State of California Constitution, the Authority directly employs its law enforcement officers.

The debts, liabilities, and obligations of the Authority do not constitute debts, liabilities, or obligations of the Cities. The accompanying basic financial statements are not included in the reporting entity of any of the Cities.

(2) Summary of Significant Accounting Policies

The basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below:

(a) Basis of Accounting

The Authority reports its financial operations as an enterprise activity, and as such, its financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. The measurement focus is on determination of changes in net position, financial position, and cash flows. Operating revenues include charges for services and tenant rent. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

(b) Description of Basic Financial Statements

Statements of Net Position – The statements of net position are designed to display the financial position of the Authority including its assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position.

The Authority's equity is reported as net position, which is classified into three categories defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, and is reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Those assets are restricted due to external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments through constitutional provisions or enabling legislation. At June 30, 2023 and 2022, net positions of $70,937,737 and $63,654,996, respectively, are restricted by enabling legislation.
- *Unrestricted* – This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

Statements of Revenues, Expenses and Changes in Net Position – The statements of revenues, expenses and changes in net position are the operating statements for the Authority. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses before depreciation, and operating income (loss).

Statements of Cash Flows – The statements of cash flows present information on the Authority's cash receipts and payments during the fiscal year. These cash flows are grouped into five categories: operating activities, noncapital financing activities, capital and related financing activities, investing activities and noncash investing and financing activities.

Notes to Basic Financial Statements – The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

(c) Operating and Nonoperating Revenues and Expenses

The Authority distinguishes between operating revenues and expenses and nonoperating items. Operating revenues and expenses generally result from providing goods and services to Airport users. The principal operating revenues of the Airport are parking fees, landing fees, concession charges, tenant rent, ground transportation, and fuel flowage fees. Operating expenses include contracted airport services, salaries and employee benefits, maintenance and operation of systems and facilities, administrative expenses including compliance with federal, state and local regulatory requirements, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Restricted Assets

Certain assets are restricted based on constraints placed on the assets use through external constraints imposed by creditors (such as through debt covenants), grantors, leases, trust agreements, contributors, laws or regulations of other governments, or enabling legislation. Restricted funds are nondiscretionary in terms of use and provide for payment of debt service on Authority bonds, reserves for outstanding bonds, construction of long-term assets and operations, and maintenance. The Authority, after necessary fund transfers have been made to comply with bond covenants, has discretion as to the magnitude and use of the remaining unrestricted funds.

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

(e) Grants and Capital Contributions

The Authority receives grants under the Airport Improvement Program (AIP) from the U.S. Department of Transportation – Federal Aviation Administration (FAA) to finance certain capital improvements.

Additionally, the Authority utilized awarded federal relief grant funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), the American Rescue Plan (ARPA), and the Federal Emergency Management Agency (FEMA), which allocated additional economic relief to eligible U.S. airports affected by the COVID-19 pandemic.

Such grants related to capital acquisitions are recorded on the statements of revenues, expenses and changes in net position as capital contributions, and for non-capital purposes as nonoperating revenue other noncapital grants. Grant revenues are recognized when qualifying expenses under the grant are incurred.

(f) Passenger Facility Charge Revenues

The Authority imposes a Passenger Facility Charge (PFC) of $4.50 per enplaned passenger, as approved by the FAA, to finance certain capital improvements. Cash and receivables from such revenues are maintained in separate accounts and are restricted for approved airport improvement projects. Revenues are recognized during the period earned.

(g) Customer Facility Charge Revenues

The Authority imposes a Customer Facility Charge (CFC) on all rental car contracts transacted at the Airport in accordance with *California Civil Code 1936 et. seq.*, as amended. The current applicable charge is $6.00 per day up to a maximum of five days per transaction. Under the Master Indenture of Trust as supplemented, revenues generated on/after July 1, 2014 are used solely for the purposes of repayment of the debt obligations incurred to develop the Consolidated Rental Car Facility (CRCF) located in the Regional Intermodal Transportation Center (RITC) of the Airport. Cash and receivables from such revenues are maintained in separate accounts and are recognized during the period in which they are earned.

(h) Revenues and Cash Accounts

All revenues, except PFCs and CFCs (CFCs collected are transferred to the 2012 Bonds Debt Service Fund), are deposited in the Revenue Fund and are transferred to the following cash accounts in priority order as mandated by resolution of the Authority and its bond indenture:

- **Operating Fund** – The balance in this fund is to be used for payment of operations and maintenance costs as they become due and payable.
- **Rebate Fund** – Amounts on deposit in the Rebate Fund shall be applied to satisfy federal tax law requirements. As of June 30, 2023 and 2022, there was no balance in the Rebate Fund.
- **Debt Service Funds** – Bond interest currently payable on the 2012 and 2015 Bonds is deposited to each bond issue's debt service fund monthly prior to each semiannual payment. Currently payable bond principal on the 2012 and 2015 Bonds is transferred to each bond issue's debt service fund monthly prior to each annual payment. These cash funds are held by a trustee who pays the bond interest and principal when due. The balance in the Debt Service Funds at June 30, 2023 and 2022 is $4,969,021 and $4,835,771, respectively, for the 2012 Bonds, and $4,491,711 and $4,317,777, respectively, for the 2015 Bonds.

  CFCs, as received, and RITC Facility Rents, as needed, are deposited to the 2012 Bonds Debt Service Fund each month prior to each semiannual interest and each annual bond principal payment currently payable.
- **Debt Service Reserve Funds** – An amount equal to the lesser of (i) ten percent of the initial offering price of the Revenue Bonds, (ii) greatest annual debt service from the current period to the maturity of the Revenue Bonds, or (iii) 125% of average annual debt service from the current period to the maturity of the Revenue Bonds (a separate account each for the 2005 Bonds and the 2012 Bonds), is to be held by the trustee in these funds to be used in the event that monies in the respective Debt Service Funds are insufficient to meet payments when due. A debt service reserve surety in an amount of $3,664,397 equal to 10% of the original offering price was obtained for the 2015 Bonds in lieu of a debt service reserve fund. During the years ended June 30, 2023 and 2022, the required balance in the Debt Service Reserve Fund, calculated using the greatest annual debt service from the current period to the maturity of the Revenue Bonds, is $5,838,000 for the 2012 Bonds. The balance in the Debt Service Reserve Fund for the 2005 Bonds at June 30, 2023 and 2022 is $158,404 and $153,938, respectively. The balance in the Debt Service Reserve Fund for the 2012 Bonds at June 30, 2023 and 2022 is $6,375,971 and $6,170,330, respectively.
- **Operating Reserve Fund** – The balance in this fund is to be used to pay operation and maintenance costs in the event that monies in the Operating Fund are insufficient. The Authority maintains a reserve equivalent to one-fourth of the annual operations and maintenance budget. The balance in the Operating Reserve Fund at June 30, 2023 and 2022 is $13,853,975 and $12,231,156, respectively.

- **Subordinated Indebtedness Fund** – In the event that additional debt is incurred, which is expressly made subordinate or junior in right of payment to the 2015 Bonds or 2012 Bonds, this fund will be established and used to pay principal, interest, and other allowable costs associated with the subordinated indebtedness. As of June 30, 2023 and 2022, there was no balance in the Subordinated Indebtedness Fund.
- **Reserve and Contingency Fund** – The balance in this fund is to be used to pay the costs of extraordinary repairs and replacements of Airport facilities to the extent that such costs are not provided from the proceeds of insurance or from other funds. Any remaining balances in the Reserve and Contingency Fund, not required to meet any deficiencies in the Debt Service Fund or Debt Service Reserve Funds or not needed for any of the purposes for which such Fund was established, shall be transferred to the Operating Fund, and any remaining excess may be deposited in the Surplus Fund. As of June 30, 2023 and 2022, there was no balance in the Reserve and Contingency Fund.
- **Surplus Fund** – All monies remaining in the Revenue Fund at year-end are to be deposited in this fund and may be transferred to offset other fund deficiencies in the following priority order: first in the Debt Service Fund, second in the applicable Debt Service Reserve Fund, third to the Subordinated Indebtedness Fund, and fourth to the Reserve and Contingency Fund. Amounts in the Surplus Fund not required to meet a deficiency as set forth above shall be applied or set aside as allowed for in the bond indenture. As of June 30, 2023 and 2022, there was $2,601,563 and $2,601,563, respectively, in the Surplus Fund to be transferred to any of the funds mentioned above. Amounts transferred to the Surplus Fund may be used for purposes of computation of the debt service coverage ratio.
- **Cost of Issuance Funds** – The balance in this fund provides for the payment of costs to issue the 2012 Bonds and 2015 Bonds not paid directly from escrow at the closing of the sale of the respective bonds. This fund is held by a trustee and is subject to the terms and conditions as set forth in the bond indenture. There was no balance for the cost of issuance fund for any bond issued at June 30, 2023 and 2022.
- **Construction Funds** – The balance in this fund provides for the payment of applicable Capital Improvements identified to be financed from the 2015 Series A Bonds and the 2015 Series B Bonds, and the 2012 Series A Bonds and 2012 Taxable Series B Bonds. These funds are held by a trustee and are subject to the terms and conditions as set forth in the bond indenture. As of June 30, 2023 and 2022, there is $64 and $62 for the 2012 Series A Bonds and $3 and $3 for the 2012 Taxable Series B Bonds, respectively.

(i) Other Cash Accounts

The Authority maintains the following additional restricted cash:

- **Authority Areas Reserve Fund** – Operating revenues received from certain areas specified in the airline signatory leases are set aside to be utilized at the discretion of the Authority for any lawful purpose.
- **Asset Forfeiture Fund –** The Authority receives funds from the U.S. Department of Justice, U.S. Department of Treasury and the State of California Department of

Justice under the equitable sharing programs of each agency related to certain law enforcement activities. These assets are used to purchase certain equipment to supplement law enforcement activities at the Airport.

- **Proceeds from Sale of Airport Property Fund** – proceeds from the sale of Airport property is set aside to be used for similar income producing means in accordance with the Master Indenture of Trust, as supplemented.
- **Passenger Facility Charge Fund –** Cash from the PFC program are maintained in a separate account and are restricted for approved airport improvement projects.
- **Customer Facility Charge Fund –** Cash from CFC collections received prior to July 1, 2014 are maintained in a separate account with the use of such funds limited to eligible capital projects associated with additional development and/or replacement of major components of the Consolidated Rental Car Facility.

The Authority maintains the following board-designated cash:

- **Facility Development Reserve** – Reserve established during fiscal year (FY) 2000 to provide for the future development of terminal and other Airport facilities. The actual appropriation of these funds to selected facility development projects will be determined based on the approval of the Authority. In FY 2023 and 2022, $5,000,000 and $20,000,000 of excess revenues were transferred to the Facility Development Reserve, respectively.

(j) Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of $1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost, less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is recognized in amounts calculated to amortize the cost of the depreciable assets over their estimated useful lives.

Depreciation is computed on a straight-line basis over the following periods:

Buildings and improvements	3 to 40 years
Runways and improvements	3 to 25 years
Machinery and equipment	3 to 20 years

(k) Vacation and Personal Leave

Employees may receive 80 to 160 hours of vacation each year (40 to 80 hours for job share employees), depending on length of service with the Authority. Vacation is not earned until the year is completed. An employee may accrue up to 320 hours of vacation; any hours earned in excess of 320 hours are forfeited, unless approved by management.

Employees are entitled to 100 hours of personal leave during each year (50 hours for job share employees). Employees may accrue personal leave or may receive payment for any unused portion of personal leave days at the end of each year.

Employees are also entitled to bank up to 120 hours of overtime for personal leave.

Vacation and personal leave are accrued as earned by employees. Accrued vacation and personal leave is reported in the accompanying statements of net position and is included in salaries and benefits payable. Accrued vacation and personal leave for the years ended June 30, 2023 and 2022, was $1,040,790 and $871,509, respectively.

(l) Fair Value Measurements

For assets or liabilities that are required to be reported at fair value, the Authority uses valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy of inputs used to measure fair value consists of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

(m) Investments and Invested Cash

In accordance with California Government Code (Code) Section 53600 et seq., the Authority adopts an investment policy annually for the Operating, PFC and CFC portfolios that, among other things, authorizes types of allowable investments, maximum maturities, maximum concentration of investments by type of investment and issuer, minimum ratings for certain types of investments, and how the investments may be held. These criteria on investments and invested cash related to the Authority's bonded debt are governed by the related Master Indenture of Trust. The Authority further limits all investments to be more restrictive than the Code. Authorized investments and invested cash include U.S. Treasury securities, corporate notes, federal agency securities, money market mutual funds, bankers' acceptances, commercial paper, negotiable and non-negotiable certificates of deposit, repurchase agreements, guaranteed investment contracts and funds deposited in the State Treasurer's Local Agency Investment Fund (LAIF). Additional restrictions in the Authority's investment policy over the requirements of the Code include: (1) smaller maximum portions of the portfolios for certain investment types (e.g., U.S. Agency securities, negotiable and time certificates of deposit, bankers' acceptances, commercial paper, money market mutual funds, LAIF), (2) smaller maximum portions of the portfolios invested in a single institution/ issuer (e.g., negotiable and time certificates of deposit, corporate notes, bankers' acceptances, commercial paper) (3) limiting the underlying investments of money market mutual funds to U.S. Treasury securities, and (4) excluding investments in reverse repurchase agreements and securities lending agreements, collateralized mortgage obligations and similar investments, debt securities issued by other local agencies and shares of beneficial interest issued by joint powers authorities formed in accordance with Section 6509.7 of the Code. The restrictions in the Code and the additional limitations in the Authority's investment policy mitigate the Authority's interest rate risk, credit risk, concentration of credit risk, and custodial credit risk related to its various investments.

The Authority's investments are carried at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities, where that information is available, or other observable inputs, where price is not available. The fair value of money market mutual funds and other similar investments is stated at its share value. The fair value of the Authority's investment in the LAIF is based on the Authority's pro rata share provided by LAIF of the fair value of the entire LAIF portfolio. Certain money market mutual fund investments with initial maturities at the time of the purchase of less than one year are recorded at cost. The calculation of realized gains and losses on investments that had been held more than one fiscal year and sold during the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year.

(n) Statements of Cash Flows

For purposes of the statements of cash flows, the Authority considers its investment in money market mutual funds in the Operating and Passenger Facility Charge cash and investment portfolios, and in the LAIF, to be cash equivalents that function as a demand deposit account, whereby funds may be withdrawn or deposited at any time without prior notice or penalty. Unrestricted investments in other securities with remaining maturities of 90 days or less at the time of purchase are also considered cash equivalents. Investments in money market mutual funds held by the bond trustee are not considered cash equivalents for purposes of the statement of cash flows.

(o) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses is recognized as an expense when consumed, rather than when purchased.

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Income Taxes

The Authority is a political subdivision of the State of California. Accordingly, the Authority is not subject to federal or state income taxes.

(r) Accounting Pronouncements Adopted During the Fiscal Year

The following accounting pronouncements were issued by the Governmental Accounting Standards Board (GASB), and were implemented by the Authority during the fiscal year ended June 30, 2023:

- GASB Statement No. 91, *Conduit Debt Obligations*. This statement This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving note disclosures. GASB Statement No. 91 is effective for the Authority's fiscal year ended June 30, 2023. Application of GASB Statement No. 91 did not have any financial impact for the Authority.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* This statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating n underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. GASB Statement No. 94 is effective for the Authority's fiscal year ended June 30, 2023. Application of GASB Statement No. 94 did not have any financial impact for the Authority.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This statement provides guidance on the accounting and financial reporting for SBITAs for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option). Under this statement, a government generally should recognize a right-to use subscription intangible asset and a corresponding subscription liability. GASB Statement No. 96 is effective for the Authority's fiscal year ended June 30, 2023. Application of GASB Statement No. 96 did not have a material financial impact on the Authority. Please refer to Note 8.

- GASB Statement No. 99, *Omnibus 2022*. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of the LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to GASB Statement 53 and Statement 63 were effective upon issuance and implemented by the Authority in FY 2022. Other requirements related to leases, Public-Public Partnerships (PPPs) and Availability Payment Arrangements, and Subscription-Based Information Technology Arrangements (SBITAs) is effective for the Authority's fiscal year ended June 30, 2023. Application of these requirements did not have any impact for the Authority. Requirements for financial guarantees, and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the next fiscal year and were not implemented as of June 30, 2023.

(s) Accounting Pronouncements Issued, Not Yet Effective

The following GASB Statements have been issued but are not yet effective for the year ended June 30, 2023. The Authority is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 99, *Omnibus 2022*. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Authority’s fiscal year ending June 30, 2024.

- GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62,* effective for the fiscal year ending June 30, 2024.

- GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025.

(t) Reclassification of Prior Year Presentation

Certain reclassifications have been made to the FY 2022 Basic Financial Statements to conform with the current year's presentation that reflects the implementation of an accounting pronouncement. Such reclassifications increased net position and change in net position.

(u) Restatement of Net Position

The Authority implemented GASB Statement No. 96, *SBITA* as of July 1, 2021, and accordingly the FY 2022 balances have been restated as summarized below:

	FY 2022 As Previously Reported	Restatement related to adoption of GASB 96	FY 2022 As Restated
Statements of Net Position:			
Intangible right to use asset	$ —	$ 523,980	$ 523,980
Accumulated depreciation and amortization	(309,460,696)	(83,378)	(309,544,074)
Subscription liabilities, current	—	50,135	50,135
Subscription liabilities, noncurrent	—	154,668	154,668
Net investment in capital assets	226,527,174	235,799	226,762,973
Total net position	547,482,855	235,799	547,718,654
Statements of Revenues, Expenses and Changes in Net Position:			
Repairs and maintenance	5,752,810	(325,184)	5,427,626
Depreciation and amortization	16,391,543	83,378	16,474,921
Other interest expense	—	(6,007)	(6,007)
Changes in net position	18,812,941	235,799	19,048,740
Total net position - end of year	547,482,855	235,799	547,718,654

(3) Cash and Investments

(a) Cash and Investments

(i) Cash and investments at June 30, 2023 and 2022 are classified in the accompanying statements of net position as follows:

	2023	2022
Cash and investments – current assets:		
Operating fund	$ 39,429,029	$ 35,350,451
Cash and investments – restricted assets:		
Cash and investments held by bond trustee:		
Debt service reserve fund – 2005 Bonds	158,404	153,938
Debt service fund – 2012 Bonds	4,969,021	4,835,771
Debt service reserve fund – 2012 Bonds	6,375,971	6,170,330
Construction funds – 2012 Bonds	67	65
Debt service fund – 2015 Bonds	4,491,711	4,317,777
Total cash and investments held by bond trustee	15,995,174	15,477,881
Other restricted cash and investments:		
Operating Reserve fund	13,853,975	12,231,156
Bond Surplus fund	2,601,563	2,601,563
Authority Areas Reserve fund	3,484,425	3,400,497
Asset Forfeiture fund	25,049	24,615
Proceeds from sale of Airport property	2,104,502	2,104,502
Passenger Facility Charge fund	65,207,188	58,246,886
Customer Facility Charge fund	1,814,161	1,831,820
Total other restricted cash and investments	89,090,863	80,441,039
Total cash and investments – restricted assets	105,086,037	95,918,920
Cash and investments – Facility Development Reserve	205,132,453	200,132,453
Total cash and investments	$ 349,647,519	$ 331,401,824

(ii) Cash and investments as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Operating portfolio cash and investments:		
Cash and cash equivalents:		
Cash on hand	$ 500	$ 500
Deposits with financial institutions	5,355,538	8,884,554
Money market mutual funds	1,048,565	1,173,315
LAIF	19,186,978	18,871,837
Total cash and cash equivalents	25,591,581	28,930,206
Investments:		
U.S. Treasury securities	85,743,865	80,821,375
U.S. Agency securities	85,652,704	80,183,129
Medium-term corporate notes	69,642,846	65,910,527
Total investments	241,039,415	226,915,031
Total cash and cash equivalents and investments in operating portfolio	266,630,996	255,845,237
Passenger Facility Charge Fund:		
Cash and cash equivalents:		
Deposits with financial institutions	9,455,747	3,068,157
Money market mutual funds	305,724	413,961
Total cash and cash equivalents	9,761,471	3,482,118
Investments:		
U.S. Treasury securities	19,679,137	19,461,281
U.S. Agency securities	19,734,104	19,406,440
Medium-term corporate notes	16,032,476	15,897,047
Total investments	55,445,717	54,764,768
Total cash and cash equivalents and investments in passenger facility charge fund	65,207,188	58,246,886
Customer Facility Charge Fund:		
Deposits with financial institutions	1,814,161	1,831,820
Investments held by bond trustee:		
Money market mutual funds	15,995,174	15,477,881
Total cash and cash equivalents and investments	$ 349,647,519	$ 331,401,824

	2023	2022
Summary of cash and investments:		
Cash and cash equivalents:		
Cash on hand	$ 500	$ 500
Deposits with financial institutions	16,625,446	13,784,531
Money market mutual funds	1,354,289	1,587,276
LAIF	19,186,978	18,871,837
Total cash and cash equivalents	37,167,213	34,244,144
Investments:		
U.S. Treasury securities	105,423,002	100,282,656
U.S. Agency securities	105,386,808	99,589,569
Medium-term corporate notes	85,675,322	81,807,574
Money market mutual funds held by bond trustee	15,995,174	15,477,881
Total investments	312,480,306	297,157,680
Total cash and cash equivalents and investments	$ 349,647,519	$ 331,401,824

Cash balances, except for those held by the Trustee, held in the Authority's payroll account or held as petty cash are pooled for deposit and investment purposes. Cash and investments funds are classified under the general headings of "restricted" or "unrestricted." The Authority has designated separate restricted funds to carry on specific activities in accordance with special regulations, bond covenants, or enabling legislation. Restricted funds are nondiscretionary in terms of use and provide for payment of debt service on Authority bonds, reserves for outstanding bonds, construction of long-term assets, and operations and maintenance. The Authority, after necessary fund transfers have been made to comply with bond covenants, has discretion as to the magnitude and use of the remaining unrestricted funds.

(b) Investments Authorized by the Code and the Authority's Investment Policy

The table on the following page identifies the investment types that are authorized for the Authority by the Code (or the Authority's investment policy, where more restrictive). The table also identifies certain provisions of the Code (or the Authority's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the Master Indenture of Trust, as amended, rather than the Code or the Authority's investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio[a]	Maximum investment in one issuer
U.S. Treasury securities	5 years	None	None
U.S. Agency securities	5 years	70%	None
Time deposits	5 years	15%	5%
LAIF	N/A	$20 million	None
Bankers' acceptances	180 days	15%	5%
Commercial paper	270 days	15%	5%
Repurchase agreements	1 year	10%	None
Money market mutual funds, invested in U.S. Treasury securities	N/A	15%	None
Medium-term corporate notes	5 years	30%	5%
Negotiable certificates of deposit	5 years	15%	5%

a. Percentages apply separately to the Operating portfolio, the Passenger Facility Charge Fund portfolio and the Customer Facility Charge Fund portfolio. Excludes amounts held by bond trustee.

(c) Investments Authorized Under the Master Indenture of Trust

Investment of debt proceeds held by the bond trustee are governed by provisions of the Master Indenture of Trust, rather than the general provisions of the Code or the Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of the Master Indenture of Trust that address interest rate risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage allowed	Maximum investment in one issuer
U.S. Treasury securities	5 years	None	None
U.S. Agency securities	5 years	None	None
Money market mutual funds	N/A	None	None
Negotiable certificates of deposit	5 years	None	None
Time and savings deposits	5 years	None	None
Guaranteed investment contracts	30 years	None	None
Commercial paper	270 days	None	None
State or local government securities	5 years	None	None
Bankers' acceptances	360 days	None	None
Repurchase agreements	30 days	None	None
Any State of California-administered investment pool	N/A	None	None
Advance refunded municipal securities	5 years	None	None
Investments approved in writing by the bond insurer	30 years	None	None

(d) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturing evenly over time, as necessary to provide the cash flow and liquidity needed for operations. The Authority monitors the interest rate risk in its portfolios by measuring the weighted average maturity of the portfolios and limiting them to an average level recommended by its professional investment manager, currently approximately 1.7 years. The Authority also employs a “buy and hold” investment strategy whereby investments are held to maturity and redeemed at par. This strategy limits the Authority’s exposure to declines in fair value to unforeseen emergencies when the need for cash beyond that which is planned and anticipated may arise.

The weighted average maturity of each authorized investment type by pool at June 30, 2023 and 2022 are as follows:

Authorized investment type	June 30, 2023 Amount	June 30, 2023 Weighted average maturity (in years)	June 30, 2022 Amount	June 30, 2022 Weighted average maturity (in years)
Operating portfolio cash equivalents and investments:				
Operating portfolio investments:				
U.S. Treasury securities	$ 85,743,865	2.11	$ 80,821,375	1.29
U.S. Agency securities	85,652,704	1.85	80,183,129	2.13
Medium-term corporate notes	69,642,846	1.63	65,910,527	1.87
Total operating portfolio investments	241,039,415	1.88	226,915,031	1.76
Operating portfolio cash equivalents:				
Money market mutual funds	1,048,565	0.08	1,173,315	0.09
LAIF	19,186,978	0.72	18,871,837	0.86
Total operating portfolio cash equivalents	20,235,543	0.69	20,045,152	0.81
Total operating portfolio cash equivalents and investments	261,274,958	1.79	246,960,183	1.68
Passenger Facility Charge (PFC) Fund cash equivalents and investments:				
PFC Fund investments:				
U.S. Treasury securities	19,679,137	1.84	19,461,281	1.31
U.S. Agency securities	19,734,104	1.95	19,406,440	2.07
Medium-term corporate notes	16,032,476	1.63	15,897,047	1.92
Total PFC Fund investments	55,445,717	1.82	54,764,768	1.76
PFC Fund cash equivalents – money market mutual funds	305,724	0.08	413,961	0.09
Total PFC Fund cash equivalents and investments	55,751,441	1.81	55,178,729	1.75
Investments held by bond trustee:				
Money market mutual funds	15,995,174	0.08	15,477,881	0.09
Total investments held by bond trustee	15,995,174	0.08	15,477,881	0.09
Total cash equivalents and investments	$ 333,021,573	1.71	$ 317,616,793	1.61

(e) Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

None of the Authority's investments (including investments held by the bond trustee) are highly sensitive to interest rate fluctuations.

(f) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the next page is the minimum rating required by (where applicable) the Code, the Authority's investment policy or the Master Indenture of Trust, as amended, and the actual rating as of June 30, 2023 and 2022 for each investment type.

Authorized investment type	Amount	Minimum legal rating	Not required to be rated or not rated	Rating as of year-end AAA	AA	A
As of June 30, 2023:						
Operating portfolio cash equivalents and investments:						
Operating portfolio investments:						
U.S. Treasury securities	$ 85,743,865	N/A	$ 85,743,865	$ —	$ —	$ —
U.S. Agency securities:						
Fed. Farm Credit Bank	16,501,596	N/A	—	—	16,501,596	—
Fed. Home Loan Bank	29,253,620	N/A	—	—	29,253,620	—
Fed. Home Loan Mort. Corp.	6,612,830	N/A	—	—	6,612,830	—
Fed. National Mort. Assn.	33,284,658	N/A	—	—	33,284,658	—
Total U.S. Agency securities	85,652,704		—	—	85,652,704	—
Medium-term corporate notes	69,642,846	A	—	—	7,902,770	61,740,076
Total operating portfolio investments	241,039,415		85,743,865	—	93,555,474	61,740,076
Operating portfolio cash equivalents:						
Money market mutual funds	1,048,565	AAA	—	1,048,565	—	—
LAIF	19,186,978	N/A	19,186,978	—	—	—
Total operating portfolio cash equivalents	20,235,543		19,186,978	1,048,565	—	—
Total operating portfolio cash equivalents and investments	261,274,958		104,930,843	1,048,565	93,555,474	61,740,076
Passenger Facility Charge (PFC) Fund cash equivalents and investments:						
PFC Fund investments:						
U.S. Treasury securities	19,679,137	N/A	19,679,137	—	—	—
U.S. Agency securities:						
Fed. Farm Credit Bank	4,591,584	N/A	—	—	4,591,584	—
Fed. Home Loan Bank	5,245,925	N/A	—	—	5,245,925	—
Fed. Home Loan Mort. Corp.	1,653,208	N/A	—	—	1,653,208	—
Fed. National Mort. Assn.	8,243,387	N/A	—	—	8,243,387	—
Total U.S. Agency securities	19,734,104		—	—	19,734,104	—
Medium-term corporate notes	16,032,476	A	—	—	1,977,321	14,055,155
Total PFC Fund investments	55,445,717		19,679,137	—	21,711,425	14,055,155
PFC Fund cash equivalents:						
Money market mutual funds	305,724	AAA	—	305,724	—	—
Total PFC Fund cash equivalents and investments	55,751,441		19,679,137	305,724	21,711,425	14,055,155
Investments held by bond trustee:						
Money market mutual funds	15,995,174	AAA	—	15,995,174	—	—
Total investments bond trustee	15,995,174		—	15,995,174	—	—
Total cash equivalents and investments	$ 333,021,573		$ 124,609,980	$ 17,349,463	$ 115,266,899	$ 75,795,231

Authorized investment type	Amount	Minimum legal rating	Not required to be rated or not rated	Rating as of year-end AAA	AA	A
As of June 30, 2022:						
Operating portfolio cash equivalents and investments:						
Operating portfolio investments:						
U.S. Treasury securities	$ 80,821,375	N/A	$ 80,821,375	$ —	$ —	$ —
U.S. Agency securities:						
Fed. Farm Credit Bank	3,158,525	N/A	—	—	3,158,525	—
Fed. Home Loan Bank	22,356,485	N/A	—	—	22,356,485	—
Fed. Home Loan Mort. Corp.	12,961,280	N/A	—	—	12,961,280	—
Fed. National Mort. Assn.	41,706,839	N/A	—	—	41,706,839	—
Total U.S. Agency securities	80,183,129		—	—	80,183,129	—
Medium-term corporate notes	65,910,527	A	—	—	10,679,929	55,230,598
Total operating portfolio investments	226,915,031		80,821,375	—	90,863,058	55,230,598
Operating portfolio cash equivalents:						
Money market mutual funds	1,173,315	AAA	—	1,173,315	—	—
LAIF	18,871,837	N/A	18,871,837	—	—	—
Total operating portfolio cash equivalents	20,045,152		18,871,837	1,173,315	—	—
Total operating portfolio cash equivalents and investments	246,960,183		99,693,212	1,173,315	90,863,058	55,230,598
Passenger Facility Charge (PFC) Fund cash equivalents and investments:						
PFC Fund investments:						
U.S. Treasury securities	19,461,281	N/A	19,461,281	—	—	—
U.S. Agency securities:						
Fed. Home Loan Bank	3,470,493	N/A	—	—	3,470,493	—
Fed. Home Loan Mort. Corp.	3,551,933	N/A	—	—	3,551,933	—
Fed. National Mort. Assn.	10,738,639	N/A	—	—	10,738,639	—
Total U.S. Agency securities	19,406,440		—	—	19,406,440	—
Medium-term corporate notes	15,897,047	A	—	—	2,696,877	13,200,170
Total PFC Fund investments	54,764,768		19,461,281	—	22,103,317	13,200,170
PFC Fund cash equivalents:						
Money market mutual funds	413,961	AAA	—	413,961	—	—
Total PFC Fund cash equivalents and investments	55,178,729		19,461,281	413,961	22,103,317	13,200,170
Investments held by bond trustee:						
Money market mutual funds	15,477,881	AAA	—	15,477,881	—	—
Total investments bond trustee	15,477,881		—	15,477,881	—	—
Total cash equivalents and investments	$ 317,616,793		$ 119,154,493	$ 17,065,157	$ 112,966,375	$ 68,430,768

(g) *Fair Value Measurements*

The Authority categorizes its fair value measurements of its investments within the fair value hierarchy established by U.S. GAAP. The hierarchy of inputs used to measure fair value consists of three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs (the Authority has no investments measured using Level 3 inputs).
- Investments in an external government investment pool, such as LAIF, are not subject to reporting within the level hierarchy.

The Authority has the following recurring fair value measurements as of June 30, 2023 and 2022:

	June 30, 2023				June 30, 2022			
Authorized investment type	Total	Level 1	Level 2	Not Leveled	Total	Level 1	Level 2	Not Leveled
Operating portfolio cash equivalents and investments:								
Operating portfolio investments:								
U.S. Treasury securities	$ 85,743,865	$ 85,743,865	$ —	$ —	$ 80,821,375	$ 80,821,375	$ —	$ —
U.S. Agency securities:								
Fed. Farm Credit Bank	16,501,596	—	16,501,596	—	3,158,525	—	3,158,525	—
Fed. Home Loan Bank	29,253,620	—	29,253,620	—	22,356,485	—	22,356,485	—
Fed. Home Loan Mort. Corp.	6,612,830	—	6,612,830	—	12,961,280	—	12,961,280	—
Fed. National Mort. Assn.	33,284,658	—	33,284,658	—	41,706,839	—	41,706,839	—
Total U.S. Agency securities	85,652,704	—	85,652,704	—	80,183,129	—	80,183,129	—
Medium-term corporate notes	69,642,846	—	69,642,846	—	65,910,527	—	65,910,527	—
Total Operating portfolio investments	241,039,415	85,743,865	155,295,550	—	226,915,031	80,821,375	146,093,656	—
Operating portfolio cash equivalents:								
Money market mutual funds	1,048,565	—	1,048,565	—	1,173,315	—	1,173,315	—
LAIF	19,186,978	—	—	19,186,978	18,871,837	—	—	18,871,837
Total Operating portfolio cash equivalents	20,235,543	—	1,048,565	19,186,978	20,045,152	—	1,173,315	18,871,837
Total Operating portfolio cash equivalents and investments	261,274,958	85,743,865	156,344,115	19,186,978	246,960,183	80,821,375	147,266,971	18,871,837

(continued)

	June 30, 2023				June 30, 2022			
Authorized investment type	**Total**	**Level 1**	**Level 2**	**Not Leveled**	**Total**	**Level 1**	**Level 2**	**Not Leveled**
Passenger Facility Charge (PFC) Fund cash equivalents and investments:								
PFC Fund investments:								
U.S. Treasury securities	19,679,137	19,679,137	—	—	19,461,281	19,461,281	—	—
U.S. Agency securities:								
Fed. Farm Credit Bank	4,591,584	—	4,591,584	—	1,645,375	—	1,645,375	—
Fed. Home Loan Bank	5,245,925	—	5,245,925	—	3,470,493	—	3,470,493	—
Fed. Home Loan Mort. Corp.	1,653,208	—	1,653,208	—	3,551,933	—	3,551,933	—
Fed. National Mort. Assn.	8,243,387	—	8,243,387	—	10,738,639	—	10,738,639	—
Total U.S. Agency securities	19,734,104	—	19,734,104	—	19,406,440	—	19,406,440	—
Medium-term corporate notes	16,032,476	—	16,032,476	—	15,897,047	—	15,897,047	—
Total PFC Fund investments	55,445,717	19,679,137	35,766,580	—	54,764,768	19,461,281	35,303,487	—
PFC Fund cash equivalents – money market mutual funds	305,724	—	305,724	—	413,961	—	413,961	—
Total PFC Fund cash equivalents and investments	55,751,441	19,679,137	36,072,304	—	55,178,729	19,461,281	35,717,448	—
Investments held by bond trustee:								
Money market mutual funds	15,995,174	—	15,995,174	—	15,477,881	—	15,477,881	—
Total investments bond trustee	15,995,174	—	15,995,174	—	15,477,881	—	15,477,881	—
Total cash equivalents and investments	$ 333,021,573	$ 105,423,002	$ 208,411,593	$ 19,186,978	$ 317,616,793	$ 100,282,656	$ 198,462,300	$ 18,871,837

(h) Concentration of Credit Risk

The Authority's investment policy limits the amount that can be invested in any one issuer in corporate notes, bankers' acceptances, commercial paper, negotiable certificates of deposit and time certificates of deposit to 5% of the applicable portfolio. The investment policy contains no other limitations on the amount that can be invested in any one issuer beyond that stipulated by the Code. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent 5% or more of total Authority investments, by pool, are as follows:

Issuer	Authorized investment type	Reported amount at June 30, 2023 Amount	2023 Fund %	2022 Amount	2022 Fund %
Operating portfolio investments:					
Federal National Mortgage Association	U.S. Agency securities	$ 33,284,658	13.75%	$ 41,706,839	18.29%
Federal Home Loan Bank	U.S. Agency securities	29,253,620	12.08	22,356,485	9.80
Federal Farm Credit Bank	U.S. Agency securities	16,501,596	6.82	3,158,525	1.38
Federal Home Loan Mortgage Corp.	U.S. Agency securities	6,612,830	2.73	12,961,280	5.68
Passenger Facility Charge Fund investments:					
Federal National Mortgage Association	U.S. Agency securities	8,243,387	14.79	10,738,639	19.46
Federal Home Loan Bank	U.S. Agency securities	5,245,925	9.41	3,470,493	6.29
Federal Farm Credit Bank	U.S. Agency securities	4,591,584	8.24	1,645,375	2.98
Federal Home Loan Mortgage Corp.	U.S. Agency securities	1,653,208	2.97	3,551,933	6.44

(i) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: the Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023 and 2022, a portion of the Authority's deposits with financial institutions were uninsured and the collateral was held in accordance with the Code by the pledging financial institution in the Authority's name, as follows:

	2023	2022
Cash deposits:		
Insured	$ 250,000	$ 250,000
Uninsured, collateral held in the Authority's name	17,430,674	14,760,317
Total cash deposits	17,680,674	15,010,317
Plus deposits in transit	137,678	87,268
Less outstanding checks	(1,192,906)	(1,313,054)
Carrying amount of cash deposits	$ 16,625,446	$ 13,784,531

Investments and money market mutual funds in the Operating portfolio and Passenger Facility Charge Fund portfolio were held in the Authority's name by the trust department of the bank broker-dealer (counter-party) that was used by the Authority to buy the securities and mutual funds.

(j) Investment in the State Treasurer's Local Agency Investment Fund

The Authority is a voluntary participant in the LAIF that is regulated by the Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying basic financial statements at amounts based upon the Authority's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the Authority's position in the LAIF pool. As of June 30, 2023 and 2022, the total amount invested by all California local governments and special districts in LAIF was $25.7 billion and $35.8 billion, respectively. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2023 and 2022 had a balance of $176.4 billion and $231.6 billion, respectively. The PMIA is not SEC-registered, but is required to invest according to the Code.

(4) Capital Assets

Changes in capital assets for the year ended June 30, 2023 were as follows:

	July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated:				
Land	$ 160,065,894	$ —	$ —	$ 160,065,894
Other non-depreciable assets	1,128,515	—	—	1,128,515
Construction in progress	10,006,984	34,625,904	(11,983,469)	32,649,419
Total capital assets not being depreciated	171,201,393	34,625,904	(11,983,469)	193,843,828
Capital assets being depreciated/ amortized:				
Building and improvements	255,846,105	128,893	—	255,974,998
Runways and improvements	149,020,913	10,601,395	—	159,622,308
Machinery and equipment	38,199,756	1,253,181	(741,132)	38,711,805
Intangible right to use asset	523,980	137,004	—	660,984
Total capital assets being depreciated/ amortized	443,590,754	12,120,473	(741,132)	454,970,095
Less accumulated depreciation/ amortization for:				
Building and improvements	(160,740,201)	(7,369,571)	—	(168,109,772)
Runways and improvements	(107,228,744)	(987,993)	—	(108,216,737)
Machinery and equipment	(41,491,751)	(6,993,939)	741,132	(47,744,558)
Intangible right to use asset	(83,378)	(141,376)	—	(224,754)
Total accumulated depreciation/ amortization	(309,544,074)	(15,492,879)	741,132	(324,295,821)
Total capital assets being depreciated/ amortized, net	134,046,680	(3,372,406)	—	130,674,274
Total capital assets, net	$ 305,248,073	$ 31,253,498	$ (11,983,469)	$ 324,518,102

Changes in capital assets for the year ended June 30, 2022 were as follows:

	July 1, 2021	Additions	Deletions	June 30, 2022 (Restated)
Capital assets not being depreciated:				
Land	$ 160,065,894	$ —	$ —	$ 160,065,894
Other non-depreciable assets	1,128,515	—	—	1,128,515
Construction in progress	2,698,604	8,614,787	(1,306,407)	10,006,984
Total capital assets not being depreciated	163,893,013	8,614,787	(1,306,407)	171,201,393
Capital assets being depreciated/ amortized:				
Building and improvements	255,846,105	—	—	255,846,105
Runways and improvements	149,020,913	—	—	149,020,913
Machinery and equipment	36,893,349	1,306,407	—	38,199,756
Intangible right to use asset	—	523,980	—	523,980
Total capital assets being depreciated/ amortized	441,760,367	1,830,387	—	443,590,754
Less accumulated depreciation/ amortization for:				
Building and improvements	(152,566,682)	(8,173,519)	—	(160,740,201)
Runways and improvements	(106,206,799)	(1,021,945)	—	(107,228,744)
Machinery and equipment	(34,295,672)	(7,196,079)	—	(41,491,751)
Intangible right to use asset	—	(83,378)	—	(83,378)
Total accumulated depreciation/ amortization	(293,069,153)	(16,474,921)	—	(309,544,074)
Total capital assets being depreciated/ amortized, net	148,691,214	(14,644,534)	—	134,046,680
Total capital assets, net	$ 312,584,227	$ (6,029,747)	$ (1,306,407)	$ 305,248,073

(5) Long–Term Debt

The following is a summary of changes in long-term debt for the years ended June 30, 2023 and 2022:

	Beginning balance	Additions	Deductions	Ending balance	Due within one year
Year ended June 30, 2023:					
Revenue bonds payable:					
2012 Revenue Bonds:					
2012 Series A	$ 6,715,000	$ —	$ —	$ 6,715,000	$ —
2012 Taxable Series B	64,035,000	—	(1,870,000)	62,165,000	1,950,000
Plus deferred amounts for original issue premium	124,668	—	(6,233)	118,435	—
2015 Revenue Bonds:					
2015 Series B	12,430,000	—	(3,940,000)	8,490,000	4,140,000
Plus deferred amounts for original issue premium	942,007	—	(471,004)	471,003	—
Total long–term debt payable	$ 84,246,675	$ —	$ (6,287,237)	$ 77,959,438	$ 6,090,000
Year ended June 30, 2022:					
Revenue bonds payable:					
2012 Revenue Bonds:					
2012 Series A	$ 6,715,000	$ —	$ —	$ 6,715,000	$ —
2012 Taxable Series B	65,830,000	—	(1,795,000)	64,035,000	1,870,000
Plus deferred amounts for original issue premium	130,901	—	(6,233)	124,668	—
2015 Revenue Bonds:					
2015 Series B	16,185,000	—	(3,755,000)	12,430,000	3,940,000
Plus deferred amounts for original issue premium	1,413,011	—	(471,004)	942,007	—
Total long–term debt payable	$ 90,273,912	$ —	$ (6,027,237)	$ 84,246,675	$ 5,810,000

(a) 2012 Revenue Bonds

On May 10, 2012, the Authority issued $82,165,000 of 2012 Airport Revenue Bonds (2012 Bonds) with an effective interest rate of 5.624% and at an original issue premium totaling $187,886. The 2012 Bonds were issued in two series. The 2012 Bonds are special obligations of the Authority payable solely from, and secured solely by a pledge of, the net revenues and amounts in certain funds established under the Master Indenture of Trust, as amended, and the Debt Service Reserve Fund.

The $6,715,000 Airport Revenue Bonds 2012 Series A (AMT) (2012 Series A Bonds), at an effective interest rate of 4.949%, and the $75,450,000 Airport Revenue Bonds 2012 Taxable Series B (2012 Taxable Series B Bonds), at an effective interest rate of 5.722%, were issued (i) to finance those costs of the RITC project consisting of the CRCF and the portion of the costs of the Replacement Parking Structure attributable to the parking spaces displaced by the CRCF (2012 Bond Project); (ii) to fund the 2012 Debt Service Reserve Fund; (iii) to provide capitalized interest with respect to the 2012 Bonds through July 1, 2014; and to pay the costs of issuance of the 2012 Bonds.

The 2012 Series A Bonds are due in annual installments ranging from $1,155,000 to $5,560,000 from July 1, 2041 to July 1, 2042 at an interest rate of 5.000% payable semiannually on July 1 and January 1 - beginning July 1, 2012, the 2012 Series A Bonds are subject to optional redemption by the Authority, without premium, in whole or in part on any date on and after July 1, 2022 at a redemption price equal to the principal and accrued interest to the redemption date on the portion to be redeemed.

The 2012 Taxable Series B Bonds are due in annual installments ranging from $1,500,000 to $4,970,000 from July 1, 2015 to July 1, 2041 with interest rates ranging from 2.036% to 5.812% payable semiannually on July 1 and January 1 - beginning July 1, 2012, the 2012 Taxable Series B Bonds are subject to optional redemption by the Authority, in whole or in part, on any date, at a Redemption Price equal to the Make-Whole Redemption Price, as defined in the bond official statement, plus unpaid accrued interest.

In accordance with the bond resolution, certain cash accounts (funds) are required to be segregated and minimum balances maintained as summarized in Note 2. There are also a number of other limitations and restrictions contained in the Master Indenture of Trust, as amended. Authority management believes that the Authority has complied with such requirements.

(b) 2015 Revenue Bonds

On April 30, 2015, the Authority issued $32,260,000 of 2015 Airport Revenue Bonds (2015 Bonds) with an effective interest rate of 2.553% and at an original issue premium of $4,383,971. The 2015 Bonds, issued as parity bonds with the 2012 Bonds, were issued in two series to defease the 2005 Airport Revenue Bonds (2005 Bonds). The 2015 Bonds are special obligations of the Authority payable solely from, and secured solely by a pledge of, the net revenues and amounts in certain funds established under the Master Indenture of Trust, as amended, and the Debt Service Reserve Fund (provided through a surety). The 2015 Bonds are not subject to redemption prior to maturity.

The $1,335,000 Airport Revenue Bonds 2015 Series A (non-AMT) (2015 Series A Bonds) were paid in two annual installments on July 1, 2016 and July 1, 2017 at an interest rate of 3.000% and 4.000%, respectively. The $30,925,000 Airport Revenue Bonds 2015 (AMT) Series B (2015 Taxable Series B Bonds) are due in annual installments ranging from $2,070,000 to $4,350,000 from July 1, 2016 to July 1, 2024 with interest rates ranging from 3.000% to 5.000% payable semiannually on July 1 and January 1 beginning January 1, 2016.

The net proceeds of the 2015 Bonds of $36,156,809 plus $3,912,125 of 2005 Bonds Debt Service Funds, $5,942,618 of 2005 Bonds Debt Service Reserve Funds and an Authority contribution of $16,636, totaling $46,028,188, was deposited in an irrevocable trust with an escrow agent to provide for the interest and all outstanding principal of the 2005 Bonds due at July 1, 2015. The 2005 Bonds were called, without premium, on July 1, 2015 and paid in full.

The refunding and defeasance resulted in a difference between the re-acquisition price of the 2015 Bonds and the net carrying amount of the 2005 Bonds of $935,367. This difference, reported in the accompanying basic financial statements as a deferred inflow of resources, is being credited to interest expense through July 1, 2024, the final maturity of the 2015 Bonds, using the straight-line method. The Authority completed the refunding and defeasance to reduce its total debt service payments over the next nine years by $5,215,007 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $4,799,078. The unamortized deferred amount on refunding at June 30, 2023 and 2022 is $102,010 and $204,018, respectively.

A debt service reserve surety was obtained for the $3,664,397 debt service reserve requirement on the 2015 Bonds. The premium on the debt service reserve surety has been capitalized and is being amortized over the life of the 2015 Bonds. The unamortized surety premium at June 30, 2023 and 2022 is $4,728 and $9,455, respectively.

(c) Annual Debt Service Requirements to Maturity

Revenue bond debt service requirements to maturity are as follows:

	2012 Bonds		2015 Bonds		Total		Total debt
	Principal	Interest	Principal	Interest	Principal	Interest	service
Payable in year ending June 30:							
2024	$ 1,950,000	$ 3,831,663	$ 4,140,000	$ 321,000	$ 6,090,000	$ 4,152,663	$ 10,242,663
2025	2,055,000	3,720,284	4,350,000	108,750	6,405,000	3,829,034	10,234,034
2026	2,170,000	3,602,787	—	—	2,170,000	3,602,787	5,772,787
2027	2,290,000	3,478,754	—	—	2,290,000	3,478,754	5,768,754
2028	2,420,000	3,347,769	—	—	2,420,000	3,347,769	5,767,769
2029 – 2033	14,270,000	14,503,754	—	—	14,270,000	14,503,754	28,773,754
2034 – 2038	18,795,000	9,826,448	—	—	18,795,000	9,826,448	28,621,448
2039 – 2043	24,930,000	3,549,077	—	—	24,930,000	3,549,077	28,479,077
Total principal and interest to maturity	68,880,000	$ 45,860,536	8,490,000	$ 429,750	77,370,000	$ 46,290,286	123,660,286
Unamortized portion of: Original issue premium	118,435		471,003		589,438		589,438
Less current portion of principal	(1,950,000)		(4,140,000)		(6,090,000)		(6,090,000)
Total long-term portion of revenue bonds payable	$ 67,048,435		$ 4,821,003		$ 71,869,438		$ 118,159,724

(d) Pledged Revenues

The 2012 Bonds and 2015 Bonds are special obligations of the Authority payable solely from, and secured solely by a pledge of, the Net Revenues (operating revenue plus investment income on operating funds less operating expenses before depreciation) and amounts in certain funds established under the Master Indenture of Trust and the Debt Service Reserve Fund. Net Revenues are adjusted to reflect any reclassifications of certain operating revenues and expenses, as defined in the Master Indenture of Trust, due to the implementation of new accounting pronouncements. The Authority covenants that the ratio of Net Pledged Revenues plus transfers to the Surplus Fund to net accrued debt service on parity obligations will be 1.25 or greater (coverage rate covenant) and that Net Revenues plus transfers to the Surplus Fund will equal or exceed the sum of net accrued debt service on parity obligations and required deposit to Debt Service Reserve, Operating Reserve and other accounts (general rate covenant).

The computation of the coverage rate covenant and general rate covenant as of June 30, 2023 and 2022 are as follows:

	2023	2022
Pledged Revenues	$ 36,480,982	$ 23,603,444
Transfers to Surplus Fund	2,600,098	2,599,114
Net Pledged Revenues	$ 39,081,080	$ 26,202,558
Accrued debt service on 2012 Bonds	$ 5,835,892	$ 5,834,956
Less: Customer Facility Charges collected and deposited to the debt service fund	(5,035,704)	(4,581,381)
Accrued debt service on 2015 Bonds	4,564,500	4,561,500
Net accrued debt service on parity obligations	$ 5,364,688	$ 5,815,075
Ratio of Net Pledged Revenues to net accrued debt service on parity obligations	7.28	4.51
Pledged Revenues plus transfers to Surplus Fund	$ 39,081,080	$ 26,202,558
Less: transfers to Operating Reserve	(1,622,819)	—
Less: net accrued debt service on parity obligations	(5,364,688)	(5,815,075)
Excess of pledged revenues over net accrued debt service on parity obligations and transfers to Operating Reserve	$ 32,093,573	$ 20,387,483

The estimated aggregate total amount of pledged net revenues and amounts in the funds established under the Master Indenture of Trust related to the 2012 Bonds and 2015 Bonds is equal to the remaining debt service on the 2012 Bonds and 2015 Bonds at June 30, 2023 of $123,660,286. The pledged revenues are in force during the term of the 2012 Bonds and 2015 Bonds with final maturity on July 1, 2042.

(e) Events of Default

Events of default under the Master Indenture of Trust related to the 2012 Bonds and 2015 Bonds include: (a) non-payment of the principal and/or interest due; (b) non-payment of the parity purchase price of any outstanding Bond(s) or other parity obligation(s) which are tender obligations; (c) a breach of a covenant if the default continues for a period of 120 days after written notice specifying such default and requiring the default to be remedied was given to the Authority by the Trustee or to the Authority and to the Trustee by the bond owners who held not less than 25% in aggregate principal amount of the outstanding Bond(s); (d) non-payment of any parity obligation that is declared due and payable as a result of an event of default; and (e) an event of bankruptcy. There is an acceleration remedy in the event of default that allows the Trustee, with the consent of each credit provider and at the direction of the Bond owners that hold a majority in principal amount of the outstanding Bond(s), to declare the principal of the outstanding Bond(s) and interest accrued to the date of payment to be immediately due and payable.

(6) Retirement Plan

Effective February 1, 2023 through June 30, 2026, the Authority entered into a replacement employment contract with the Burbank Airport Police Officers Association (BAPOA) which, among other things, called for the continued implementation of a 401(a) employer-sponsored defined contribution plan (401(a) Plan) and a 457(b) government deferred compensation plan (457(b) Plan) sponsored by the BAPOA. The Authority contributes 6.5%, increased to 7% as of February 1, 2023, of eligible base salaries and overtime as a retirement contribution to the 401(a) Plan, payable as part of bi-weekly payroll. Effective February 1, 2023, officers may make voluntary contributions to the 457(b) Plan with the Authority matching and contributing up to a maximum of 6% of eligible base salaries. Officers may take loans against contributions. All employees are eligible to participate upon hire and contributions and earnings vest immediately. The 401(a) Plan and the 457(b) Plan are administered by Transamerica Retirement Solutions.

Total salaries and benefits for the Airport Police Officers were $7,277,119 and $6,362,897 for the years ended June 30, 2023 and 2022, respectively. The Authority's contributions have been calculated using the base salary plus overtime amount of $4,833,792 and $4,809,813 for the years ended June 30, 2023 and 2022, respectively. The Authority made the required accruals and contributions, amounting to $323,188 and $299,676 in the years ended June 30, 2023 and 2022, respectively.

(7) Leases

As a lessor, the Authority recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset to lessee. The Authority does not have any leases of assets held as investment or leases that transfer ownership of the underlying asset to lessee. As a 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 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. For the purposes of the GASB Statement No. 87 implementation, the Authority's leases have been categorized as follows:

1. Regulated Leases
2. Short-term and Variable Payment Leases
3. Other Leases

(a) Regulated Leases

The Airport 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, air carriers and other aeronautical users. Regulated leases include the Airport Use Agreement and related airline leases, as well as contracts with Fixed Based Operators (FBOs), and aeronautical hangar leases.

In FY 2022 the Authority executed amendments to its Airport Use Agreements (AUA) with nine commercial airlines (Signatory Airlines), which are set to expire on June 30, 2025. The AUAs define the relationship between the Authority and the Signatory Airlines. In exchange for authorization to operate at the Airport, including within the passenger terminal, each Signatory Airline is responsible for costs of the Airport not covered by other Authority revenues such as concession fees, hangar rents, and parking revenues. The AUAs also stipulate joint use fees for common shared areas and equipment, office and storage spaces, cargo areas, and other air carrier operations support spaces to be used and paid for by each Signatory Airline. By definition, the Authority's AUAs are considered regulated leases and do not recognize a lease receivable and corresponding deferred inflow of resources.

The Authority also maintains other numerous aeronautical agreements that are considered regulated leases. These agreements include two FBOs that provide general aviation services and hangar leases for aircraft storage and cargo operations. Revenues from regulated leases of $15,489,630 and $14,334,197 were recorded in the years ended June 30, 2023 and 2022, respectively. These revenue are included in Tenant rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

(b) Short-term and Variable Payment Leases

The Airport does not recognize a lease receivable and a deferred inflow of resources for short-term and variable payment leases. Short-term leases are certain leases that, at the commencement of the lease term, has a maximum possible term under the lease agreement of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Month-to-month leases are considered short-term. Variable payment leases are certain leases that are not based on fixed amount payments, but rather have a variable component such as payments based on a percentage of sales, provisions for reallocation of square footage, etc.

The Authority has various short-term leases for Airport property and land. These short-term leases are based on a month-to-month term. Revenues from short-term leases of $1,434,499 and $1,435,424 were recorded in the years ended June 30, 2023 and 2022, respectively. These revenues are included in Parking, Concessions, and Tenant rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

The Authority has various variable payment leases with in-terminal concessions and rental car companies. These leases have variable payments based on 1) activities, such as a percentage of sales or an amount per transaction, 2) annually adjusted rates, not based on an index such as the Consumer Price Index, and square footage re-allocations due to activity based metrics, and/or 3) a percentage of the prior year's total remitted amount. Revenues from variable payment leases of $9,667,971 and $9,215,188 were recorded in the years ended June 30, 2023 and 2022, respectively. These revenues are included in Concessions and Tenant rent revenues on the Statement of Revenues, Expenses and Changes in Net Position.

(c) Other Leases

The Authority recognizes a lease receivable and a deferred inflow of resources for leases the Authority, as the lessor, categorizes as in-scope of GASB Statement No. 87. The Authority has two main types of in-scope GASB Statement No. 87 leases: fixed payment concession leases and non-aeronautical property leases. Fixed payment concession leases include food and beverage, sundries, and advertising tenants at the Airport. Non-aeronautical property leases contain various leases for property and space that are used for non-aeronautical purposes such as vehicle and equipment storage.

The general terms of the fixed payment concession leases require the greater of a minimum annual guarantee (MAG), which is a fixed monthly amount increased annually by 3% or by defined terms based on an inflation index such as the Consumer Price Index (CPI), or a percentage of gross sales to be remitted by the lessee in exchange for the non-exclusive right, privilege and concession to conduct on-airport business. If the percentage of gross sales exceeds the MAG, the excess is remitted as over-MAG revenues.

The general terms of the Authority's non-aeronautical property leases are based on an amount per square footage or a defined annual base rent paid in monthly installments. These amounts are usually adjusted annually based on CPI.

At June 30, 2023 and 2022, the Authority's current lease receivables are $3,580,829 and $4,065,850, respectively, and noncurrent lease receivables are $6,663,553 and $10,244,382, respectively. For each of the fiscal years ended June 30, 2023 and 2022, the Authority reported lease revenue, included in Concessions and Tenant rent on the Statement of Revenues, Expenses and Changes in Net Position, of $7,685,537 and $6,949,853, respectively, of which $2,131,727 and $2,402,573, respectively, were related to over-MAG revenues. Additionally, for each fiscal years ended June 30, 2023 and 2022, the Authority reported interest income of $393,501 and $519,784, respectively, related to lease payments received.

The future expected lease receivable and revenue balances for in-scope GASB Statement No. 87 leases are summarized as follows:

Fiscal year ending June 30:	Beginning Lease Receivable	Annual Lease Revenue	Ending Lease Receivable	Interest Revenue
2024	$ 10,244,382	$ 3,580,829	$ 6,663,553	$ 267,097
2025	6,663,553	3,196,841	3,466,712	164,163
2026	3,466,712	2,904,498	562,214	64,247
2027	562,214	562,214	—	4,113

(8) Subscription-Based Information Technology Arrangements

The Authority recognizes a subscription liability and a subscription asset at the commencement of a subscription-based information technology arrangement (SBITA) term unless the subscription is a short-term SBITA. The subscription liability is measured at the present value of payments expected to be made during the subscription term, less any vendor incentives. The subscription asset is measured at the amount of the initial measurement of the subscription liability, plus any payments made to the SBITA vendor at the commencement of the subscription term, and certain initial implementation costs. The subscription asset is reported as an intangible right to use asset under the capital assets section in the Statements of Net Position. The Authority has established a reporting materiality threshold of $100,000 per asset for the application of GASB Statement No. 96 and determination of in-scope SBITA contracts.

In accordance with GASB Statement No. 96, the Authority recognizes a subscription liability and a subscription asset for SBITAs the Authority categorizes as in-scope of GASB Statement No. 96. The Authority maintains three in-scope SBITAs for certain airport management operations that include a FAA Part 139 compliance and safety management system, a procurement management system, and an airport gate management system. These SBITAs are multi-year agreements with fixed monthly or annual subscription pricing that do not include any variable payment terms or other additional payment terms, such as termination penalties.

The subscription assets as of June 30, 2023 and 2022 totaled $660,984 and $523,980, respectively, and the related accumulated amortization as of June 30, 2023 and 2022 totaled $224,754 and $83,378, respectively. The remaining subscription liabilities, including both current and noncurrent portions, as of June 30, 2023 and 2022 totaled $255,519 and $204,802, respectively. The amount of expenses recognized for fiscal years ended June 30, 2023 and 2022 for variable and other payments not previously included in the measurement of the subscription liabilities was $0 for both fiscal years.

Principal and interest requirements to maturity for the in-scope GASB Statement No. 96 subscription liabilities, both current and noncurrent portions, are summarized as follows:

Fiscal year ending June 30:	Beginning Subscription Liabilities	Principal	Ending Subscription Liabilities	Interest Expense
2024	$ 255,519	$ 75,329	$ 180,190	$ 8,730
2025	180,190	77,963	102,227	6,096
2026	102,227	75,389	26,838	3,375
2027	26,838	26,838	—	1,162

(9) Passenger Facility Charges

In June 1994, the FAA approved the Authority’s application to collect a $3.00 PFC per enplaned passenger to provide funds for specifically approved airport improvement projects to begin September 1, 1994. Effective April 1, 2003, the FAA approved an increase of the charge from $3.00 to $4.50. PFC funds collected are restricted and may only be used on specific FAA approved projects. All PFC funds collected are maintained in a separate interest-bearing account administered by the Authority prior to disbursement.

Total PFC revenue for the years ended June 30, 2023 and 2022 totaled $12,882,716 and $9,687,636, respectively, including an investment income, due to the change in fair market valuation, on the PFC investment portfolio of $750,064 and investment loss of $1,715,173, respectively.

During the year ended June 30, 2023, funds totaling $5,433,839 for eligible costs expended on PFC projects during FY 2023 were reimbursed to the Operating Fund from the PFC Fund. During the year ended June 30, 2022, funds totaling $2,642,161 for eligible costs expended on PFC projects during FY 2022 were reimbursed to the Operating Fund from the PFC Fund.

(10) Customer Facility Charges

Effective December 1, 2009, the Authority adopted a $10 CFC per rental car transaction to provide for the planning, design, construction and financing of a CRCF in accordance with *California Civil Code Section 1936 et. seq.,* as amended. Effective July 1, 2011, the Authority implemented an alternative CFC rate of $6 per rental car transaction day up to a maximum of five days. All CFC funds collected are maintained in a separate account administered by the Authority prior to disbursement. CFC revenue for the years ended June 30, 2023 and 2022 totaled $5,035,162 and $4,682,637, respectively. In accordance with the Bond Indenture, all CFC revenues collected subsequent to July 1, 2014 are transferred to the 2012 Bonds Debt Service Fund, which amounted to $5,035,704 and $4,581,381 for the years ended June 30, 2023 and 2022, respectively. CFC revenues plus residual Facility Rent, as necessary, are used to pay debt service on the 2012 Bonds. The balance in the CFC Fund of $1,814,161 is available for uses in accordance with the agreements between the Authority and the RACs for operation in the CRCF.

(11) Related-Party Transactions

The Authority is charged for services and items from City of Burbank departments that are categorized in the various expense line items in the statements of revenues, expenses, and changes in net position and are included in various capital assets for permits and related fees. The most significant related-party transactions with the City are payments for utilities and City parking tax. Amounts due to related parties at June 30, 2023 and 2022 are included in accounts payable and accrued expenses on the accompanying basic financial statements.

The Airport is subject to a 12% tax on parking revenue payable to the City of Burbank on a quarterly basis. The Authority incurred parking tax expense totaling $3,091,506 and $2,678,382 during the years ended June 30, 2023 and 2022, respectively. Amounts due to the City of Burbank for parking taxes were $786,322 and $788,813 at June 30, 2023 and 2022, respectively.

The Authority incurred electricity, water, and wastewater utilities expenses related to various operating activities, non-operating activities, and capital projects from Burbank Water and Power during the years ended June 30, 2023 and 2022 totaling $2,649,476 and $2,536,388 (including amounts charged back to tenants of $743,066 and $514,315), respectively. Amounts due to Burbank Water and Power were $228,646 and $228,719 at June 30, 2023 and 2022, respectively.

In June 2023, the Authority approved payment of an aid-in-construction deposit with the City of Burbank for Burbank Water and Power to purchase long-lead electrical items required to bring temporary power for the construction of the Replacement Passenger Terminal project. The aid-in construction deposit of $494,000 was paid during the year ended June 30, 2023.

(12) Commitments and Contingencies

(a) Litigation and Claims

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers’ compensation; war risk and natural disasters for which the Authority carries commercial insurance, subject to deductibles ranging from $1,000 to $100,000. No settlements exceeded insurance coverage in the past three fiscal years.

One lawsuit and claim as described below, arising in the normal course of the Authority's operations, was pending at June 30, 2023. The Authority does not anticipate material adverse effects on the financial position of the Authority from the disposition of this lawsuit and claim:

City of Los Angeles v. Federal Aviation Administration, Burbank-Glendale-Pasadena Airport Authority

The lawsuit, filed on July 12, 2021, challenges the FAA's May 2021 adoption of a Final Environmental Impact Statement (EIS) and Record of Decision (ROD) for the Authority's Replacement Passenger Terminal (RPT) project. The First Amended Petition for Review of Agency Action, filed on August 26, 2021 alleges that the EIS did not adequately describe the project, analyze its impacts, or analyze reasonable alternatives. The lawsuit seeks to have the court set aside the Final EIS and ROD, order the FAA to conduct a revised environmental analysis, enjoin the project until further environmental review occurs, and award the City costs, expenses, and attorneys' fees. The lawsuit does not seek any damages. The administrative record for the case was prepared and certified by the FAA. Following a full briefing on the merits, the court heard oral arguments on October 18, 2022. On March 19, 2023, the court issued its Opinion which denied the First Amended Petition on all grounds other than the challenge relating to analysis of construction-related noise impacts. On May 22, 2023, the court issued its mandate stating that the judgment resulting from the decision on March 29, 2023 took effect. Subsequent to June 30, 2023, the FAA has released its Draft Written Re-evaluation for public review.

(b) Contracted Services

The Authority has contracted with TBI to perform certain airport administrative, maintenance, ARFF services, and operational services. Compensation under the agreement is based on a base management fee and reimbursement of operating costs, primarily salaries and benefits. A budget for TBI costs is prepared each year and is subject to review and approval as part of the Authority's annual budget process. The management fee is adjusted annually based on increases or decreases to certain operating costs. Costs incurred under the contract for the years ended June 30, 2023 and 2022, respectively, are as follows:

	2023	2022
Contracted airport services	$ 15,579,178	$ 14,376,608
Aircraft rescue and firefighting services	3,686,682	3,591,874
Capitalized to constructed capital assets	226,455	89,041
Other expenses	86,345	145,523
Total airport management contract costs	$ 19,578,660	$ 18,203,046

The Authority has contracted with SP+ for self-park management and valet parking services in addition to implementing an e-Commerce platform for online pre-booking services for parking. Compensation under the contract is based on a fixed management fee and reimbursement of operating costs. These costs are subject to review and approval as part of the Authority's annual budget process. Costs under the contract for the years ended June 30, 2023 and 2022 are $5,136,926 and $4,599,565, respectively.

The Authority has also contracted with MV Transportation to provide turn-key employee and customer shuttle services to and from the Airport's remote parking lots. The costs of the shuttle services for the years ended June 30, 2023 and 2022 are $2,845,747 and $1,895,596, respectively.

(c) Contract Commitments

The Authority had significant contract commitments outstanding as of June 30, 2023 for various capital projects totaling $44,553,336 for the Taxiway C and shoulder rehabilitation, Lot F parking improvements, landside paving, Runway 8 precision approach pathway indicators navigation and equipment relocation, and the RPT project.

(d) Federal and Other Grants

As of June 30, 2023, the Authority had nonexpended, noncancelable grant commitments of $2,703,162 of which $2,560,424 is related to ARPA Concession Rent Relief and $142,738 for Taxiway C and shoulder rehabilitation.

The Authority has been awarded various federal and other grants. Grants awarded and expenditures against those grants for the years ended June 30, 2023 and 2022, respectively, are as follows:

Award Date	Award Amount	Project description	Expenditures charged to grant 2023	Expenditures charged to grant 2022
Aug. 2017	$ 2,417,000	Conduct environmental study	$ —	$ 225,728
Sep. 2020	51,198	FEMA Grant	11,064	—
Aug. 2020	758,166	Acquire ARFF Truck	—	752,166
Sep. 2020	2,167,160	Rehab. Delta Ramp	—	267,160
Apr. 2021	7,038,348	CRRSAA Grant	—	7,038,348
Apr. 2021	640,106	CRRSAA Concessions Relief Addendum	640,106	—
Aug. 2021	20,749,123	ARPA Grant	12,919,992	7,829,131
Dec. 2021	2,560,424	ARPA Concessions Rent Relief	—	—
Aug. 2022	2,902,762	Rehab. Taxiway C and Shoulder	2,606,283	—
Total expenditures charged to federal grants			16,177,445	16,112,533
Jun. 2015	180,000	CoLA – Measure R, I-5 support services	—	—
May 2022	60,000	Cal OES High Frequency Communications Equipment Program	—	—
Total expenditures charged to local grants			—	—
Total expenditures charged to grants			$ 16,177,445	$ 16,112,533

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or single audit of the federal grant programs which resulted in disallowed costs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, the Authority has complied with provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Subsequent to June 30, 2023, the Authority received two FAA Infrastructure Investment and Jobs Act - Bipartisan Infrastructure Law (IIJA-BIL) grants in the amounts of $30 million (competitive portion) and $15.9 million (formulaic portion) for the RPT project formulation, which will be utilized in FY 2024.

(13) Replacement Passenger Terminal Project

On August 1, 2016, the City of Burbank approved a Development Agreement associated with entitlement of the RPT project and on November 8, 2016, voters in the City of Burbank passed Measure B (70% approval) allowing for the development of a RPT at the Airport. The RPT project, as defined in the Development Agreement between the City of Burbank and the Authority, includes a 14-gate replacement passenger terminal of 355,000 square feet, associated aircraft ramp, public and staff parking facilities, ground service equipment and cargo support facilities, a new terminal loop roadway, and demolition of the existing 14-gate passenger terminal.

Since the passage of Measure B, the Authority has addressed multiple tasks for the RPT project including the completion and receipt of conditional approval by the FAA for its Airport Layout Plan (ALP); completion of the Environmental Impact Statement under the National Environmental Policy Act (NEPA); completion of a concept validation and updated cost estimate; selection of a project delivery method and program manager; completion of six public charettes; selection of a progressive design-build firm; establishment of a commercial paper program to be used as interim financing; application and receipt of federal funding sources, such as PFCs and federal grants, for program formulation and design phase of the project; and continued financial analysis for a permanent plan of finance for the RPT.

In September 2021, the RPT project was reinstated after an 18-month suspension due to the COVID-19 pandemic. In May 2022, Jacobs Project Management Inc. assumed program management responsibilities of the project. On December 19, 2022, the Authority awarded a progressive design-build agreement to Holder, Pankow, TEC Joint Venture (HPTJV) and authorized HPTJV to proceed with Phase 1, design and pre-construction services, of the project. The RPT's current design-to-budget is $1.25 billion, with 60% design to be completed by April 2024 at which time a GMP will be provided to the Authority. The target completion date of the RPT is October 2026.

The RPT project is anticipated to be funded through a combination of General Airport Revenue Bonds (GARBS), FAA AIP grants, IIJA-BIL grants, PFC revenue, and contributions from the Authority's Facility Development Reserve Fund.

The Authority is continuing its financial analysis of available funding sources based on the timing of cash flow requirements of the project. The Authority has been able to secure certain sources of funds through the issuance date of this report. In May 2023, the Authority received FAA approval for PFC Application No. 21 in the amount of $48.4 million for impose and use authority of the RPT design. Subsequently, in June 2023, the Authority selected Barclays Bank and Sumitomo Mitsui Bank Corporation as letter of credit providers for a $200 million commercial paper program to provide interim financing to support the development of the RPT project. As of June 30, 2023, the Authority has not issued any commercial paper and may issue its first commercial paper in the third quarter of FY 2024. Finally, in September 2023, the Authority also received two IIJA-BIL grants from the FAA in the amounts of $30 million (competitive portion) and $15.9 million (formulaic portion) for project formulation. The Authority plans to utilize these funds in FY 2024 as the project progresses into the construction phase.

More information and ongoing updates to the RPT project can be found at www.elevatebur.com.