

**BURBANK-GLENDALE-PASADENA
AIRPORT AUTHORITY**

Single Audit Reports

Year ended June 30, 2019



Certified
Public
Accountants

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Single Audit Reports

Year ended June 30, 2019

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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***

To 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, the financial statements of the Burbank-Glendale-Pasadena Airport Authority (the Authority) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated November 20, 2019.

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) to determine the 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 Authority’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 may exist that have not been identified.

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 determination of financial statement amounts. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
November 20, 2019



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

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

Report on Compliance for The Major Federal Program

We have audited the Burbank-Glendale-Pasadena Airport Authority’s (the Authority) compliance with the types of compliance requirements described 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, 2019. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the Authority’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

Opinion on The Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the

auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 financial statements of the Authority as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 20, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. 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 other 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Los Angeles, California
November 20, 2019

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

| <u>Federal grantor/program title</u> | <u>Catalog of Federal Domestic Assistance number</u> | <u>Pass-Through Entity Identifying or Contract number</u> | <u>Project number</u> | <u>Award amount</u> | <u>Grant funds receivable (unspent revenue) July 1, 2018</u> | <u>Grant funds and interest received</u> | <u>Total Federal Expenditures</u> | <u>Grant funds receivable (unspent revenue) June 30, 2019</u> |
|---|--|---|-----------------------|----------------------|--|--|-----------------------------------|---|
| U.S. Department of Justice: | | | | | | | | |
| Criminal Division, Asset Forfeiture and Money Laundering Section: | | | | | | | | |
| Federal Equitable Sharing Program (Asset Forfeiture) | | | | | | | | |
| | 16.922 | — | N/A | \$ 9,780 | \$ (1,122) | \$ 8,658 | \$ — | \$ (9,780) |
| Total U.S. Department of Justice | | | | <u>9,780</u> | <u>(1,122)</u> | <u>8,658</u> | <u>—</u> | <u>(9,780)</u> |
| U.S. Department of Transportation: | | | | | | | | |
| Federal Aviation Administration: | | | | | | | | |
| Airport Improvement Program | 20.106 | — | 3-06-0031-62 | 725,310 | 123,449 | 123,449 | — | — |
| Airport Improvement Program | 20.106 | — | 3-06-0031-63 | 2,417,700 | 181,294 | 771,806 | 640,754 | 50,242 |
| Airport Improvement Program | 20.106 | — | 3-06-0031-64 | 5,238,350 | 29,307 | 4,067,173 | 4,291,944 | 254,078 |
| Airport Improvement Program | 20.106 | — | 3-06-0031-65 | 2,196,041 | — | — | 238,018 | 238,018 |
| Total Federal Aviation Administration | | | | <u>10,577,401</u> | <u>334,050</u> | <u>4,962,428</u> | <u>5,170,716</u> | <u>542,338</u> |
| Total U.S. Department of Transportation | | | | <u>10,577,401</u> | <u>334,050</u> | <u>4,962,428</u> | <u>5,170,716</u> | <u>542,338</u> |
| Total Federal Expenditures | | | | <u>\$ 10,587,181</u> | <u>\$ 332,928</u> | <u>\$ 4,971,086</u> | <u>\$ 5,170,716</u> | <u>\$ 532,558</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, 2019

(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, 2019. 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, 2019. 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, 2019.

(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, 2019.

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

The Authority has entered into agreements with the U.S. Department of Transportation (DOT) and Federal Aviation Administration (FAA) to provide funding assistance for several facility improvement projects including:

- Design and pavement management system engineering services for Taxiway C & D rehabilitation (Project No. 3-06-0031-62) in the total amount of \$725,310,
- Environment Impact Statement (EIS) study for a 14-gate replacement passenger terminal and associated enabling projects (Project No. 3-06-0031-63) in the total amount of \$2,417,700,
- Rehabilitation of Taxiway C & D west end pavement and pavement of general aviation ramp (Project No. 3-06-0031-64) in the total amount of \$5,238,350, and
- Rehabilitation of Taxiway A (Project No. 3-06-0031-65) in the total amount of \$2,196,041.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2019

FAA grant Project No. 3-06-0031-64 permitted reimbursement of certain costs incurred by the Authority prior to issuance of the grant.

(6) U.S. Department of Justice

Federal Equitable Sharing Program

During fiscal year 2019, the Authority continued to participate in the Federal Equitable Sharing Program. There were no expenditures reported for the year ended June 30, 2019, and there are unspent funds totaling \$9,780 at June 30, 2019.

(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.

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BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Summary Schedule of Prior Audit Findings

Year ended June 30, 2019

Section IV—Financial Statement Findings

None Noted.

Section V— Federal Awards Findings and Questioned Costs

None Noted.

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