

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

Schedule of Passenger Facility Charge
Revenues and Expenditures

Year ended June 30, 2023

(With Independent Auditor's Reports Thereon)

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**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

Schedule of Passenger Facility Charge Revenues and Expenditures
Year ended June 30, 2023

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**Independent Auditor’s Report on Compliance for the Passenger
Facility Charge Program; Report on Internal Control Over Compliance; and
Report on Schedule of Passenger Facility Charge Revenues and Expenditures Required by the PFC
Guide**

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

Report on Compliance for the Passenger Facility Charge Program

Opinion

We have audited the Burbank-Glendale-Pasadena Airport Authority’s (Authority) compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (PFC Guide), issued by the Federal Aviation Administration (FAA), applicable to the Authority’s Passenger Facility Charge (PFC) program for the year ended June 30, 2023.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that are applicable to the Authority’s PFC program for the year ended June 30, 2023.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

Our audit was designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Passenger Facility Charge Revenues and Expenditures Required by the PFC Guide

We have audited the basic financial statements of the Authority, as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (PFC Schedule) is presented for purposes of additional analysis as required by the PFC Guide and is not a required part of the Authority's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the PFC Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.



Walnut Creek, California
December 15, 2023

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**BURBANK-GLENDALE-PASADENA
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Schedule of Passenger Facility Charge Revenues and Expenditures

Year ended June 30, 2023 and each quarter during the
period from July 1, 2022 through June 30, 2023

(With cumulative total amounts at June 30, 2023 and 2022)

Revenues	Application number	Initial Date approved	Impose Amount approved	Use Amount approved	Cumulative total – June 30, 2022	Quarter ended				Year ended June 30, 2023	Cumulative total – October 1, 1994 to June 30, 2023
						September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023		
Passenger facility charge revenues					\$ 239,499,901	\$ 3,008,408	3,134,579	2,608,905	3,060,047	\$ 11,811,939	\$ 251,311,840
Interest earned (note 4)					15,526,752	358,936	219,635	248,478	32,201	859,250	16,386,002
Total passenger facility charge revenues					\$ 255,026,653	\$ 3,367,344	\$ 3,354,214	\$ 2,857,383	\$ 3,092,248	\$ 12,671,189	\$ 267,697,842
Expenditures											
Runway reconstruction/land acquisition – Plant C-1	94-01-C-03-BUR	06/17/94	\$ 33,330,107	\$ 5,500,929	\$ 5,500,929	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,500,929
Land acquisition – Plant B-6	96-02-U-02-BUR	02/05/97	—	27,829,178	27,829,178	—	—	—	—	—	27,829,178
Sound insulation/other miscellaneous airport projects	00-04-C-01-BUR	04/02/01	73,699,087	73,699,087	30,434,310	—	—	—	—	—	30,434,310
Terminal security enhancement project	03-05-C-02-BUR	04/11/03	22,648,756	22,648,756	22,648,756	—	—	—	—	—	22,648,756
Runway rehabilitation/other miscellaneous projects	04-06-C-02-BUR	05/27/04	7,862,275	7,862,275	7,862,275	—	—	—	—	—	7,862,275
Airport infrastructure/other miscellaneous projects	06-07-C-09-BUR	06/26/06	35,587,203	21,067,892	21,067,892	—	—	—	—	—	21,067,892
Airport infrastructure/other miscellaneous projects	09-09-C-03-BUR	09/28/09	24,965,000	27,825,931	23,057,668	—	—	—	—	—	23,057,668
Airport infrastructure/other miscellaneous projects	09-10-C-03-BUR	10/19/09	951,400	12,609,780	12,295,644	—	—	—	—	—	12,295,644
Regional Intermodal Transportation Center	11-11-C-01-BUR	06/27/11	19,376,522	19,376,522	19,376,522	—	—	—	—	—	19,376,522
Airport infrastructure/other miscellaneous projects	11-12-C-01-BUR	07/15/11	3,036,327	3,036,327	3,036,327	—	—	—	—	—	3,036,327
Airport infrastructure/other miscellaneous projects	15-13-C-01-BUR	08/13/15	9,391,179	9,391,179	7,901,702	—	—	—	—	—	7,901,702
Airport infrastructure/other miscellaneous projects	17-14-C-00-BUR	09/01/17	6,105,679	6,105,679	5,565,014	—	—	—	—	—	5,565,014
Airport infrastructure/other miscellaneous projects	20-16-C-00-BUR	03/11/20	6,037,826	6,037,826	5,522,661	27,297	—	—	—	27,297	5,549,958
Airport infrastructure/other miscellaneous projects	20-18-C-00-BUR	09/09/21	8,125,518	8,125,518	2,350,629	1,880,435	420,641	1,353,442	812,444	4,466,962	6,817,591
Airport infrastructure/other miscellaneous projects	20-19-C-01-BUR	08/27/21	540,583	540,583	—	124,329	10,098	137,181	5,744	277,352	277,352
Airport infrastructure/other miscellaneous projects	23-20-C-00-BUR	02/06/23	3,785,098	3,785,098	—	—	—	662,228	—	662,228	662,228
Airport infrastructure/other miscellaneous projects	23-21-C-00-BUR	05/15/23	48,403,420	48,403,420	—	—	—	—	—	—	—
Total expenditures on approved passenger facility charge projects			\$ 303,845,980	\$ 303,845,980	\$ 194,449,507	\$ 2,032,061	\$ 430,739	\$ 2,152,851	\$ 818,188	\$ 5,433,839	\$ 199,883,346

See accompanying notes to schedule of passenger facility charge revenues and expenditures.

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Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

Year ended June 30, 2023

(1) General

The Aviation Safety and Capacity Expansion Act of 1990 (Public Law 101-508, Title II, Subtitle B) authorized the local imposition of Passenger Facility Charges (PFC) and use of PFC revenue on Federal Aviation Administration (FAA) approved projects. On June 17, 1994, the FAA approved a \$3.00 Passenger Facility Charge collection at the Burbank-Glendale-Pasadena Airport Authority (Authority) effective September 1, 1994. Subsequently, in fiscal year (FY) 2003, the FAA approved an increase in the collection fee from \$3.00 to \$4.50 at the Authority effective April 1, 2003.

There are a total of nine active Applications (approved PFC projects) as of June 30, 2023. On October 26, 2022, the Authority submitted Application No. 23-20-C-00-BUR. The Final Agency Decision was issued by the FAA approving Application 20 on February 6, 2023, in the amount of \$3,785,098 for 12 projects. On November 30, 2022, the Authority submitted Application No. 23-21-C-00-BUR. The Final Agency Decision was issued by the FAA approving Application 21 on May 15, 2023, in the amount of \$48,403,420 for the Replacement Passenger Terminal Project design and PFC administrative costs.

The Impose Amount represents the total Collection Authority for the application and the Use Amount represents the total Use Authority for the application. Differences between the Impose Amount and Use Amount for a specific application are because, in certain applications, an Impose Only amount was included in one application with the corresponding Use Amount being approved and included in a different application(s). Use Authority of Application No. 96-02-U-02-BUR of \$27,829,178 is included in the Collection Authority of Application No. 94-01-C-03-BUR. Additionally, \$2,860,931 and \$11,658,380 of the Use Authority of Application Nos. 09-09-C-03-BUR and 09-10-C-03-BUR, respectively, are included in the Collection Authority of Application No. 06-07-C-09-BUR.

These approved amounts are reflected on the accompanying Schedule of Passenger Facility Charge Revenues and Expenditures (Schedule) on page 5.

(2) Basis of Accounting

The accompanying Schedule is presented using the cash basis of accounting, whereby revenues and expenditures are recognized during the period in which they are received or disbursed.

(3) Schedule of Passenger Facility Charge Revenues and Expenditures

The accompanying Schedule presents the PFC revenues received and expenditures disbursed on approved projects. The Schedule includes the application number of the latest amendment, the original application approval date, and the total application approval amount, as amended.

Revenues received and expenditures spent on approved projects in the accompanying Schedule agree with the amounts reported in the PFC Quarterly Status Reports submitted by the Authority to the FAA.

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Notes to Schedule of Passenger Facility Charge Revenues and Expenditures

Year ended June 30, 2023

(4) Interest Earned

The excess of PFC revenues collected over expenditures incurred on qualifying PFC projects is invested by the Authority's investment manager in accordance with the Authority's Investment Policy. Permitted investments include U.S. Treasury securities, U.S. Agency securities, Medium-Term Corporate Notes and Money Market Funds invested in U.S. Treasury Securities. These investments, which are allowed for a maximum of five years, are generally held to maturity. The rate of return on these investments is dependent upon the market yield at the time they were purchased. Accordingly, when the coupon rate for such investments is different from the market yield on such investments, the investments are purchased at a premium or discount to par to reflect such market yield.

In addition, for investments purchased on a date other than the interest payment date for that investment, the interest from the beginning of that coupon period is paid together with the purchase price plus premium or minus discount. The next coupon payment on such investment will be for the whole coupon period.

On the accrual basis of accounting, such premiums or discounts are amortized over the life of the investment and purchased interest is treated as interest receivable. Because the accompanying Schedule reflects the cash basis of accounting, such premiums or discounts are only recognized when the investment matures or is sold, rather than over the life of the investment, and such purchased interest is deducted from interest revenue in the period purchased. When premiums on maturing investments and purchased interest exceed the sum of coupon payments received, discounts on maturing investments and gain (loss) on sale of investments, it will result in negative interest earned for that quarter.

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Notes to Schedule of Passenger Facility Charge Revenues and Expenditures
Year ended June 30, 2023

The components of interest received — coupon payments received; gain (loss) on sale of investments, net; interest purchased at investment purchase date, and impact of investments purchased at a discount (premium), net — for the year ended June 30, 2023 are as follows:

Month	Coupon Payments Received	Gain (loss) on sale of investments, net	Interest purchased at investment purchase date	Impact of maturing investments purchased at a discount (premium), net	Total
July 2022	\$ 132,035	\$ —	\$ —	\$ 19,417	\$ 151,452
August 2022	96,936	—	—	(3,998)	92,938
September 2022	99,486	—	(22,375)	37,435	114,546
	<u>328,457</u>	<u>—</u>	<u>(22,375)</u>	<u>52,854</u>	<u>358,936</u>
October 2022	77,701	—	(1,416)	(9,770)	66,515
November 2022	71,908	—	—	1,687	73,595
December 2022	81,830	—	(2,305)	—	79,525
	<u>231,439</u>	<u>—</u>	<u>(3,721)</u>	<u>(8,083)</u>	<u>219,635</u>
January 2023	153,841	—	(24,740)	(100,067)	29,034
February 2023	111,016	—	(6,361)	1,470	106,125
March 2023	120,802	—	(5,400)	(2,083)	113,319
	<u>385,659</u>	<u>—</u>	<u>(36,501)</u>	<u>(100,680)</u>	<u>248,478</u>
April 2023	87,638	—	—	(70,830)	16,808
May 2023	95,587	—	(27,105)	(5,634)	62,848
June 2023	89,061	—	(28,487)	(108,029)	(47,455)
	<u>272,286</u>	<u>—</u>	<u>(55,592)</u>	<u>(184,493)</u>	<u>32,201</u>
Total	<u>\$ 1,217,841</u>	<u>\$ —</u>	<u>\$ (118,189)</u>	<u>\$ (240,402)</u>	<u>\$ 859,250</u>

(5) Cumulative Total

Cumulative total columns on the Schedule are presented for additional analytical data. Such information is not necessary for a fair presentation of the Schedule.