

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

Single Audit Reports

Year ended June 30, 2023

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Single Audit Reports

Year ended June 30, 2023

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Burbank-Glendale-Pasadena Airport Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Macias Gini E O'Connell LPA". The signature is written in a cursive, slightly slanted style.

Walnut Creek, California
December 15, 2023

**Independent Auditor’s Report on Compliance for
The Major Federal Program; Report on Internal Control
Over Compliance; and Report on Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Burbank-Glendale-Pasadena Airport Authority’s (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority’s major federal program for the year ended June 30, 2023. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one 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 requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we 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 Uniform Guidance, 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 with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

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



Walnut Creek, California
December 15, 2023

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal grantor/program title	Assistance listing number	Project number	Award amount	Grant funds receivable (unspent revenue) July 1, 2022	Grant funds and interest received	Total Federal Expenditures	Grant funds receivable (unspent revenue) June 30, 2023
U.S. Department of Justice:							
Direct Program:							
Criminal Division, Asset Forfeiture and Money							
Laundering Section:							
Federal Equitable Sharing Program (Asset Forfeiture)	16.922	N/A	\$ 10,484	\$ (10,302)	\$ 182	\$ —	\$ (10,484)
Total U.S. Department of Justice			<u>10,484</u>	<u>(10,302)</u>	<u>182</u>	<u>—</u>	<u>(10,484)</u>
U.S. Department of Transportation:							
Direct Program:							
Federal Aviation Administration:							
Airport Improvement Program	20.106	3-06-0031-063	2,417,700	113,340	113,340	—	—
COVID-19 Airport Improvement Program - CRRSAA Concessions	20.106	3-06-0031-072	640,106	—	640,106	640,106	—
COVID-19 Airport Improvement Program - ARPA	20.106	3-06-0031-073	20,749,123	2,522,113	13,849,010	12,919,992	1,593,095
COVID-19 Airport Improvement Program - ARPA Concessions	20.106	3-06-0031-074	2,560,424	—	—	—	—
Airport Improvement Program	20.106	3-06-0031-076	2,902,762	—	2,463,545	2,606,283	142,738
Total Federal Aviation Administration			<u>29,270,115</u>	<u>2,635,453</u>	<u>17,066,001</u>	<u>16,166,381</u>	<u>1,735,833</u>
Total U.S. Department of Transportation			<u>29,270,115</u>	<u>2,635,453</u>	<u>17,066,001</u>	<u>16,166,381</u>	<u>1,735,833</u>
U.S. Department of Homeland Security							
Direct Program:							
Federal Emergency Management Agency:							
COVID-19 Disaster Grants - Public Assistance	97.036	N/A	—	40,134	51,198	11,064	—
Total Federal Emergency Management Agency			<u>—</u>	<u>40,134</u>	<u>51,198</u>	<u>11,064</u>	<u>—</u>
Total U.S. Department of Homeland Security			<u>—</u>	<u>40,134</u>	<u>51,198</u>	<u>11,064</u>	<u>—</u>
Totals			<u>\$ 29,280,599</u>	<u>\$ 2,665,285</u>	<u>\$ 17,117,381</u>	<u>\$ 16,177,445</u>	<u>\$ 1,725,349</u>

See accompanying notes to schedule of expenditures of federal awards.

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

(1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal financial assistance programs of the Burbank-Glendale-Pasadena Airport Authority (Authority), which owns and operates the Bob Hope Airport, commonly known as Hollywood Burbank Airport (Airport), for the year ended June 30, 2023. The Schedule includes federal awards received directly from federal agencies. There were no federal awards passed through other agencies for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not present the financial position, changes in financial position or cash flows of the Authority. The Authority's reporting entity is defined in note 1 to the Authority's basic financial statements.

(2) **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) **Indirect Cost Rate**

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. There are no indirect costs included in grant expenditures on the accompanying Schedule for the year ended June 30, 2023.

(4) **Subrecipients**

Of the federal expenditures presented in the Schedule, the Authority did not provide any federal awards to subrecipients for the year ended June 30, 2023.

(5) **U.S. Department of Justice**

Federal Equitable Sharing Program

During fiscal year 2023, the Authority continued to participate in the Federal Equitable Sharing Program. There were no expenditures reported for the year ended June 30, 2023, and there are unspent funds totaling \$10,484 at June 30, 2023.

(6) **U.S. Department of Transportation – Federal Aviation Administration – Airport Improvement Program Grants**

The Authority has entered into agreements with the Federal Aviation Administration (FAA) to provide funding assistance for the following open projects as of June 30, 2023:

- Rehabilitation of Taxiway C and Shoulder (Project No. 3-06-0031-76) in the total amount of \$2,902,762;

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

COVID-19 Airports Programs

- ***The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)***

The Authority was awarded \$640,106 in CRRSAA concessions relief addendum grant funds to provide rent relief to eligible airport concessions. The full award amount was expended during FY 2023. The CRRSAA concessions relief addendum grant was awarded to the Authority through the FAA Airport Improvement Program under Project No. 3-06-0031-072.

- ***The American Rescue Plan Act (ARPA)***

On March 11, 2021, the ARPA was signed into law, which included \$8 billion in funds to be awarded as economic assistance to eligible U.S. airports in response to the COVID-19 pandemic. The Authority was awarded \$20,749,123 in ARPA grant funds to support similar eligible costs such as bond debt service and personnel costs. The full award amount was expended during FY 2023 for debt service and eligible personnel costs. The Authority was also awarded an additional \$2,560,424 in ARPA concessions relief addendum grant funds to provide rent and minimum annual guarantees relief to eligible airport concessionaires, of which none was expended during FY 2023. The ARPA grants were awarded to the Authority through the FAA Airport Improvement Program under Project No. 3-06-0031-073 and 3-06-0031-074, respectively.

(7) **Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports filed by the Authority.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Section I—Summary of Auditor’s Results

(a) Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified.

Internal control over financial reporting:

- a) Material weakness(es) identified? yes no
- b) Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted yes no

(b) Federal Awards

Internal control over major federal program:

- a) Material weakness(es) identified? yes no
- b) Significant deficiency(ies)? yes none reported

Type of auditor’s report issued on compliance for major federal program: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal program:

<u>Assistance listing number</u>	<u>Name of federal program or cluster</u>
20.106	U.S. Department of Transportation, Federal Aviation Administration – Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? yes no

Section II—Financial Statement Findings

None Noted.

Section III— Federal Awards Findings and Questioned Costs

None Noted.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Summary Schedule of Prior Audit Findings

Year ended June 30, 2023

Section IV—Financial Statement Findings

None Noted.

Section V— Federal Awards Findings and Questioned Costs

None Noted.

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