ONTARIO INTERNATIONAL AIRPORT AUTHORITY

COMMISSION AGENDA – SPECIAL MEETING

ONTARIO INTERNATIONAL AIRPORT
So Cal. So Easy.

DECEMBER 15, 2022, AT 2:00 P.M.

Ontario International Airport Authority Administration Offices

1923 East Avion Street, Room 100, Ontario, CA 91761

ALAN D. WAPNER President	**RONALD O. LOVERIDGE** Vice President	**JIM W. BOWMAN** Secretary	**CURT HAGMAN** Commissioner	**JULIA GOUW** Commissioner
ATIF ELKADI Chief Executive Officer	**LORI D. BALLANCE** General Counsel	**JOHN M. SCHUBERT** Treasurer	**Norma I. Alley, MMC** Board Clerk/Assistant Secretary	

WELCOME TO A MEETING OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY

- All documents for public review are on file at the Ontario International Airport Administration Offices located at 1923 E. Avion Street, Ontario, CA 91761.
- Anyone wishing to speak during public comment or on an item will be required to fill out a blue slip and must turn it in prior to public comment beginning or before an agenda item is taken up. The Secretary/Assistant Secretary will not accept blue slips after that time.
- You may submit public comments by e-mail to publiccomment@flyontario.com no later than 12:00 p.m. the day of the meeting. Please identify the Agenda item you wish to address in your comments. All e-mail comments will be included in the meeting record.
- Comments will be limited to 3 minutes. Speakers will be alerted when their time is up. Speakers are then to return to their seats and no further comments will be permitted.
- In accordance with State Law, remarks during public comment are to be limited to subjects within the Authority's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of the board room will not be permitted. All those wishing to speak, including Commissioners and Staff, need to be recognized by the Authority President before speaking.
- Sign Language Interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. Any members of the public who require special assistance or a reasonable accommodation to participate may contact the Board Clerk at (909) 544-5307 or clerk@flyontario.com.

CALL TO ORDER (OPEN SESSION)

ROLL CALL

Loveridge, Bowman, Hagman, Gouw, President Wapner

PLEDGE OF ALLEGIANCE

AGENDA REVIEW/ANNOUNCEMENTS

The Chief Executive Officer will go over all updated materials and correspondence received after the Agenda was distributed to ensure Commissioners have received them.

1. INFORMATION RELATIVE TO POSSIBLE CONFLICT OF INTEREST

Agenda item contractors, subcontractors and agents may require member abstentions due to conflict of interests and financial interests. Commission Member abstentions shall be stated under this item for recordation on the appropriate item.

CLOSED SESSION

CLOSED SESSION

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS (GOV §54956.8.)
  Property: ONT Terminals
  Agency negotiator: OIAA General Counsel's office
  Under negotiation: Lease

REPORT ON CLOSED SESSION

General Legal Counsel

PUBLIC COMMENTS

The Public Comment portion of the Commission meeting is limited to a maximum of 3 minutes for each Public Comment. Under provisions of the Brown Act, the Commission is prohibited from taking action on oral requests.

CONSENT CALENDAR

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time Commission votes on them, unless a member of the Commission requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the Commission on items listed on the Consent Calendar will be given a total of 3 minutes.

2. **APPROVAL OF MINUTES**

   That the Ontario International Airport Authority (OIAA) Commission approve minutes for the OIAA meeting on November 17, 2022.

3. **CASH DISBURSEMENT REPORT (BILLS/PAYROLL)**

   That the Ontario International Airport Authority (OIAA) Commission receive and file the Cash Disbursement Report (Bills/Payroll) for the month ended November 30, 2022.

4. **COMMISSIONER'S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS**

   That the Ontario International Airport Authority (OIAA) Commission approve additional stipends per Article IV, Section 6 of the Authority's Bylaws for President Wapner for the month of November, 2022.

5. **CONTRACT EXTENSION WITH JACOBS PROJECT MANAGEMENT AND PPM GROUP FOR CONSTRUCTION MANAGEMENT AND RELATED SERVICES**

   That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer (CEO) to approve a contract extension to June 30, 2023, with Jacobs Project Management and PPM Group, Inc. for on-call construction management and related services at Ontario International Airport (ONT).

6. **NON-EXCLUSIVE LICENSE AGREEMENT AND FACILITY USE AGREEMENT WITH WORLDWIDE FREIGHT SERVICES/MERCURY AIR CARGO**

   That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer (CEO) to negotiate some refinements to OIAA's template Facility Use Agreement (FUA) and Non-Exclusive License Agreement (NELA), and to execute such Agreements, to allow international cargo clearance activities at ONT.

7. CONCESSION AGREEMENT WITH SSP AMERICA FOR FOOD AND BEVERAGE OUTLETS

That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer (CEO) to execute a Food & Beverage (F&B) concession agreement with SSP America to re-brand and build restaurants in Terminals 2 & 4 to provide food and beverage services at Ontario International Airport (ONT) for a term of 20 years with one 5-year option to extend the term.

8. AGREEMENT FOR MANAGED NETWORK SERVICES

That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer to execute an agreement with NTT for managed network services in the amount not to exceed $372,956.

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

9. AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

That the Ontario International Airport Authority (OIAA) Commission approve the Audited Financial Statements for the fiscal year ended June 30, 2022.

MANAGEMENT REPORT

Executive Office

COMMISSION MATTERS

President Wapner

Vice President Loveridge

Secretary Bowman

Commissioner Hagman

Commissioner Gouw

ADJOURNMENT

AFFIDAVIT OF POSTING

I, Norma I. Alley, MMC, Board Clerk of the Ontario International Airport Authority (OIAA), do hereby declare under penalty of perjury that the foregoing agenda has been posted at the administrative office and on the OIAA website in compliance to the Brown Act.

Date Posted: December 12, 2022 Time posted: 2:00 P.M.

Signature: *Norma I. Alley* ______________________

Norma I. Alley, MMC
Ontario International Airport Authority Board Clerk

ONTARIO
INTERNATIONAL AIRPORT
So Cal. So Easy.

DATE: **DECEMBER 15, 2022**

SECTION: **AGENDA REVIEW/ANNOUNCEMENTS**

SUBJECT: **RELATIVE TO POSSIBLE CONFLICT OF INTEREST**

RELEVANT STRATEGIC OBJECTIVE: **Invest in ONT, Plan for the Future, and Master the Basics**

RECOMMENDED ACTION(S): Declare Conflict of Interest pertaining to agenda items and contractors and/or subcontractors, which may require member abstentions due to possible conflicts of interest.

BACKGROUND: In accordance with California Government Code 84308, members of the Ontario International Airport Authority may not participate in any action concerning a contract where they have received a campaign contribution of more than $250 in the prior twelve (12) months and from an entity or individual if the member knows or has reason to know that the participant has a financial interest, except for the initial award of a competitively bid public works contract. This agenda contains recommendations for action relative to the following contractors:

Item No	Principals & Agents	Subcontractors
5	Jacobs Project Management	• Arora Engineering • David Evans and Associates • Lee Andrews Group • LENAX Construction Services • Lynn Capouya • PSM Squared • RMA Group • SCST Engineering • Vanir Construction Management • Meadows Consulting • Kizh Nation Resource Management
5	PPM Group Inc.	• Kleinfelder Inc.

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department: Clerk's Office Submitted to OIAA: December 15, 2022

6	Worldwide Flight Services, Inc.	• None
7	SSP America, Inc.	• None
8	NTT America, Inc.	• None

DATE: **DECEMBER 15, 2022**

SECTION: **CONSENT CALENDAR**

SUBJECT: **APPROVAL OF MINUTES**

RELEVANT STRATEGIC OBJECTIVE: **Invest in ONT, Plan for the Future, and Master the Basics**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission approve minutes for the OIAA special meeting on November 17, 2022.

BACKGROUND: The OIAA Board of Commission held a public meeting and minutes were recorded in text. In accordance to OIAA's Records Retention Schedule, the OIAA must preserve these historical records in hard copy form for permanent retention.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS:

1. Minutes

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Clerk's Office	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
Chief Executive Officer Approval:		Denied:	

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ONTARIO INTERNATIONAL AIRPORT AUTHORITY
SPECIAL COMMISSION MEETING
MINUTES
NOVEMBER 17, 2022

CALL TO ORDER

Vice President Loveridge called the Ontario International Airport Authority Commission meeting to order at 3:09 p.m.

ROLL CALL

PRESENT:	Commissioners:	Jim W. Bowman, Curt Hagman (arrived at 3:09 p.m.), and Ronald O. Loveridge
ABSENT:	Commissioners:	Julia Gouw and Alan D. Wapner

Also present were Chief Executive Officer Atif Elkadi; Assistant General Counsel Kevin P. Sullivan; Chief Financial Officer/Treasurer John M. Schubert; and Board Clerk/Assistant Secretary Norma I. Alley, MMC.

A quorum of the Board of Commissioners was present.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

AGENDA REVIEW/ANNOUNCEMENT

No announcements were made.

1. **CONFLICT OF INTEREST**

No conflicts were declared.

PUBLIC COMMENT

Board Clerk Alley noted Mr. Richard Sherman provided written comment, which was entered into the record.

CONSENT CALENDAR

2. **APPROVAL OF MINUTES**

Approved minutes for the Ontario International Airport Authority special meeting on October 27, 2022.

3. CASH DISBURSEMENT REPORT (BILLS/PAYROLL)

Received and filed the Cash Disbursement Report (Bills/Payroll) for the month ended October 31, 2022.

4. COMMISSIONER'S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS

Approved additional stipends per Article IV, Section 6 of the Authority's Bylaws for President Wapner for the month of October, 2022.

5. CONTRACT AMENDMENT WITH PENWAL INDUSTRIES, INC., FOR PROFESSIONAL SERVICES IN CONSTRUCTION OF AN ADDITIONAL POP-UP UNIT

Authorized the Chief Executive Officer (CEO) to execute an amendment to Contract No. SCONT-000377 with Penwal Industries, Inc., in the amount not to exceed $703,356 for services and construction of an additional Pop-Up.

6. INVESTMENT REPORT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Received and filed the Investment Report for the three months ended September 30, 2022.

7. ADOPTION OF A RESOLUTION MAKING FINDINGS AND DETERMINATIONS UNDER ASSEMBLY BILL NO. 361 TO CONTINUE AUTHORIZATION OF VIRTUAL MEETINGS OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY FOR A PERIOD OF 30 DAYS

Adopted a Resolution making findings and determinations under Assembly Bill 361 (AB 361) to authorize staff to continue to conduct virtual-only Commission and Committee meetings, in response to COVID-19.

RESOLUTION NO. 2022-24: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY AUTHORIZING REMOTE TELECONFERENCE MEETINGS BY THE COMMISSION AND ALL COMMITTEES IN ACCORDANCE WITH ASSEMBLY BILL 361 FOR A PERIOD OF THIRTY DAYS

MOTION: Moved by Commissioner Hagman, seconded by Secretary Bowman, to approve the Consent Calendar, including Resolution No. 2022-24, and carried by a 3 Yes/0 No/2 Absent (Wapner/Gouw) vote.

ADMINISTRATIVE DISCUSSION/ACTION/REPORT

8. FISCAL YEAR 2022-2023 FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Chief Executive Officer Elkadi provided a brief summary of the staff report and fielded questions from the Commission.

MOTION: Moved by Commissioner Hagman, seconded by Secretary Bowman, to receive and file financial statements for the three months ended September 30, 2022., and carried by a 3 Yes/0 No/2 Absent (Wapner/Gouw) vote.

MANAGEMENT REPORT

Chief Executive Officer Elkadi provided updates on passenger traffic numbers, changes to flights, and general airport matters.

SPECIAL CEREMONIES

Chief Executive Officer Elkadi introduced the Marketing and Communications team and announced their achievement in receiving two distinguished awards from the Airports Council International.

COMMISSIONER MATTERS

Vice President Loveridge requested the awards be placed and highlighted in the terminals.

Secretary Bowman complimented the staff on all their hard work and accomplishments, which has established a high quality reputation of the Airport Authority.

Commissioner Hagman congratulated staff on their hard work and receiving the distinguished awards.

ADJOURNMENT

Vice President Loveridge adjourned the Ontario International Airport Authority Commission meeting at 2:26 p.m.

RESPECTFULLY SUBMITTED:	APPROVED:
___________________________________	______________________________
NORMA I. ALLEY, MMC, BOARD CLERK	ALAN D. WAPNER, PRESIDENT

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

DATE: **DECEMBER 15, 2022**

SECTION: **CONSENT CALENDAR**

SUBJECT: **CASH DISBURSEMENT REPORT (BILLS/PAYROLL)**

RELEVANT STRATEGIC OBJECTIVE: **Master the Basics and Invest in ONT**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission receive and file the Cash Disbursement Report (Bills/Payroll) for the month ended November 30, 2022.

FISCAL IMPACT SUMMARY: The funding is approved in the Fiscal Year 2022-2023 budget.

BACKGROUND: In June 2022, the OIAA Board of Commissioners adopted an operating budget that was driven by strong aviation activity and financial performance realized by OIAA in FYE 2022. The operating budget was developed from OIAA goals and objectives and includes significant increases in resources to meet current and expected near term growth. The budget FYE 2023 assumes that there will be no significant impacts associated with any possible COVID outbreaks. As passenger activities continue to increase over pre-pandemic levels, OIAA has continued to resume normal operations, fill vacant positions as well as add new staff positions, and has returned to pre-pandemic initiatives.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Finance and Accounting	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
		Denied:	
CEO Approval:			

Item No. 03

SCHEDULE: N/A

ATTACHMENTS:

1. Cash Disbursement Report (Bills/Payroll) for the month ended November 30, 2022.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified due to COVID-19 precautions. In that case, the documents may be requested by email at clerk@flyontario.com.

This Agenda Report has been reviewed by OIAA General Counsel.

ONTARIO INTERNATIONAL AIRPORT
So Cal. So Easy.

DATE: **DECEMBER 15, 2022**

SECTION: **CONSENT CALENDAR**

SUBJECT: **COMMISSIONER'S STIPENDS AS REQUIRED BY AUTHORITY BYLAWS**

RELEVANT STRATEGIC OBJECTIVE: **Invest in ONT, Plan for the Future, and Master the Basics**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority Commission approve additional stipends per Article IV, Section 6 of the Authority's Bylaws for President Wapner for the month of November, 2022.

FISCAL IMPACT AND SOURCE OF FUNDS: OIAA operating revenue.

BACKGROUND: Article IV, Section 6 of the Authority's Bylaws states as follows:

"No salary: Reimbursement for Expenses; Stipends. The members of the Commission shall receive no salary but shall be reimbursed for necessary expenses (including mileage in accordance with standard IRS mileage reimbursement rates) incurred in the performance of their duties. Additionally, Commissioners will receive a stipend in the amount of one hundred fifty dollars ($150.00) for attendance at each Commission meeting, standing committee meeting, ad hoc committee meeting, and any Authority-related business function. A maximum of six (6) stipends are permitted per month. An additional two (2) stipends are permitted with prior approval of the President. More than eight (8) stipends per month will require approval by the full Commission."

During the month of November 2022, President Wapner attended five (5) additional Authority-related business functions. Full Commission approval is needed to approve payment of these additional stipends.

PROCUREMENT: N/A

CEQA COMPLIANCE: N/A

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Executive	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
Chief Executive Officer Approval:		Denied:	

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS: N/A

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This Agenda Report has been reviewed by OIAA General Counsel.

ONTARIO INTERNATIONAL AIRPORT

So Cal. So Easy.

DATE: **DECEMBER 15, 2022**

SECTION: **CONSENT CALENDAR**

SUBJECT: **CONTRACT EXTENSION WITH JACOBS PROJECT MANAGEMENT AND PPM GROUP FOR CONSTRUCTION MANAGEMENT AND RELATED SERVICES**

RELEVANT STRATEGIC OBJECTIVE: **<u>Provide Customer-Friendly Facilities and Services.</u>**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer (CEO) to approve a contract extension to June 30, 2023, with Jacobs Project Management and PPM Group, Inc. for on-call construction management and related services at Ontario International Airport (ONT).

FISCAL IMPACT SUMMARY: Funding is available in the FY 2021-22 Capital Budget. No funding or authority increase is required for the extension of the on-call construction management (CM) services through June 30, 2023.

BACKGROUND: On October 23, 2018, the OIAA Commission approved the award of three contracts for on-call professional services for construction management and related services. The three-year contracts with, two-one year extensions were awarded to Jacobs Project Management, Ontario Aviation Group, and PPM Group, Inc. On October 28, 2021, the OIAA Commission approved a seven-month contract extension for Jacobs Project Management, Ontario Aviation Group, and PPM Group, Inc. On June 23, 2022, the OIAA Commission approved a six-month contract extension for Jacobs Project Management, Ontario Airport Group, and PPM Group, Inc.

As the OIAA moves from the currently in place CM Services contracts to Project Management and Construction Management (PMCM) Services contract, a time-period overlap is necessary to transition the projects currently at differing stages of the project process or under construction and allow time to process and pay for CM services beyond December 31, 2022.

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Project Management	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
		Denied:	
CEO Approval:			

PROCUREMENT: Project Management and Planning has prepared an FAA Airport Capital Improvement Program (ACIP) for Year 2022, OIAA Capital Improvement Program (CIP) and the Terminal Development Program and, at this time, is currently in the contract negotiation period with the recommended PMCM firm/team for PMCM services for the ACIP, CIP and Terminal Development Program. Consequently, approval of a contract extension for On-Call construction management and related services for Jacobs Project Management and PPM Group, Inc. will ensure these services are available while completing the contract negotiation and award phases for the procurement of PMCM services.

CEQA COMPLIANCE AND LAND USE APPROVALS: The proposed staffing services decision is not a "project" under California Environmental Quality Act (CEQA) and does not require environmental review.

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: The proposed time extension of staffing services is to ensure airport operations, airport improvement projects, and tenant improvement projects continue uninterrupted to the end of the fiscal year, ending June 30, 2023.

SCHEDULE: N/A

ATTACHMENTS: N/A

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This Agenda Report has been reviewed by OIAA General Counsel.

DATE: DECEMBER 15, 2022

SECTION: CONSENT CALENDAR

SUBJECT: NON-EXCLUSIVE LICENSE AGREEMENT AND FACILITY USE AGREEMENT WITH WORLDWIDE FREIGHT SERVICES/MERCURY AIR CARGO

RELEVANT STRATEGIC OBJECTIVE: **Plan for the Future, Master the Basics**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer (CEO) to negotiate some refinements to OIAA's template Facility Use Agreement (FUA) and Non-Exclusive License Agreement (NELA), and to execute such Agreements, to allow international cargo clearance activities at ONT.

FISCAL IMPACT SUMMARY: N/A

BACKGROUND: The Revenue Management Division in cooperation with the Operations Division has selected Worldwide Freight Services (WFS) to operate the Ontario International Airport's (ONT) international cargo clearance handling per U.S. Customs & Border Protection requirements within a designated Container Freight Station (CFS). WFS operates in more than 164 major airport locations in over 18 countries on five continents and works with more than 270 major airlines.

In addition to the international cargo handling that will take place within the potential DHL facility, ONT's CFS will provide the opportunity to process additional international cargo from both passenger and cargo flights. The OIAA has letters of intent from multiple carriers interested in bringing international cargo operations to ONT, this in addition to the international cargo operations that WFS will bring to ONT as well.

With the Commission's approval and direction, the CEO will designate the Revenue Management Division to negotiate refinements to the OIAA's standard template FUA and NELA with WFS provided there are not material changes to key terms for the Agreements regarding revenue and compensation,

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Revenue Management	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
Chief Executive Officer Approval:		Denied:	

insurance, and indemnity protections for the OIAA, and OIAA authority. The Agreements with WFS will also be reviewed by OIAA's General Counsel's office.

It is the OIAA's intent to have the CFS operational by July 2023 pending CBP approvals**.**

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: The issuance or approval of leases, agreements, renewals, amendments, or extension thereof, granting use of an existing facility at a public airport, involving negligible or no expansion of use is exempt from the requirements of the California Environmental Quality Act (CEQA) under CEQA Guidelines section 15301. In addition, to the extent any alteration of the facilities occurs, CEQA Guidelines section 15301 also provides an exemption for minor alterations to existing structures or facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS: N/A

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This Agenda Report has been reviewed by OIAA General Counsel.

ONTARIO INTERNATIONAL AIRPORT
So Cal. So Easy.

DATE: DECEMBER 15, 2022

SECTION: CONSENT CALENDAR

SUBJECT: CONCESSION AGREEMENT WITH SSP AMERICA FOR FOOD AND BEVERAGE OUTLETS

RELEVANT STRATEGIC OBJECTIVE: Plan for the Future and Invest in ONT

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission authorize the Chief Executive Officer (CEO) to execute a Food & Beverage (F&B) concession agreement with SSP America to re-brand and build restaurants in Terminals 2 & 4 to provide food and beverage services at Ontario International Airport (ONT) for a term of 20 years with one 5-year option to extend the term.

FISCAL IMPACT SUMMARY: There will be a positive impact to the income to OIAA over the term with short term impact during the transition and a measured impact during the mid-term refurbishment and potential rebranding at that time. Upon the Rent Commencement Date of this agreement, SSP shall pay the OIAA a twelve percent (12%) Concession Fee for food & beverage and sixteen percent (16%) for alcohol sales of its monthly Gross Receipts. Annual rent of $124.23 per square foot shall be paid monthly upon occupancy for any office or storage space rented in the Terminals, as may be required to support their operations. SSP projects first year $14,620,000 sales, more than $475,000,000 in sales over the initial term with more than $66,000,000 income to OIAA within the initial 20 year term. Please note that the COVID pandemic experienced since 2020 has resulted in changes to the non-aeronautical concession industry, such that if the operation of concessionaire's business at the Airport is affected by shortages, disruptions of the supply chain, or staffing at levels resulting in materially decreased gross revenues for a period of sixty (60) or more consecutive days, then the obligation to open the leased premises for business shall be excused, until such shortage or disruption ceases.

BACKGROUND: ONT is a medium hub airport and is a major air-cargo facility in Southern California, with more than 750,000 tons being carried to and from the airport each year. The OIAA wishes to provide passengers traveling through ONT with a friendly environment that helps reduce the stress of travel, while providing them with a superior travel experience and productivity-enhancing amenities.

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Revenue Management	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
Chief Executive Officer Approval:		Denied:	

The OIAA is confident that the development of a broad width and breadth of food and beverage outlets in each of its terminals will be an important step to provide such highly-sought-after amenities. reflects the attractiveness of OIAA in the industry, while including local business in providing such highly-sought-after amenities for the continued growth and productivity of the OIAA concession business.

PROCUREMENT: RFP #220011 Operation, Maintenance, and Management of Food and Beverage Outlets and or Retail Outlets at Terminal 2 & Terminal 4 at Ontario International Airport was issued on Friday, January 28, on Planet Bids with more than ten firms attending the pre-proposal meeting and the OIAA receiving two (2) qualified proposals. The RFP team reviewed, graded and interviewed both firms, which presented various options for a variety of Food & Beverage offerings.

CEQA COMPLIANCE AND LAND USE APPROVALS: The issuance or approval of leases, agreements, renewals, amendments, or extension thereof, granting use of an existing facility at a public airport, involving negligible or no expansion of use is exempt from the requirements of the California Environmental Quality Act (CEQA) under CEQA Guidelines section 15301. In addition, to the extent any alteration of the facilities occurs, CEQA Guidelines section 15301 also provides an exemption for minor alterations to existing structures or facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS: N/A

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This Agenda Report has been reviewed by OIAA General Counsel.

ONTARIO INTERNATIONAL AIRPORT
So Cal. So Easy.

DATE: **DECEMBER 15, 2022**

SECTION: **CONSENT CALENDAR**

SUBJECT: **AGREEMENT FOR MANAGED NETWORK SERVICES**

RELEVANT STRATEGIC OBJECTIVE: **Master the Basics**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission authorize the Chief executive Officer to execute an agreement with NTT for managed network services in the amount not to exceed $372,956.

FISCAL IMPACT SUMMARY: Funding for the NTT managed network services was included in the Fiscal Year 2022-23 IT budget. The cost of the services is $86,468 for initial hardware installation and configuration and $7,958 monthly for a term of three years with a total contract cost of $372,956.

BACKGROUND: In 2019 the OIAA commissioned an IT and Security Master Plan. That plan recommended that the OIAA look at outsourcing and enhancing network management and monitoring to allow ONT IT resources to focus on more valuable Airport initiatives. With the network infrastructure becoming more critical to security and business operations the Airport looked for a partner to perform 24/7 network monitoring and management services. Infrastructure includes network connectivity and firewall equipment. NTT, a global leader in providing network services, was selected.

PROCUREMENT: The services were sourced from the Merced County Focus Contract through NTT. Merced County Contract Number 2021335.

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFF IMPACT (# OF POSITIONS): N/A

STAFF MEMBER PRESENTING: Chief Executive Officer Atif Elkadi

Department:	Information Technology	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
		Denied:	
CEO Approval:			

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS:

1. Sole Source Procurement Justification Form

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified due to COVID-19 precautions. In that case, the documents may be requested by email at clerk@flyontario.com.

This Agenda Report has been reviewed by OIAA General Counsel.

Appendix B

Sole Source Procurement Justification Form

Full and open competition should be the objective in public procurement; but it is not always possible or practicable. In the procurement of goods and services, staff may determine that the purchase offering the best value to the Airport my only be available from one vendor due to technological, specialized, or other unique characteristics. Otherwise, as long as there is more than one potential vendor available to satisfy a given need, there exists insufficient justification for a sole source procurement.

Request for approval of a Sole Source Procurement must be justified in writing by the initiator and approved by the appropriate approval authority. The Chief Executive Officer may approve Sole Source Procurement up to an amount of $100,00. Request for Sole Source procurements in excess of $100,000 must be approved by Ontario International Airport Authority. Requests for Sole Source approval are routed from the Requesting Department through the Finance Department.

The following factors are among those that constitute justifications for sole source purchases:

- The vendor is determined to be the only known source after solicitation of a number of sources, or after competitive bids, competition is determined to be inadequate.

- The item can only be procured directly from the original manufacturer or sole representative of the item in the Airport's geographical region.

- There is a reasonable basis to conclude the Airport's minimum needs can only be satisfied by unique supplies or services and the vendor demonstrated a unique qualification due to
    - an innovative concept or a unique capability to provide the particular services proposed;
    - proven expertise or specialized knowledge in a field of few known experts,
    - previous experience providing like services to the airport resulting in an understanding of the airport's immediate needs and practices increasing the likelihood of greater efficiency and success.

- The use of an equivalent piece of equipment or commodity would require modifications to existing equipment, necessitate engineering re-design, or require voiding of a warranty.

- Supplies may be deemed available only from the original source in the case of a follow-on contract for the continued development or production of a major system or highly specialized equipment, including major components thereof, when it is likely that award to any other source would result in:
    - Substantial duplication of cost to the Airport that is not expected to be recovered through competition, or
    - Unacceptable delays in fulfilling the Airport's requirements

- Airport property is released to a proven vendor who must dismantle equipment in order to assess repair needs and it is not practical or feasible to obtain competitive pricing for repair.

- The existence of limited rights in data, patent rights, copyrights, or secret processes.

- When in accordance with the Airport's standardization program only specified makes and models of technical equipment and parts will satisfy the Airport's needs for additional units or replacement items and only one source is available.
- The item is one with which staff members who will use the item have specialized training and/or expertise and retraining would incur substantial cost in time and/or money.
- Purchase of property for which it is determined there is no functional equivalent.
- Existence of an unusual and compelling urgency with serious potential repercussions for the Airport resulting in the impracticality of a competitive purchase.
- When the Airport determines, with the advice of legal counsel, that seeking competition would not produce an advantage, competitive bidding requirements may be waived.

Please provide detailed justification below and furnish the necessary documentation. Attach additional sheets as necessary.

Vendor: NTT, America Inc.

Goods/Services: 7x24x365 Managed Campus Network and Professional Services. Remote configuration and monitoring of OIAA campus network integrity and serurity. Professional services to expand and refresh current network.

Justification: County of Merced has already approved the compensation and fee levels for NTT's services and scope through an official procurement process.

Submitted by:

Name:___________________________________

Title:___________________________________

Signature:________________________________

Authorized by:

Name:________________________________

Title:_________________________________

Signature:_____________________________

Date:___________________ Date:____________________

DATE: **DECEMBER 15, 2022**

SECTION: **ADMINISTRATIVE DISCUSSION/ACTION/REPORT**

SUBJECT: **AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

RELEVANT STRATEGIC OBJECTIVE: Master the Basics

RECOMMENDED ACTION(S): That the Ontario International Airport Authority (OIAA) Commission approve the Audited Financial Statements for the fiscal year ended June 30, 2022.

FISCAL IMPACT SUMMARY: N/A

BACKGROUND: The Joint Exercise of Powers Agreement of August 21, 2012 created the Ontario International Airport Authority (OIAA) and established the bylaws under which the OIAA would operate and be governed. *Section 9. Accounts and Reports* states that management "shall contract with an independent certified public accountant or firm of certified public accountants to make an annual audit of the accounts and records of the Authority, and a complete written report of such audit shall be filed as public records annually, within six (6) months after the conclusion of the Fiscal Year under examination, with each member of the Commission, the City Clerk of Ontario and the San Bernardino Board of Supervisors."

The authority is also obligated to provide annual audited financial statements to satisfy certain compliance requirements as stated in our bond indenture, operating certificate and other laws and regulation. Annual reports containing the audited financial statements or elements thereof are filed with the FAA, Municipal Securities Rulemaking Board, State Controller's Office, and other interested parties.

PROCUREMENT: N/A

CEQA COMPLIANCE AND LAND USE APPROVALS: N/A

STAFF MEMBER PRESENTING: Chief Executive Office Atif Elkadi

Department:	Finance	Submitted to OIAA:	December 15, 2022
		Approved:	
		Continued to:	
CEO Approval:		Denied:	

STAFFING IMPACT (# OF POSITIONS): N/A

IMPACT ON OPERATIONS: N/A

SCHEDULE: N/A

ATTACHMENTS:

1. Ontario International Airport Authority Audited Financial Statements for the Fiscal Year Ended June 30, 2022.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday, although these hours and review procedures may be modified due to COVID-19 precautions. In that case, the documents may be requested by email at clerk@flyontario.com.

This Agenda Report has been reviewed by OIAA General Counsel.

Attachment 1

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

ONTARIO INTERNATIONAL AIRPORT

So Cal.
So Easy.

DRAFT

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
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The following discussion and analysis of the financial performance and activity of the Ontario International Airport Authority (Authority) provides an introduction to the Authority's financial statements for the year ended June 30, 2022 (2022). Information for the previous years ended June 30, 2021 and 2020 (2021 and 2020, respectively) has been included to provide a better insight into the overall financial position of the Authority.

The Authority is a business-type activity and, as such, the Basic Financial Statements consists of Management's Discussion and Analysis (MD&A), the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, the Statements of Cash Flows, and the Notes to Financial Statements. This MD&A has been prepared by management and should be read and considered in conjunction with the Authority's Basic Financial Statements.

Coronavirus (COVID-19)

On March 13, 2020, a national emergency was declared by the President of the United States in response to the novel coronavirus known as SARS-CoV-2 (COVID-19), which the World Health Organization announced on March 11, 2020 could be characterized as a pandemic (Declaration). The Federal Government along with State and local governments, took extraordinary actions to prevent and slow the spread of the virus, which required nonessential businesses to close and stay-at-home orders were issued for all but essential workers. This Declaration and corresponding actions by Federal, State, and local governments had an immediate and unprecedented impact on the commercial passenger aviation industry, including airports.

On February 24, 2021, a continuation of the national emergency was declared by the President of the United States in response to COVID-19. On February 18, 2022, a second continuation of the national emergency was declared by the President of the United States in response to COVID-19. The national emergency was in effect through June 30, 2021 and remains in effect subsequent to June 30, 2022.

Ontario International Airport (ONT) passenger levels decreased by 74.1% from March 2020 to June 2020 compared to the same period in 2019. Prior to March 1, 2020, passenger activity increased by 12.4% compared to 2019. As of June 30, 2020, one domestic carrier and two international carriers had suspended air service at ONT. A substantial portion of airport revenues relate directly to passenger activity levels, including landing fees, parking, rental cars, and concessions (e.g., food and beverage, gifts and news). These revenues were experiencing year-over-year increases prior to the Declaration and after, concessions decreased significantly in relation to decreases in passenger activity.

ONT passenger levels continued to experience decreases in 2021 as a result of the Declaration. ONT passenger levels decreased by 61.5% from July 2020 to February 2021 compared to the same period in 2020. In March 2021, ONT passenger levels began to experience moderate recoveries and passenger levels increased by 183.8% from March 2021 to June 2021 compared to the same period in 2020. However, increases did not reach pre-Declaration levels as passenger levels from March 2021 to June 2021 were still 26.4% lower compared to the same period in 2019.

Coronavirus (COVID-19) – continued

ONT concession revenues (parking, rental cars, food and beverage, gifts and news, and other concessions) also continued to experience decreases in 2021as a result of the Declaration. Concession revenues decreased by $7.0 million (23.1%) in 2021 over 2020.

ONT passenger levels experienced recoveries in 2022. ONT passenger levels increased by 137.5% from July 2021 to February 2022 compared to the same period in 2021. However, passenger levels from July 2021 to February 2022 are still 8.6% lower than the same period in pre-Declaration 2019. In March 2022, ONT passenger levels recovered to pre-Declaration levels and have continued to be above pre-Declaration levels as of June 30, 2022. Passenger levels increased by 46.2% from March 2022 to June 2022 compared to the same period in 2021. Passenger levels from March 2022 to June 2022 were also 7.5% higher than the same period in pre-Declaration 2019. The increase in ONT passenger levels in 2022 marks the first full fiscal year of overall recovery with passenger levels in 2022 at 104.6% of pre-Declaration 2019 passenger levels.

ONT concession revenues also experienced recoveries in 2022 as passenger levels increased. Concession revenues increased by $18.3 million (79.1%) in 2022 over 2021.

Unlike many commercial service airports in the United States, cargo carrier activity makes up a substantial portion of airplane operations at ONT. As commercial passenger activity decreased, cargo carrier activity increased in response to substantial increases in e-commerce and the need for personal protective equipment (PPE). This resulted in net total increases in landed weights and landing fees as passenger carrier landed weights were offset by increases in cargo landed weights in 2020 over 2019.

In 2021, ONT continued to experience substantial increases in cargo carrier activity, which helped mitigate the decline in commercial passenger activity. Cargo carrier landed weights increased by 589,260 one-thousand-pound units (12.1%) in 2021 over 2020. However, as a result of the Declaration, commercial passenger landed weights decreased by 684,837 one-thousand-pound units (25.2%) in 2021 over 2020. This resulted in a net total decrease in landed weights and landing fees in 2021 over 2020.

In 2022, cargo carrier activity at ONT began to experience slight decreases as a result of lower demand for e-commerce and PPE. However, cargo carrier landed weights in 2022 were still 124% of pre-Declaration 2019 cargo carrier landed weights. Cargo carrier landed weights decreased by 139,227 one-thousand-pound units (2.5%) in 2022 over 2021. However, as a result of the Declaration, commercial passenger landed weights decreased by 684,837 one-thousand-pound units (25.2%) in 2021 over 2020. This resulted in a net total decrease in landed weights and landing fees in 2021 over 2020.

Facility and land rent revenues were not significantly impacted by the Declaration, as the Airline Operating Use and Terminal Lease Agreements (ULAs) require that terminal rents be paid regardless of air service suspension. In addition, other non-terminal lessees were obligated to continue paying rents under similar lease terms.

Coronavirus (COVID-19) – continued

Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

In April 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act provided financial assistance to United States commercial service air carriers and airports. The Authority received an award of approximately $22.2 million. The award was in the form of a grant to be used for any airport purpose allowed under existing law including expenses, capital expenditures, and debt service. The CARES Act provided funding on a reimbursement basis, retroactive to January 21, 2020. The funding did not have an expiration date. As of June 30, 2021, the Authority invoiced the full $22.2 million for operating expenses.

Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA Act)

In December 2020, the United States Congress passed the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA Act). The CRRSA Act provided financial assistance to United States airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic, including relief from rent and minimum annual guarantees (MAG) for eligible airport concessions at primary airports. The Authority received an award of approximately $8.8 million, which included an allocation of approximately $0.6 million for concession relief.

The award was in the form of a grant to be used for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. For the concession relief allocation of the grant award, the Authority must provide relief from rent and MAG to on-airport car rental, on-airport parking, and in-terminal airport concessions (collectively, concessions). The CRRSA Act requires an airport sponsor taking a concession relief grant to provide such relief on a proportional basis until the sponsor has provided relief equaling the total allocation amount. The airport sponsor may retain up to 2 percent of the allocation amount for relief administration. Only relief associated with rent due for concession occupancy or commercial use after December 27, 2020 (the date the CRRSA Act was enacted) is eligible for grant payment.

The CRSSA Act provides funding on a reimbursement basis, and the funding is retroactive to January 20, 2020 for operating expenses. The funds are available until and must be obligated by September 30, 2021. As of June 30, 2022, the Authority has recognized the full $8.2 million for operating expenses and has provided the full $0.6 million for concession relief to eligible concessionaires.

Coronavirus (COVID-19) – continued

American Rescue Plan Act of 2021 (ARPA)

In March 2021, the United States Congress passed the American Rescue Plan Act of 2021 (ARPA) The ARPA provided financial assistance to United States airports to prevent, prepare for, and respond to the COVID-19 pandemic, including relief from rent and MAG for eligible airport concessions at primary airports. The Authority received an award of approximately $27.2 million, which includes an allocation of approximately $2.3 million for concession relief.

The award was in the form of a grant to be used for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The ARPA requires an airport sponsor taking a concession relief grant to provide such relief on a proportional basis to eligible small airport concessions and eligible large airport concessions, respectively, until the sponsor has provided relief equaling the total allocation amount. The ARPA does not allow reimbursement for administrative expenses for relief administration. Only relief associated with rent due for concession occupancy or commercial use after March 11, 2021, which is the date of enactment of the ARPA, is eligible for grant payment.

The ARPA provides funding on a reimbursement basis, and the funding is retroactive to January 20, 2020 for operating expenses. The funds are available until and must be obligated by September 30, 2024. As of June 30, 2022, the Authority has not requested reimbursement under the ARPA.

During the year ended June 30, 2021, national, regional, and local economies, as well as the commercial passenger carrier industry and the Authority, experienced moderate recoveries as COVID-19 restrictions were lifted or eased. However, accelerations in COVID-19 cases throughout the year resulted in many State and local jurisdictions returning to more stringent business restrictions for varying durations of time.

During the year ended June 30, 2022, the Authority continued to experience recoveries as COVID-19 restrictions continued to be lifted or eased and international travel resumed. As of June 30, 2022, the one domestic carrier and two international carriers that had suspended air service in 2020 as a result of the Declaration have resumed air service.

The MD&A and the Authority's Basic Financial Statements reflect the blend of pre and post Declaration activities and financial results discussed above. They should be read and considered in light of the realized and continuing impact caused by COVID-19.

Airport Activities and Highlights

ONT passenger carrier activity, which is measured by enplaned and total passengers, increased by 94.0% and 92.9% in 2022 over 2021, respectively. The increase in ONT passenger carrier activity in 2022 marks the first full fiscal year of pre-Declaration recovery with enplaned and total passenger numbers in 2022 at 104.6% and 104.2% of 2019 passenger levels, respectively. ONT passenger carrier activity decreased by 34.5% and 34.3% in 2021 over 2020, respectively. Aircraft operations increased by 15.4% in 2022 and decreased by 1.1% in 2021 compared to the previous year. Landed weight increased by 12.2% in 2022 to 8,429,752 one-thousand-pound units compared to 2021. Landed weight in 2022 was 116.8% of 2019 landed weight. Landed weight decreased by 1.3% in 2021 to 7,512,316 one-thousand-pound units compared to 2020.

Nine major domestic and three international passenger carriers served ONT in 2022. Eight major domestic and two international passenger carriers served ONT in 2021. Seven major domestic and two international passenger carriers served ONT in 2020. Southwest Airlines and American Airlines have dominated both passenger activity and air carrier landed weight. These two carriers accounted for 55.1%, 63.8% and 66.7% of passenger traffic in 2022, 2021 and 2020, respectively. Eight of the nine major domestic passenger carriers and two of the three international passenger carriers serving ONT in 2022 had signed signatory ULAs.

	2022	2021	2020
Enplaned Passengers	2,754,566	1,420,116	2,168,058
% Increase (Decrease)	94.0 %	(34.5) %	(17.6) %
Total Passengers	5,497,353	2,849,587	4,339,234
% Increase (Decrease)	92.9 %	(34.3) %	(17.7) %
Aircraft Operations	87,212	75,566	76,374
% Increase (Decrease)	15.4 %	(1.1) %	(0.3) %
Landed Weight (One-Thousand Pound Units)	8,429,752	7,512,316	7,607,893
% Increase (Decrease)	12.2 %	(1.3) %	5.4 %

Financial Highlights

Summary of Operations and Changes in Net Position

Total operating revenues increased by $17.5 million (25.1%) in 2022 over 2021. The total increase in operating revenues is comprised of an increase in aeronautical revenues of $6.4 million (23.5%) and an increase in nonaeronautical revenues of $11.2 million (26.2%). The increase in aeronautical revenues in 2022 over 2021 was primarily the result of increases in facilities rent of $4.4 million (83.4%), land rent of $1.1 million (8.7%) and airline fees of $2.5 million (110.2%). The increase in nonaeronautical revenues in 2022 over 2021 was primarily the result of an increase in concession revenues of $18.3 million (79.1%) offset by a decrease in operating grants of $8.0 million (48.4%) as a result of the Authority recognizing the $8.2 million in CRSSA Act funding in 2022 compared to $15.6 million in CARES Act funding in 2021.

Total operating expenses increased by $17.0 million (31.1%) in 2022 over 2021. Increases in operating expenses in 2022 were primarily associated with increases in personnel of $1.7 million (23.6%), public safety of $4.1 million (27.4%), contractual services of $6.7 million (29.9%), and other operating expenses of $3.6 million (127.8%). As passenger activity has resumed to near normal levels in 2022, the Authority has resumed operations to almost pre-Declaration service levels, which includes filling vacant staff positions, the addition of new staff positions, increased public safety resources, and a return to pre-Declaration initiatives, which has resulted in an overall increase in operating expenses in 2022 over 2021.

Nonoperating revenues increased by $5.6 million (64.7%) in 2022 over 2021. Increases in nonoperating revenues in 2022 were primarily associated with increased Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenues of $4.9 million (78.5%) and $1.0 million (46.0%), respectively. Nonoperating expenses increased by $0.9 million (23.0%) in 2022 over 2021. 2022 was the first full fiscal year after the Authority's issuance of 2021 Revenue Bonds, which resulted in an increase in interest expense of $2.0 million (73.3%) in 2022 over 2021 offset by no bond issuance costs in 2022.

In December 2021, the Authority entered into a Development and Entitlement Agreement (DEA) with a developer to develop and lease certain land owned by the Authority. In accordance with the terms of the DEA, $7 million was received and recognized as consideration for the DEA for the year ended June 30, 2022. The Authority incurred and paid $2 million in real estate broker fees. The net revenue earned by the Authority under the DEA in the amount of $5 million is included as a special item in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Capital contributions increased by $6.4 million (140.1%) in 2022 over 2021 as a result of an increase in capital project activity during 2022 as the Authority resumed pre-Declaration initiatives.

The Authority's assets exceeded liabilities as of June 30, 2022 by $142.4 million compared to $107.6 million as of June 30, 2021. The Authority experienced an increase in net position of $34.9 million (32.4%) in 2022 compared to an increase of $15.8 million (17.2%) in 2021.

Summary of Operations and Changes in Net Position – continued

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
OPERATING REVENUES				
Aeronautical	$ 33,614,264	$ 27,223,382	$ 6,390,882	23.5 %
Nonaeronautical	53,773,085	42,618,784	11,154,301	26.2
Total Operating Revenues	87,387,349	69,842,166	17,545,183	25.1
OPERATING EXPENSES	71,641,962	54,638,484	17,003,478	31.1
Net Operating Income Before Depreciation and Amortization	15,745,387	15,203,682	541,705	3.6
Depreciation and Amortization	6,292,900	8,728,763	(2,435,863)	(27.9)
Net Operating Income	9,452,487	6,474,919	2,977,568	46.0
NONOPERATING REVENUES (EXPENSES)				
Nonoperating Revenues	14,210,117	8,627,326	5,582,791	64.7
Nonoperating Expenses	(4,736,620)	(3,850,061)	(886,559)	23.0
Total Nonoperating Revenues, Net	9,473,497	4,777,265	4,696,232	98.3
Income Before Capital Contributions	18,925,984	11,252,184	7,673,800	68.2
SPECIAL ITEM				
Development and Entitlement Income, Net	5,000,000	-	5,000,000	100.0
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	10,950,213	4,561,418	6,388,795	140.1
Increase in Net Position	34,876,197	15,813,602	19,062,595	120.5
NET POSITION – BEGINNING OF YEAR	107,563,631	91,750,029	15,813,602	17.2
NET POSITION – END OF YEAR	$ 142,439,828	$ 107,563,631	$ 34,876,197	32.4 %

Total operating revenues decreased by $11.6 million (14.2%) in 2021 over 2020. The total decrease in operating revenues is comprised of a decrease in aeronautical revenues of $14.5 million (34.8%) offset by an increase in nonaeronautical revenues of $3.0 million (7.5%). The decrease in aeronautical revenues in 2021 over 2020 was primarily the result of the ULAs annual true-up provision for 2021, which was not assessed or recorded for 2020 as the amount was not material. The annual true-up for the year ended June 30, 2021 resulted in a reduction of landing fees and terminal rental revenues of $7.0 million and $10.6 million, respectively. The net surplus for the year ended June 30, 2021 of $17.6 million was issued to signatory airlines in the form of credits. The increase in nonaeronautical revenues in 2021 over 2020 was primarily the result of an increase in operating grants of $9.4 million (47.8%) provided by CARES Act funding offset by decreases in concession revenues of $7.0 million (23.1%).

Summary of Operations and Changes in Net Position – continued

Total operating expenses decreased by $15.0 million (21.5%) in 2021 over 2020. Decreases in operating expenses in 2021 were primarily associated with decreases in public safety of $7.3 million (32.5%), contractual services of $4.1 million (15.5%), and other operating expenses of $2.8 million (49.8%).

Nonoperating revenues decreased by $4.1 million (32.0%) in 2021 over 2020. Decreases in nonoperating revenues in 2021 were primarily associated with decreased PFC and CFC revenues of $2.2 million (25.6%) and $1.2 million (34.9%), respectively. Nonoperating expenses increased by $0.5 million (16.3%) in 2021 over 2020 as a result of increases in bond issuance costs.

Capital contributions increased by $2.0 million (81.0%) in 2021 over 2020 as the Authority began to resume capital activities after the Declaration.

The Authority's assets exceeded liabilities as of June 30, 2021 by $107.6 million compared to $91.8 million as of June 30, 2020. The Authority experienced an increase in net position of $15.8 million (17.2%) in 2021 compared to an increase of $17.6 million (23.8%) in 2020.

			Increase (Decrease)	
	2021	2020	$	%
OPERATING REVENUES				
Aeronautical	$ 27,223,382	$ 41,766,947	$ (14,543,565)	(34.8) %
Nonaeronautical	42,618,784	39,651,340	2,967,444	7.5
Total Operating Revenues	69,842,166	81,418,287	(11,576,121)	(14.2)
OPERATING EXPENSES	54,638,484	69,629,480	(14,990,996)	(21.5)
Net Operating Income Before Depreciation and Amortization	15,203,682	11,788,807	3,414,875	29.0
Depreciation and Amortization	8,728,763	6,053,898	2,674,865	44.2
Net Operating Income	6,474,919	5,734,909	740,010	12.9
NONOPERATING REVENUES (EXPENSES)				
Nonoperating Revenues	8,627,326	12,690,771	(4,063,445)	(32.0)
Nonoperating Expenses	(3,850,061)	(3,309,292)	(540,769)	16.3
Total Nonoperating Revenues, Net	4,777,265	9,381,479	(4,604,214)	(49.1)
Income Before Capital Contributions	11,252,184	15,116,388	(3,864,204)	(25.6)
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	4,561,418	2,519,536	2,041,882	81.0
Increase in Net Position	15,813,602	17,635,924	(1,822,322)	(10.3)
NET POSITION – BEGINNING OF YEAR	91,750,029	74,114,105	17,635,924	23.8
NET POSITION – END OF YEAR	$ 107,563,631	$ 91,750,029	$ 15,813,602	17.2 %

Statements of Net Position

Current unrestricted assets increased by $6.0 million (6.5%) in 2022 over 2021. The increase primarily resulted from increases in unrestricted cash and cash equivalents of $4.6 million (6.1%) and grants receivable of $2.8 million (39.9%) offset by a decrease in accounts receivable of $1.7 million (20.7%). Current restricted assets increased by $8.4 million (12.2%) in 2022 over 2021. The increase primarily resulted from increases in restricted cash and cash equivalents of $8.9 million (13.2%) offset by a decrease in receivables for Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs) of $0.5 million (26.2%). The increase in restricted cash and cash equivalents was primarily the result of an increase in 2022 PFC and CFC revenues. Net capital assets increased by $18.5 million (13.3%) in 2022 over 2021 as a result of $25.6 million of expenditures on several new and continuing projects, as well vehicles and equipment purchased offset by an increase in accumulated depreciation and amortization of $6.3 million.

Current liabilities increased by $9.1 million (21.9%) in 2022 over 2021. The increase primarily resulted from increases in accounts payable of $8.0 million (238.0%), due to airlines of $1.2 million (7.1%), and unearned revenues of $3.1 million (207.1%) offset by a decrease in accrued expenses of $1.6 million (16.7%). Current portion of long-term debt decreased by $1.5 million (19.2%) and long-term debt decreased by $11.1 million (231.9%) as a result of the Authority paying down outstanding debt balances during 2022.

The Authority's net position increased by $34.9 million (32.4%) in 2022 over 2021. Net investment in capital assets increased by $30.0 million (78.0%) in 2022 over 2021 and represented 48.1% of total net position in 2022 compared to 35.8% in 2021. Net investment in capital assets represents the Authority's capital asset purchases, cash restricted for capital projects, cash restricted for debt service, less accumulated depreciation and amortization and outstanding debt incurred to acquire those assets. The Authority uses capital assets to provide services to its passengers, visitors, and tenants that generate future revenue streams. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from operations since the capital assets themselves cannot be used to retire these liabilities.

The Authority's restricted net position increased by $9.6 million (99.0%) in 2022 over 2021 and represented 13.5% of total net position in 2022 compared to 9.0% in 2021. Restricted net position represents resources that are subject to restrictions from government grantors, bond resolutions, and government regulatory authorities on how they may be used. The increase in restricted net position in 2022 over 2021 is attributable to increases in restricted cash and receivables for PFCs and CFCs.

The remaining unrestricted net position balances of $54.7 million for 2022 and $59.4 million for 2021 may be used for any lawful purpose of the Authority. Unrestricted net position decreased by $4.7 million (8.0%) in 2022 over 2021 and represented 38.4% of total net position in 2022 compared to 55.2% in 2021.

Statements of Net Position – continued

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
ASSETS				
Current Unrestricted Assets	$ 99,423,657	$ 93,127,888	$ 6,295,769	6.8 %
Current Restricted Assets	77,874,709	69,436,238	8,438,471	12.2
Noncurrent Unrestricted Assets	160,406,547	139,910,599	20,495,948	14.6
Total Assets	337,704,913	302,474,725	35,230,188	11.6
LIABILITIES				
Current Liabilities Payable from Unrestricted Assets	44,135,570	35,089,567	9,046,003	25.8
Current Liabilities Payable from Restricted Assets	6,804,630	6,711,225	93,405	1.4
Noncurrent Liabilities Payable from Unrestricted Assets	-	4,793,268	(4,793,268)	(100.0)
Noncurrent Liabilities Payable from Restricted Assets	140,427,913	146,750,899	(6,322,986)	(4.3)
Total Liabilities	191,368,113	193,344,959	(1,976,846)	(1.0)
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow of Resources - Leases	3,896,972	1,566,135	2,330,837	148.8
Total Deferred Inflow of Resources	3,896,972	1,566,135	2,330,837	148.8
NET POSITION				
Net Investment in Capital Assets	68,564,730	38,517,153	30,047,577	78.0
Restricted	19,205,773	9,652,913	9,552,860	99.0
Unrestricted	54,669,325	59,393,565	(4,724,240)	(8.0)
Total Net Position	$ 142,439,828	$ 107,563,631	$ 34,876,197	32.4 %

Current unrestricted assets increased by $38.7 million (71.5%) in 2021 over 2020. The increase primarily resulted from increases in unrestricted cash and cash equivalents of $40.1 million (114.5%) and prepaid expenses of $1.5 million (142.3%) offset by decreases in accounts receivable of $1.6 million (16.5%) and grants receivable $0.9 million (11.8%). Current restricted assets increased by $52.7 million (315.2%) in 2021 over 2020. The increase primarily resulted from increases in restricted cash and cash equivalents of $51.4 million (317.7%) and receivables for PFCs and CFCs of $1.3 million (239.7%). The increase in restricted cash and cash equivalents was primarily the result of the Authority's issuance of 2021 Revenue Bonds in April 2021. PFC and CFC receivables increased as a result of increased aviation and concession activities in May and June of 2021. Net capital assets increased by $4.1 million (3.0%) in 2021 over 2020 as a result of $12.8 million of expenditures on several continuing projects, as well vehicles and equipment purchased offset by an increase in accumulated depreciation and amortization of $8.7 million.

Statements of Net Position – continued

Current liabilities increased by $26.6 million (175.5%) in 2021 over 2020. The increase primarily resulted from increases in accrued expenses of $8.6 million (748.9%) and due to airlines of $17.5 million offset by a decrease in accounts payable of $2.2 million (39.5%). Current portion of long-term debt increased by $1.2 million (17.7%) and long-term debt increased by $53.0 million (53.9%) as a result of the Authority's issuance of 2021 Revenue Bonds offset by 2021 debt service.

The Authority's net position increased by $15.8 million (17.2%) in 2021 over 2020. Net investment in capital assets increased by $0.4 million (1.1%) in 2021 over 2020 and represented 35.8% of total net position in 2021 compared to 41.5% in 2020. Net investment in capital assets represents the Authority's capital asset purchases, cash restricted for capital projects, cash restricted for debt service, less accumulated depreciation and amortization and outstanding debt incurred to acquire those assets. The Authority uses capital assets to provide services to its passengers, visitors, and tenants that generate future revenue streams. Although the Authority's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from operations since the capital assets themselves cannot be used to retire these liabilities.

The Authority's restricted net position increased by $1.6 million (19.7%) in 2021 over 2020 and represented 9.0% of total net position in 2021 compared to 8.8% in 2020. Restricted net position represents resources that are subject to restrictions from government grantors, bond resolutions, and government regulatory authorities on how they may be used. The increase in restricted net position in 2021 over 2020 is attributable to increases in restricted cash and receivables for PFCs and CFCs.

The remaining unrestricted net position balances of $59.4 million for 2021 and $45.6 million for 2020 may be used for any lawful purpose of the Authority. Unrestricted net position increased by $13.8 million (30.3%) in 2021 over 2020 and represented 55.2% of total net position in 2021 compared to 49.7% in 2020.

Statements of Net Position – continued

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
ASSETS				
Current Unrestricted Assets	$ 93,127,888	$ 54,107,682	$ 39,020,206	72.1 %
Current Restricted Assets	69,436,238	16,724,867	52,711,371	315.2
Noncurrent Unrestricted Assets	139,910,599	134,583,439	5,327,160	4.0
Total Assets	302,474,725	205,415,988	97,058,737	47.2
LIABILITIES				
Current Liabilities Payable from Unrestricted Assets	35,089,567	15,170,672	19,918,895	131.3
Current Liabilities Payable from Restricted Assets	6,711,225	-	6,711,225	100.0
Noncurrent Liabilities Payable from Unrestricted Assets	4,793,268	70,448,745	(65,655,477)	(93.2)
Noncurrent Liabilities Payable from Restricted Assets	146,750,899	28,046,542	118,704,357	423.2
Total Liabilities	193,344,959	113,665,959	79,679,000	70.1
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow of Resources - Leases	1,566,135	-	1,566,135	100.0
Total Deferred Inflow of Resources	1,566,135	-	1,566,135	100.0
NET POSITION				
Net Investment in Capital Assets	38,517,153	38,095,971	421,182	1.1
Restricted	9,652,913	8,062,230	1,590,683	19.7
Unrestricted	59,393,565	45,591,828	13,801,737	30.3
Total Net Position	$ 107,563,631	$ 91,750,029	$ 15,813,602	17.2 %

Revenues

Total 2021 revenues of $83.0 million decreased by $13.6 million (14.1%) in 2021 over 2020 total revenues of $96.6 million. The decrease was attributable to decreases in operating revenues of $11.6 million (14.2%) and nonoperating revenues of $4.1 million (32.0%) offset by increases in capital contributions of $2.0 million (81.0%).

Operating revenues increased by $17.5 million (25.1%) in 2022 over 2021. The total increase in operating revenues is comprised of increases in aeronautical revenues of $6.4 million (23.5%) and nonaeronautical revenues of $11.2 million (26.2%).

Revenues – continued

The increase in aeronautical revenues in 2022 over 2021 was the result of increases in aeronautical facilities rent of $4.4 million (83.4%), aeronautical land rent of $1.1 million (8.7%), and airline fees of $2.5 million (110.2%) offset by a decrease in landing fees of $1.6 million (23.6%). The increase in aeronautical facilities rent and decrease in landing fees are primarily the result of the ULAs annual true-up provision for 2022, which resulted in a higher adjusted terminal rental rate and a lower adjusted landing fee rate in 2022 compared to 2021, The decrease in the landing fee rate after the ULAs annual true-up provision, however, was mitigated by an increase in landed weight of 917,436 one-thousand-pound units (12.2%) in 2022 over 2021. The annual true-up for the 2022 resulted in a reduction of landing fees and terminal rental revenues of $8.6 million and $5.3 million, respectively. The increase in land rent was primarily the result of an increase in rental rates in 2022 over 2021. The increase in airline fees in 2022 over 2021 was the result of an increase in aeronautical activities and new aeronautical contracts.

The increase in nonaeronautical revenues in 2022 over 2021 was primarily the result of an increase in total concessions revenue of $18.3 million (79.1%). Concession revenue increases were the result of an increase in passenger activity in 2022 over 2021 as passenger activity returns to pre-Declaration levels. Increases in concession revenues in 2022 over 2021 include increases in auto parking of $12.5 million (90.6%), rental cars of $3.1 million (47.5%), food and beverage of $0.5 million (64.4%), gifts and news of $0.8 million (89.8%), and other concessions of $1.4 million (126.5%). Other aeronautical revenues increased by $0.4 million (65.8%) as a result of an increase in filming revenues as filming activities began to return to pre-Declaration levels. The increases in nonaeronautical revenues in 2022 over 2021 were offset by a decrease in operating grants of $8.0 million (48.4%), which was primarily the result of the Authority recognizing the $8.2 million in CRSSA Act funding in 2022 compared to $15.6 million in CARES Act funding in 2021.

Nonoperating revenues increased by $5.6 million (64.7%) in 2022 over 2021. The increase was the result of an increase in PFC and CFC revenues of $4.9 million (78.5%) and $1.0 million (46.0%) in 2022 over 2021, respectively. Increases in PFC and CFC revenues were the result of the increase in passenger activity levels in 2022 over 2021. The increases were offset by a net decrease in investment income of $0.3 million in 2022 over 2021 as a result of market performance,

The Authority received an additional $7.0 million in revenue from a development entitlement agreement in 2022, net of $2.0 million in real estate broker fees. Additional information regarding the DEA revenue may be found in Note 16 in the accompanying Notes to Financial Statements.

Capital contributions of $11.0 million in 2022 were $6.4 million (140.1%) higher than 2021 capital contributions of $4.6 million. This increase was attributable to increases in Airport Improvement Program (AIP) grant revenues as work on eligible AIP projects progressed.

Revenues – continued

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
OPERATING REVENUES				
Aeronautical:				
Landing Fees	$ 5,234,880	$ 6,854,142	$ (1,619,262)	(23.6) %
Facilicies Rent	9,775,257	5,329,682	4,445,575	83.4
Land Rent	13,921,034	12,811,487	1,109,547	8.7
Airline Fees	4,683,093	2,228,071	2,455,022	110.2
Total Aeronautical Revenues	33,614,264	27,223,382	6,390,882	23.5
Nonaeronautical:				
Facilities and Land Rent	1,338,113	1,077,440	260,673	24.2
Non-Airline Terminal Rent	1,391,782	1,229,771	162,011	13.2
Concessions:				
Auto Parking	26,307,897	13,799,864	12,508,033	90.6
Rental Cars	9,681,310	6,565,026	3,116,284	47.5
Food and Beverage	1,326,876	807,051	519,825	64.4
Gifts and News	1,743,848	918,635	825,213	89.8
Other Concessions	2,443,976	1,078,810	1,365,166	126.5
Operating Grants	8,530,697	16,533,704	(8,003,007)	(48.4)
Other Nonaeronautical Operating Revenues	1,008,586	608,483	400,103	65.8
Total Nonaeronautical Revenues	53,773,085	42,618,784	11,154,301	26.2
Total Operating Revenues	87,387,349	69,842,166	17,545,183	25.1
NONOPERATING REVENUES				
Investment Income (Loss), Net	(279,864)	35,084	(314,948)	(897.7)
Passenger Facility Charges	11,225,992	6,289,645	4,936,347	78.5
Customer Facility Charges	3,192,973	2,187,354	1,005,619	46.0
Gain on Disposition of Assets	71,016	115,243	(44,227)	(38.4)
Total Nonoperating Revenues	14,210,117	8,627,326	5,582,791	64.7
SPECIAL ITEM				
Development and Entitlement Income, Net	5,000,000	-	5,000,000	100.0
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	10,950,213	4,561,418	6,388,795	140.1
Total Revenues	$ 117,547,679	$ 83,030,910	$ 34,516,769	41.6 %

Operating revenues decreased by $11.6 million (14.2%) in 2021 over 2020. The total decrease in operating revenues is comprised of a decrease in aeronautical revenues of $14.5 million (34.8%) offset by an increase in nonaeronautical revenues of $3.0 million (7.5%).

Revenues – continued

The decrease in aeronautical revenues in 2021 over 2020 was the result of decreases in landing fees of $7.9 million (53.4%) and aeronautical facilities rent of $15.0 million (73.8%) offset by increases in aeronautical land rent of $8.1 million (169.2%) and airline fees of $0.3 million (14.9%). The decreases in landing fees and aeronautical facilities rent are primarily the result of the ULAs annual true-up provision for 2021, which was not assessed or recorded for 2020 as the amount was not material. The annual true-up for 2021 resulted in a reduction of assessed landing fees and terminal rental revenues of $7.0 million and $10.6 million, respectively.

The increase in nonaeronautical revenues in 2021 over 2020 was primarily the result of an increase in operating grants of $9.4 million (132.0%), which was primarily associated with the CARES Act grant funding of $15.6 million recognized in 2021 ($22.2 million awarded less $6.6 million recognized in 2020) and the CRSSA concession relief grant funding of $0.6 million recognized in 2021. The increase in nonaeronautical revenues in 2021 over 2020 was offset by decreases in concession revenues of $7.0 million (23.1%) and other nonaeronautical operating revenues of $0.6 million (4.8%). Concession revenue decreases were the result of a decrease in passenger activity in 2021 over 2020 and include decreases in auto parking of $3.8 million (21.6%), rental cars of $0.8 million (11.1%), food and beverage of $0.6 million (41.7%), gifts and news of $0.2 million (15.1%), and other concessions of $1.6 million (60.0%). The decrease in other nonaeronautical operating revenues was primarily due to a decrease in filming revenues as a result of the Declaration.

Nonoperating revenues decreased by $4.1 million (32.0%) in 2021 over 2020. The decrease occurred across all nonoperating revenues except for gain on disposition of assets. Net investment income decreased by $0.8 million (95.6%) in 2021 over 2020, PFCs and CFCs decreased by $2.2 million (25.6%) and $1.2 million (34.9%), respectively in 2021 over 2020. PFC and CFC decreases were a consequence of lower passenger activity in 2021 compared to 2022. Gain on disposition of assets increased by $29K (32.9%).

Capital contributions of $4.6 million in 2021 were $2.0 million (81.0%) higher than 2020 capital contributions of $2.5 million. This increase was attributable to increases in Airport Improvement Program (AIP) grant revenues as work on eligible AIP projects progressed. In 2020, many AIP projects were put on hold or delayed as a result of the Declaration.

Revenues – continued

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
OPERATING REVENUES				
Aeronautical:				
Landing Fees	$ 6,854,142	$ 14,710,660	$ (7,856,518)	(53.4) %
Facilicies Rent	5,329,682	20,357,306	(15,027,624)	(73.8)
Land Rent	12,811,487	4,759,326	8,052,161	169.2
Airline Fees	2,228,071	1,939,655	288,416	14.9
Total Aeronautical Revenues	27,223,382	41,766,947	(14,543,565)	(34.8)
Nonaeronautical:				
Facilities and Land Rent	1,077,440	1,127,017	(49,577)	(4.4)
Non-Airline Terminal Rent	1,229,771	-	1,229,771	100.0
Concessions:				
Auto Parking	13,799,864	17,600,660	(3,800,796)	(21.6)
Rental Cars	6,565,026	7,383,170	(818,144)	(11.1)
Food and Beverage	807,051	1,383,759	(576,708)	(41.7)
Gifts and News	918,635	1,081,430	(162,795)	(15.1)
Other Concessions	1,078,810	2,695,425	(1,616,615)	(60.0)
Operating Grants	16,533,704	7,126,536	9,407,168	132.0
Other Nonaeronautical Operating Revenues	608,483	1,253,343	(644,860)	(51.5)
Total Nonaeronautical Revenues	42,618,784	39,651,340	2,967,444	7.5
Total Operating Revenues	69,842,166	81,418,287	(11,576,121)	(14.2)
NONOPERATING REVENUES				
Investment Income (Loss), Net	35,084	794,984	(759,900)	(95.6)
Passenger Facility Charges	6,289,645	8,448,989	(2,159,344)	(25.6)
Customer Facility Charges	2,187,354	3,360,085	(1,172,731)	(34.9)
Gain on Disposition of Assets	115,243	86,713	28,530	32.9
Total Nonoperating Revenues	8,627,326	12,690,771	(4,063,445)	(32.0)
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	4,561,418	2,519,536	2,041,882	81.0
Total Revenues	$ 83,030,910	$ 96,628,594	$ (13,597,684)	(14.1) %

Expenses

Total expenses increased by $15.5 million (23.0%) in 2022 over 2021. This included increases in operating expenses and nonoperating expenses of $17.0 million (31.1%) and $0.9 million (23.0%), respectively offset by a decrease in depreciation and amortization of $2.4 million (27.9%).

Expenses – continued

Operating expenses increased by $17.0 million (31.1%) in 2022 over 2021. Personnel expenses of $8.9 million increased by $1.7 million (23.6%) in 2022 over 2021. Public safety expenses of $19.2 million increased by $4.1 million (27.4%) in 2022 over 2021. Contractual services of $29.3 million increased by $6.7 million (29.9%) in 2022 over 2021. These increases were primarily the result of the Authority resuming operations to almost pre-Declaration service levels as passenger activity resumed to near normal levels during 2022, which included filling vacant staff positions, adding new staff positions, increased public safety resources, and a return to pre-Declaration initiatives. Insurance and administration and telecommunication and utilities increased by $0.1 million (8.8%) and $0.8 million (19.3%), respectively. The increases resulted primarily from the increase in personnel and personnel resuming working on site in 2022 rather than working remotely as they did in 2021. The increase in utilities resulted from increases across all utility categories, including electric, gas, and water. Materials and supplies remained relatively flat in 2022 over 2021. Bad debt expense decreased by $73K (67.1%) in 2022 over 2021 as a result of improved accounts receivable collections. Marketing expenses were reduced in 2021 in response to cost cutting measures as a result of the Declaration. In 2022, marketing expenses returned to pre-Declaration levels and increased accounted for the majority of the increase in other operating expenses of $3.6 million (127.8%) in 2022 over 2021. Depreciation and amortization expense decreased by $2.4 million (27.9%) in 2022 over 2021 as a result of certain assets becoming fully depreciated in 2022.

Nonoperating expenses increased by $0.9 million (23.0%) in 2022 over 2021. The increase included an increase in interest expense of $2.0 million (73.3%) offset by a decrease in bond issuance costs of $1.1 million (100.0%). The increase in interest expense in 2022 over 2021 was the result of 2022 being the first full fiscal year with interest expense for the 2021 Revenue Bonds. There were no bond issuance costs in 2022 as no new bonds were issued.

Expenses – continued

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
OPERATING EXPENSES				
Personnel	$ 8,877,520	$ 7,184,686	$ 1,692,834	23.6 %
Public Safety	19,243,969	15,102,848	4,141,121	27.4
Contractual Services	29,277,820	22,537,291	6,740,529	29.9
Materials and Supplies	1,013,480	1,044,759	(31,279)	(3.0)
Insurance and Administration	1,400,242	1,286,859	113,383	8.8
Telecommunication and Utilities	5,253,646	4,405,245	848,401	19.3
Bad Debt Expense	73,298	222,927	(149,629)	(67.1)
Other Operating Expenses	6,501,987	2,853,869	3,648,118	127.8
Total Operating Expenses	71,641,962	54,638,484	17,003,478	31.1
Depreciation and Amortization	6,292,900	8,728,763	(2,435,863)	(27.9)
NONOPERATING EXPENSES				
Interest Expense	4,736,620	2,733,010	2,003,610	73.3
Bond Issuance Costs	-	1,117,051	(1,117,051)	(100.0)
Total Nonoperating Expenses	4,736,620	3,850,061	886,559	23.0
Total Expenses	$ 82,671,482	$ 67,217,308	$ 15,454,174	23.0 %

Total expenses decreased by $11.8 million (14.9%) in 2021 over 2020. This included decreases in operating expenses of $15.0 million (21.5%) offset by increases in depreciation and amortization of $2.7 million (44.2%) and nonoperating expenses of $0.5 million (16.3%).

Operating expenses decreased by $15.0 million (21.5%) in 2021 over 2020. Public safety expenses of $15.1 million decreased by $7.3 million (32.5%) in 2021 over 2020. Contractual services of $22.5 million decreased by $4.1 million (15.5%) in 2021 over 2020. These decreases were primarily the result of the general decrease in airport activity in 2021 and cost-saving measures put in place by the Authority as a result of the Declaration. Materials and supplies and telecommunication and utilities decreased by $0.1 million (11.9%) and $0.3 million (7.2%), respectively. The decreases resulted primarily from personnel working remotely as a result of the Declaration. The decrease in utilities resulted from decreases across all utility categories, including electric, gas, and water. Personnel and insurance and administration expenses remained relatively flat in 2021 over 2020. Bad debt expense decreased by $383K (63.2%) in 2021 over 2020 as a result of improved accounts receivable collections. Marketing expense reductions in 2021 compared to 2020 accounted for a majority of the decrease in other operating expenses of $2.8 million (49.8%). Depreciation and amortization expense increased by $2.7 million (44.2%) in 2021 over 2020 due to the acquisition of new capital assets and the completion of capital projects.

Expenses – continued

Nonoperating expenses increased by $0.5 million (16.3%) in 2021 over 2020. The increase included an increase in bond issuance costs of $1.1 million, which was attributable to the issuance of 2021 Revenue Bonds in 2021 to finance capital projects. This increase was partially offset by a decrease in interest expense of $0.6 million (17.1%) as old debt was paid off in connection with the issuance of the 2021 Revenue Bonds.

			Increase (Decrease)	
	2021	2020	$	%
OPERATING EXPENSES				
Personnel	$ 7,184,686	$ 7,116,113	$ 68,573	1.0 %
Public Safety	15,102,848	22,377,074	(7,274,226)	(32.5)
Contractual Services	22,537,291	26,662,656	(4,125,365)	(15.5)
Materials and Supplies	1,044,759	1,186,140	(141,381)	(11.9)
Insurance and Administration	1,286,859	1,251,621	35,238	2.8
Telecommunication and Utilities	4,405,245	4,749,119	(343,874)	(7.2)
Bad Debt Expense	222,927	606,339	(383,412)	(63.2)
Other Operating Expenses	2,853,869	5,680,418	(2,826,549)	(49.8)
Total Operating Expenses	54,638,484	69,629,480	(14,990,996)	(21.5)
Depreciation and Amortization	8,728,763	6,053,898	2,674,865	44.2
NONOPERATING EXPENSES				
Interest Expense	2,733,010	3,296,292	(563,282)	(17.1)
Bond Issuance Costs	1,117,051	13,000	1,104,051	8,492.7
Total Nonoperating Expenses	3,850,061	3,309,292	540,769	16.3
Total Expenses	$ 67,217,308	$ 78,992,670	$ (11,775,362)	(14.9) %

Capital Assets

Net capital assets increased by $18.5 million (13.3%) in 2022 over 2021. The increase resulted from $24.8 million of capital expenditures offset by an increase in accumulated depreciation and amortization of $6.3 million in 2022. Capital expenditures in construction in progress (CIP), land improvements, and building and improvements accounted for 94.5% of capital purchases during 2022. The most significant 2022 CIP projects were the Taxiway S Rehabilitation Project, the Runway 8R-26L Rehabilitation and Connecting Taxiways Project, and the purchase of 8 electric shuttle buses, all of which were still in progress at the end of 2022.

Capital Assets – continued

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
Capital Assets – Not Depreciated:				
Land	$ 56,503,866	$ 56,503,866	$ -	- %
Air Avigation Easements	7,273,370	7,273,370	-	-
Construction in Progress	29,686,154	8,235,649	21,450,505	260.5
Total	93,463,390	72,012,885	21,450,505	29.8
Capital Assets – Depreciated:				
Land Improvements	34,986,772	34,404,618	582,154	1.7
Buildings and Improvements	42,334,191	40,976,148	1,358,043	3.3
Information Technology Hardware and Software	6,181,784	5,116,817	1,064,967	20.8
Furniture and Fixtures	154,905	72,723	82,182	113.0
Machinery and Equipment	5,660,497	5,618,189	42,308	0.8
Vehicles	1,948,248	1,767,627	180,621	10.2
Total	91,266,397	87,956,122	3,310,275	3.8
Total Capital Assets	184,729,787	159,969,007	24,760,780	15.5
Less: Accumulated Depreciation and Amortization	(27,597,740)	(21,304,840)	(6,292,900)	29.5
Total Capital Assets, Net	$ 157,132,047	$ 138,664,167	$ 18,467,880	13.3 %

Net capital assets increased by $4.1 million (3.0%) in 2021 over 2020. The increase resulted from $12.8 million of capital expenditures offset by an increase in accumulated depreciation and amortization of $8.7 million in 2021. Capital expenditures in CIP, land improvements, and building and improvements accounted for 95.0% of capital purchases during 2021. The most significant 2021 CIP projects were for the Taxiway C Improvement Project, which was completed and placed in service in 2021, and the Runway 8R-26L Rehabilitation and Connecting Taxiways Project, which is still in progress.

Additional detailed information regarding capital asset activity may be found in Note 5 in the accompanying Notes to Financial Statements.

Capital Assets – continued

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
Capital Assets – Not Depreciated:				
Land	$ 56,503,866	$ 56,503,866	$ -	- %
Air Avigation Easements	7,273,370	7,273,370	-	-
Construction in Progress	8,235,649	3,253,139	4,982,510	153.2
Total	72,012,885	67,030,375	4,982,510	7.4
Capital Assets – Depreciated:				
Land Improvements	34,404,618	30,150,647	4,253,971	14.1
Buildings and Improvements	40,976,148	38,066,172	2,909,976	7.6
Information Technology Hardware and Software	5,116,817	4,659,526	457,291	9.8
Furniture and Fixtures	72,723	72,723	-	-
Machinery and Equipment	5,618,189	5,453,750	164,439	3.0
Vehicles	1,767,627	1,745,348	22,279	1.3
Total	87,956,122	80,148,166	7,807,956	9.7
Total Capital Assets	159,969,007	147,178,541	12,790,466	8.7
Less: Accumulated Depreciation and Amortization	(21,304,840)	(12,595,102)	(8,709,738)	69.2
Total Capital Assets, Net	$ 138,664,167	$ 134,583,439	$ 4,080,728	3.0 %

Debt Activity

At the end of 2022, the Authority had total long-term debt outstanding of $146.8 million. The debt consisted primarily of 2021 Revenue Bonds issued in April 2021 of $123.8 million and 2016 Revenue Bonds of $23.0 million. The decrease in debt of $12.6 million (7.9%) in 2022 over 2021 was primarily related to the Authority's early repayment of certain debt obligations at the end of 2022 in addition to normal debt service.

Debt Activity – continued

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
Revenue Bonds:				
Series 2016	$ 22,960,000	$ 28,250,000	$ (5,290,000)	(18.7) %
Series 2021:				
Series 2021 A	57,750,000	57,750,000	-	-
Series 2021 A Premium	11,657,727	12,060,876	(403,149)	(3.3)
Series 2021 B	41,685,000	41,685,000	-	-
Series 2021 B Premium	8,793,172	9,258,009	(464,837)	(5.0)
Series 2021 C	3,905,000	3,905,000	-	-
Total Series 2021	123,790,899	124,658,885	(867,986)	(0.7)
Total Revenue Bonds	146,750,899	152,908,885	(6,157,986)	(4.0)
Direct Borrowings:				
Other Notes and Capital Lease Obligations	3,710	6,468,215	(6,464,505)	(99.9)
Total Direct Borrowings	3,710	6,468,215	(6,464,505)	(99.9)
Total Long-Term Debt	$ 146,754,609	$ 159,377,100	$ (12,622,491)	(7.9) %

At the end of 2021, the Authority had total long-term debt outstanding of $159.4 million. The debt consisted of 2021 Revenue Bonds issued in April 2021 of $124.7 million, 2016 Revenue Bonds of $28.3 million, and other notes and capital lease obligations of $6.5 million. The notes payable to Los Angeles World Airports (LAWA) and subordinated revenue notes were paid off in connection with the Authority's issuance of the 2021 Revenue Bonds. This debt was secured by airport revenues and/or by PFCs. The increase in debt of $54.2 million (51.6%) in 2021 over 2020 was primarily related to the issuance of 2021 Revenue Bonds offset by normal debt service.

Debt Activity – continued

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
Revenue Bonds:				
Series 2016	$ 28,250,000	$ 33,395,000	$ (5,145,000)	(15.4) %
Series 2021:				
Series 2021 A	57,750,000	-	57,750,000	100.0
Series 2021 A Premium	12,060,876	-	12,060,876	100.0
Series 2021 B	41,685,000	-	41,685,000	100.0
Series 2021 B Premium	9,258,009	-	9,258,009	100.0
Series 2021 C	3,905,000	-	3,905,000	100.0
Total Series 2021	124,658,885	-	124,658,885	100.0
Total Revenue Bonds	152,908,885	33,395,000	119,513,885	357.9
Direct Borrowings:				
Notes Payable – LAWA	-	28,046,542	(28,046,542)	(100.0)
Subordinated Revenue Notes	-	34,370,500	(34,370,500)	(100.0)
Other Notes and Capital Lease Obligations	6,468,215	9,338,063	(2,869,848)	(30.7)
Total Direct Borrowings	6,468,215	71,755,105	(65,286,890)	(91.0)
Total Long-Term Debt	$ 159,377,100	$ 105,150,105	$ 54,226,995	51.6 %

Additional detailed information regarding long-term debt activity may be found in Note 8 in the accompanying Notes to Financial Statements.

Debt Service Coverage

Debt service coverage is a covenant of the Authority's bond resolutions requiring that annual net airport system revenues be maintained in an amount expressed as a multiple of times annual principal and interest payments on the related debt. This coverage serves as an indicator to bondholders that funds are available for timely debt service payments. Net airport system revenue is calculated based on the ULAs between the Authority and its signatory airlines and includes several additions to and subtractions from revenue and expense amounts reported in the Basic Financial Statements.

The Authority is required to maintain debt service coverage ratios for the 2016 Revenue Bonds, 2021 Revenue Bonds. The Authority was also required to maintain a debt service coverage ratio for the 2019 subordinated revenue notes that were repaid in 2021.

The required debt service coverage ratio for the 2016 and 2021 Revenue Bonds is 125% of annual principal and interest payments. The debt service coverage ratio was 245.5% as of June 30, 2022 compared to 326.0% and 302.2% as of June 30, 2021 and 2020, respectively.

The 2019 subordinated revenue notes, which were repaid in 2021, were subordinate to the 2016 Revenue Bonds in terms of priority of claims. The required debt service coverage ratio for the 2019 Notes was 110% of annual principal and interest payments. The debt service coverage ratio was 254.1% as of June 30, 2020.

As of June 30, 2022, the Authority was in compliance with all financial covenants. Variances in the debt service coverage year-over-year are primarily attributable to normal debt service and changes in net airport system revenue.

Airline Rates and Charges

The Authority has residual cost ULAs with seven signatory domestic passenger airlines, two signatory international passenger airlines, and four signatory cargo airlines that expire on September 30, 2024. This agreement provides a method for securing the financial stability of the Authority through a schedule of rates and charges. The following table details some of the key rates and charges included in the agreement. Additional detailed information regarding ULAs and airline rates and charges may be found in Note 2 in the accompanying Notes to Financial Statements.

Airline Rates and Charges – continued

	2022[2]	2022[1]	2021	2020
Fee Type:				
Signatory Landing Fees per Thousand Pounds of Gross Landed Weight	$ 1.60	$ 1.71	$ 1.84	$ 1.98
Signatory Annual Terminal Rental Rate per Square Foot	$ 80.00	$ 99.38	$ 99.38	$ 109.86
Non–Preferential Gate Use per Turn	$ 280.00	$ 280.00	$ 280.00	$ 280.00
Jet Bridge Utility Per Use	$ 189.00	$ 189.00	$ 189.00	$ 189.00

[1] Airline Rates and Charges in effect from July 1, 2021 – December 31, 2021

[2] Amended Airline Rates and Charges in effect from January 1, 2022 – July 31, 2022

Airline Cost Per Enplanement (CPE)

Airline Cost Per Enplanement (CPE) is a measurement used in the airline and airport industries to show the average cost an airline incurs to enplane one passenger at a given airport. This figure is derived by dividing total passenger airline revenues earned by the airport by the total number of enplaned passengers.

	2022	2021	2020
Airline Cost per Enplanement:			
Passenger Airline Revenues	$ 12,497,655	$ 8,776,399	$ 24,102,471
Enplaned Passengers	2,754,566	1,420,116	2,168,058
Cost per Enplanement	$ 4.54	$ 6.18	$ 11.12

CPE decreased by $1.64 (26.5%) per enplaned passenger in 2022 over 2021. This increase was primarily the result of an increase in enplaned passengers of 1.3 million (94.0%) in 2022 over 2021 as the Authority continues to recover from the impacts of the Declaration on the industry on 2021 and 2020 passenger enplanements.

	2022	2021	Increase (Decrease) $	Increase (Decrease) %
Airline Cost per Enplanement (CPE):				
Passenger Airline Revenues	$ 12,497,655	$ 8,776,399	$ 3,721,256	42.4 %
Enplaned Passengers	2,754,566	1,420,116	1,334,450	94.0
Cost per Enplanement (CPE)	$ 4.54	$ 6.18	$ (1.64)	(26.5) %

Airline Cost Per Enplanement – continued

CPE increased by $4.94 (44.4%) per enplaned passenger in 2021 over 2020. This decrease was the result of a disproportionate decrease in passenger airline revenues (63.6%) in relation to enplaned passengers (34.5%) due to the impacts of the Declaration on the aviation industry.

	2021	2020	Increase (Decrease) $	Increase (Decrease) %
Airline Cost per Enplanement (CPE):				
Passenger Airline Revenues	$ 8,776,399	$ 24,102,471	$ (15,326,072)	(63.6) %
Enplaned Passengers	1,420,116	2,168,058	(747,942)	(34.5)
Cost per Enplanement (CPE)	$ 6.18	$ 11.12	$ (4.94)	(44.4) %

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 ONTARIO INTERNATIONAL AIRPORT AUTHORITY, 1923 E. Avion St., Ontario, CA 91761.

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents – Note 3	$ 79,638,865	$ 75,043,777
Accounts Receivable, Net of Allowance for Doubtful Accounts of $637,209 and $564,272 at June 30, 2022 and 2021, Respectively	6,584,488	8,303,513
Grants Receivable	9,701,942	6,935,095
Leases Receivable - Current	622,472	319,703
Interest Receivable	61,408	26,705
Prepaid Expenses	2,814,482	2,499,095
Total Unrestricted Current Assets	99,423,657	93,127,888
Restricted Assets:		
Cash and Cash Equivalents – Note 3	76,512,701	67,591,845
Accounts Receivable	1,362,008	1,844,393
Total Restricted Current Assets	77,874,709	69,436,238
Total Current Assets	177,298,366	162,564,126
Noncurrent Assets:		
Leases Receiviable - Noncurrent		
Capital Assets – Note 5:	3,274,500	1,246,432
Not Depreciated	93,463,390	72,012,885
Depreciated, Net of Accumulated Depreciation and Amortization of $27,597,740 and $21,304,840 at June 30, 2022 and 2021, Respectively	63,668,657	66,651,282
Net Capital Assets	157,132,047	138,664,167
Total Noncurrent Assets	160,406,547	139,910,599
TOTAL ASSETS	$ 337,704,913	$ 302,474,725

See Accompanying Notes to Financial Statements

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ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION – CONTINUED
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	$ 11,317,507	$ 3,348,191
Accrued Expenses	8,108,343	9,728,837
Accrued Payroll and Vacation	880,178	685,231
Accrued Interest	-	63,243
Customer Deposits – Note 6	473,817	568,820
Due to Airlines – Note 7	18,773,388	17,529,409
Unearned Revenues – Note 6	4,578,627	1,490,889
Current Portion of Long–Term Debt – Note 8	3,710	1,674,947
Total Unrestricted Current Liabilities	44,135,570	35,089,567
Payable from Restricted Assets:		
Accrued Interest	481,644	553,239
Current Portion of Long–Term Debt – Note 8	6,322,986	6,157,986
Total Restricted Current Liabilities	6,804,630	6,711,225
Total Current Liabilities	50,940,200	41,800,792
Noncurrent Liabilities:		
Payable from Unrestricted Assets:		
Long–Term Debt – Note 8:		
Other Notes and Capital Lease Obligations	-	4,793,268
Total Unrestricted Noncurrent Liabilities	-	4,793,268
Payable from Restricted Assets:		
Revenue Bonds – Series 2016	17,505,000	22,960,000
Revenue Bonds – Series 2021	122,922,913	123,790,899
Total Restricted Noncurrent Liabilities	140,427,913	146,750,899
Total Noncurrent Liabilities	140,427,913	151,544,167
Total Liabilities	191,368,113	193,344,959
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow or Resources, Leases - Note 11	3,896,972	1,566,135
Total Deferred Inflow of Resources	3,896,972	1,566,135
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	195,265,085	194,911,094
NET POSITION		
Net Investment in Capital Assets – Note 5	68,564,730	38,517,153
Restricted – Note 9	19,205,773	9,652,913
Unrestricted	54,669,325	59,393,565
TOTAL NET POSITION	142,439,828	107,563,631
	$ 337,704,913	$ 302,474,725

See Accompanying Notes to Financial Statements

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Aeronautical:		
Landing Fees	$ 5,234,880	$ 6,854,142
Facilicies Rent	9,775,257	5,329,682
Land Rent	13,921,034	12,811,487
Airline Fees	4,683,093	2,228,071
Total Aeronautical Revenues	33,614,264	27,223,382
Nonaeronautical:		
Facilities and Land Rent	1,338,113	1,077,440
Non-Airline Terminal Rent	1,391,782	1,229,771
Concessions:		
Auto Parking	26,307,897	13,799,864
Rental Cars	9,681,310	6,565,026
Food and Beverage	1,326,876	807,051
Gifts and News	1,743,848	918,635
Other Concessions	2,443,976	1,078,810
Operating Grants	8,530,697	16,533,704
Other Nonaeronautical Operating Revenues	1,008,586	608,483
Total Nonaeronautical Revenues	53,773,085	42,618,784
Total Operating Revenues	87,387,349	69,842,166
OPERATING EXPENSES		
Personnel	8,877,520	7,184,686
Public Safety	19,243,969	15,102,848
Contractual Services	29,277,820	22,537,291
Materials and Supplies	1,013,480	1,044,759
Insurance and Administration	1,400,242	1,286,859
Telecommunication and Utilities	5,253,646	4,405,245
Bad Debt Expense	73,298	222,927
Other Operating Expenses	6,501,987	2,853,869
Total Operating Expenses	71,641,962	54,638,484
Net Operating Income Before Depreciation and Amortization	15,745,387	15,203,682
Depreciation and Amortization	6,292,900	8,728,763
Net Operating Income	9,452,487	6,474,919

See Accompanying Notes to Financial Statements

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ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – CONTINUED
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
NONOPERATING REVENUES (EXPENSES)		
Investment Income (Loss), Net	$ (279,864)	$ 35,084
Passenger Facility Charges	11,225,992	6,289,645
Customer Facility Charges	3,192,973	2,187,354
Interest Expense	(4,736,620)	(2,733,010)
Bond Issuance Costs	-	(1,117,051)
Gain on Disposition of Assets	71,016	115,243
Total Nonoperating Revenues, Net	9,473,497	4,777,265
Net Income Before Special Item and Capital Contributions	18,925,984	11,252,184
SPECIAL ITEM		
Development and Entitlement Income, Net – Note 16	5,000,000	-
CAPITAL CONTRIBUTIONS		
Federal Grants and Other	10,950,213	4,561,418
Increase in Net Position	34,876,197	15,813,602
NET POSITION – BEGINNING OF YEAR	107,563,631	91,750,029
NET POSITION – END OF YEAR	$ 142,439,828	$ 107,563,631

See Accompanying Notes to Financial Statements

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ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Airlines and Tenants	$ 84,665,795	$ 73,457,840
Operating Grants	5,254,901	20,785,674
Payments to Suppliers	(60,873,907)	(45,007,399)
Payments for Personnel Services	(8,682,573)	(7,115,019)
Net Cash Provided by Operating Activities	20,364,216	42,121,096
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Federal Grants and Other Capital Contributions	11,459,162	1,233,187
Acquisition of Capital Assets	(20,450,749)	(9,433,638)
Proceeds from Sale of Capital Assets	71,016	145,848
Principal Paid on Long–Term Debt	(11,754,505)	(70,633,116)
Proceeds from Issuance of Long–Term Debt	-	123,363,151
Bond Issuance Costs	-	(673,497)
Passenger Facility Charge Receipts	11,724,745	5,079,602
Customer Facility Charge Receipts	3,176,605	2,095,914
Interest Paid on Long–Term Debt	(5,759,979)	(2,132,050)
Proceeds from Development and Entitlement Agreement	5,000,000	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(6,533,705)	49,045,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Depreciation in Local Agency investment Fund (LAIF)	(419,568)	(162,053)
Interest Earned on Cash and Cash Equivalents	105,001	288,776
Collections of Notes Receivable	-	168,516
Net Cash Provided (Used) by Investing Activities	(314,567)	295,239
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,515,944	91,461,736
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	142,635,622	51,173,886
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 156,151,566	$ 142,635,622

See Accompanying Notes to Financial Statements

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ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income	$ 9,452,487	$ 6,474,919
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:		
Bad Debt Expense	73,298	222,927
Depreciation and Amortization	6,292,900	8,728,763
Inflow of Resources from Leases	302,769	319,703
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,645,727	1,412,245
Grants Receivable	(3,275,796)	4,251,970
Leases Receivable	(302,769)	(319,703)
Prepaid Expenses	(315,387)	(543,208)
Accounts Payable	2,577,326	(3,107,665)
Accrued Expenses	(518,000)	5,874,345
Accrued Payroll and Vacation	194,947	69,667
Customer Deposits	(95,003)	347,132
Due to Airlines	1,243,979	17,529,409
Unearned Revenues	3,087,738	860,592
Net Cash Provided by Operating Activities	$ 20,364,216	$ 42,121,096
NONCASH NONOPERATING, CAPITAL, FINANCING, AND INVESTING ACTIVITIES		
Amortization of 2021 Revenue Bond Premiums	$ 867,986	$ 72,333
Capital Assets Acquired through Accounts Payable and Accrued Expenses	$ 8,533,328	$ 3,205,232
Capital Assets Acquired by Issuance of Debt	$ -	$ 201,226
Prepaid 2021 Revenue Bond Insurance Paid by Bond Trustee	$ -	$ 718,597
Prepaid 2021 Revenue Bond Surety Reserve Paid by Bond Trustee	$ -	$ 205,916

See Accompanying Notes to Financial Statements

NOTE 1 – ORGANIZATION AND REPORTING ENTITY

The ONTARIO INTERNATIONAL AIRPORT AUTHORITY (Authority) was organized on August 27, 2012, under a joint powers' agreement between the City of Ontario, CA and the County of San Bernardino, CA (together Municipalities) pursuant to California Government Code Section 6500. The purpose of the Authority is to exercise such powers for the operation, maintenance, management, administration, development, and marketing of the Ontario International Airport (ONT).

The Authority is governed by a commission of five members, each serving in his or her individual capacities. Two members are appointed from the City of Ontario Council, one member from the County Supervisorial District, with the remaining two members selected from the community at large.

The accompanying financial statements include the accounts of the Authority. There are no potential component units, nor has the Authority been determined to be a component unit of the Municipalities or any other entity.

Acquisition of ONT by the Authority

The Authority acquired substantially all assets and liabilities of ONT from the City of Los Angeles department known as Los Angeles World Airports (LAWA) on November 1, 2016 (Transfer Date) pursuant to a Settlement Agreement (Settlement Agreement) executed on December 22, 2015. The Settlement Agreement provides for a schedule of payments by the Authority to LAWA as compensation for the transfer of ONT to the Authority, including from cash on hand and Passenger Facility Charge (PFC) revenues received or to be received by the Authority. All amounts due to LAWA under the Settlement Agreement have been paid as of April 2021. See Note 8.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to governmental units. All transactions are accounted for in a single enterprise fund. Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the accompanying Statements of Net Position. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, net position is displayed in three components – net investment in capital assets, restricted, and unrestricted. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

On proprietary fund financial statements, operating revenues are those that flow directly from the operations of that activity, (i.e., charges to customers or users who purchase or use the goods or services of that activity). Operating expenses are those that are incurred to provide those goods or services. Nonoperating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make a number of estimates and assumptions (e.g., useful lives of capital assets that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities) at the date of the financial statements. The most significant estimates recorded in the financial statements are the allowance for doubtful accounts, depreciation and amortization expense and leases.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checking, savings, money market accounts, and cash equivalent mutual funds. Investments are categorized as cash equivalents if their maturity date is 90 days or less at the date of purchase. Investments with a maturity of more than 90 days are classified as investments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

The Authority's policy is to invest in certificates of deposit, federal treasury and agency securities, cash equivalent mutual funds, and repurchase agreements, and to hold such investments to maturity. In accordance with this policy, investments are purchased so that maturities will occur as projected cash flow needs arise in connection with daily operations, construction projects, and bond debt service requirements.

In accordance with California Government Code (Code) Section 53600 et seq., the Authority adopts an investment policy annually for the Operating, Passenger Facility Charge (PFC) and Customer Facility Charge (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. 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). The restrictions in the Code 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, which are included in Cash and Cash Equivalents in the accompanying Statements of Net Position, are carried at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities. 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.

Accounts and Grants Receivable

The Authority grants unsecured credit to certain tenants, the U.S. government, and state and local agencies without interest. Receivables are reported at their gross value when earned as the underlying exchange transaction occurs. Receivables are reduced by an allowance for the estimated portion that is expected to be uncollectible. This estimate is made based on collection history, aviation industry trends and current information regarding the credit worthiness of the debtors. When collection activity results in receipt of amounts previously written off against the allowance, revenue is recognized for the amount collected.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets are stated at cost or estimated historical cost if original cost is not available and include expenditures which substantially increase the useful lives of existing assets. Capital assets includes intangible assets, which are without physical substance, that provide economic benefits through the rights and privileges associated with their possession, including aviation avigation easements and computer software. Gifts or contributions of capital assets are recorded at acquisition value as of the date of the acquisition. The Authority's policy is to capitalize assets with a cost of $5,000 or more. Routine maintenance and repairs are expensed as incurred. Interest incurred on debt obligations to finance construction projects is expensed as incurred during the construction period.

Depreciation (including amortization of intangible assets) has been provided using the straight-line method over the following estimated useful lives of the related assets:

Land Improvements	5–30 Years
Buildings and Improvements	5–33 Years
Information Technology Hardware and Software	1–10 Years
Furniture and Fixtures	3–7 Years
Machinery and Equipment	1–12 Years
Vehicles	5–12 Years

Depreciation and amortization of capital assets is recorded as an expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Capital assets are considered impaired if there is a significant unexpected decline in the service utility of the asset. Impaired capital assets that will no longer be used by the Authority are reported at the lower of carrying or fair value. Impairment losses on capital assets that will continue to be used by the Authority are measured using the method that best reflects the diminished service utility of the capital asset.

Restricted Assets and Liabilities

Certain assets and liabilities of the Authority are classified as restricted in the accompanying Statements of Net Position in accordance with applicable bond covenants, Federal Aviation Administration (FAA) regulations, or other legal requirements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences

The Authority provides full-time employees with Paid Time Off (PTO) in varying amounts and, at termination, an employee is paid for accumulated (vested) PTO. Accordingly, compensation for PTO is charged to expense as earned by the employee, and accumulated, unpaid PTO is recorded as a current liability and reported in the accompanying Statements of Net Position under Accrued Payroll and Vacation. Employees may make an annual election to have accumulated leave paid out in March and/or November of each calendar year.

Certain employees are provided an additional 48 hours of management leave each calendar year. The hours are credited at the beginning of the calendar year and any unused leave may not be carried over to the next calendar year. Management leave is not eligible to be paid out.

Revenue Bonds, Bond Premiums, and Bond Discounts

Revenue bonds are reported net of applicable premiums or discounts. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method. The costs of issuing general airport revenue bonds, except prepaid insurance, are expensed as incurred. Insurance is recorded as a prepaid asset and amortized over the life of the bonds using the straight-line method, which approximates the effective interest rate method.

Airline Operating Use and Terminal Lease Agreements (ULAs)

The Authority has entered into Airline Operating Use and Terminal Lease Agreements (ULAs) with signatory passenger and cargo airlines operating at ONT, which expire on September 30, 2024. The ULAs define a signatory airline as a passenger or cargo airline who has executed a ULA at ONT. Airlines not executing ULAs are considered non-signatory airlines. The ULAs establish the rate-setting mechanisms for the costs of operating at ONT on a residual basis. This methodology establishes two residual cost centers at ONT: airfield and terminal. The net annual requirement for the airfield and terminal cost centers are recovered through landing fees and terminal rents, respectively. Landing fees are assessed to each airline for every aircraft landing at ONT based on the Maximum Gross Landing Weight (MGLW) of that aircraft. Terminal rents are assessed using the airlines' leased space plus an allocation of common use space. Signatory rates are established at the beginning of each year based on the Authority's adopted budgeted and forecasted aviation activity. At the discretion of the Authority, signatory rates can also be amended mid-year based on the Authority's amended budgeted and forecasted aviation activity. Non-signatory airlines are required to pay a premium on these rates that range from 10% to 25% for the years ended June 30, 2022 and 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases

The Ontario International Airport Authority adopted GASB 87 Leases. GASB 87 establishes accounting and financial reporting standards for leases by lessees and lessors. The Statement defines leases as a contract that conveys control of the right to use another entity's nonfinancial asset, such as land, buildings , vehicles, and equipment, as specified in the contract for a period of time in an exchange or exchange-like transaction. A contract conveys control of the right to use an underlying asset if it meets both of the following criteria:

1. Right to obtain the present service capacity from use of the underlying asset as specified in the contract.
2. Right to determine the nature and manner of use of the underlying asset as specified in the contract.

The following policies apply to leases whether the Authority is in the position of lessee or lessor.

This definition excludes service only contracts. For purposes of implementing the standard all leases are evaluated as of July 1, 2020, or the lease commencement date, whichever is later. The 2021 financial statements have been restated for the effects of GASB 87.

For lease agreements that contain multiple components each component is evaluated separately for accounting treatment under GASB 87. The Authority excludes contract components for the joint use of space as these components do not provide a right to determine how the underlying contract asset is used.

The lease term is the period during which the lessee has a noncancelable right to use the underlying asset, including options to extend the lease where it is reasonably certain that the lessee or lessor will exercise the option, or options to terminate the lease will not be exercised. Leases with a maximum possible term of 12 months or less, including options to extend, regardless of the likelihood that the option will be exercised, are classified as short-term leases. For lease agreements that are short-term, the Authority recognizes lease payments as outflows of resources (expenses) or inflows of resources (revenues) based on the payment provision of the lease agreement.

Unless explicitly stated, or implicit, within the agreement, the discount rate used to calculate lease right-of-use assets and liabilities or lease receivable, the Authorities discount rate is based on the monthly SOFR rate plus a markup based on the length of the lease

Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. Authority leases that establish minimum annual guarantees (MAGs) for variable payments are considered fixed in substance and are in the lease measurement of assets or liabilities. The portion of variable payments that exceed MAGs are treated as variable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases – continued

Lease modifications may require remeasurement of the lease receivable or liability if there are material changes to the lease term, payment amounts, lease discount rate or underlying assets to the lease are added or removed.

OIAA as Lessee

OIAA recognizes a lease liability and intangible right-of-use asset at the commencement of a lease, unless the lease is considered a short-term lease or a transfer of ownership of the underlying assets. Right-of-use lease assets are measured based on the net present value of the payments, using the SOFR rate and a markup based on the length of the lease term, which approximates the Authority's borrowing rate.

The Authority calculates amortization of the discount on the lease liability and reports that amount as an outflow of resources in that period. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments that are based on asset usage or activity are not included in the lease liability calculations and are recognized as outflows of resources in the periods in which the obligation for the payment is incurred.

OIAA as Lessor (excluding regulated leases)

As lessor, OIAA recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is, measured using the present value of the lease payments based on the SOFR rate plus a markup based on the length of the lease. This discount rate provides an implied rate of return that is included in the lease payments. The measurement of the lease receivable excludes regulated and short-term leases as well as variable payments that are based on asset use or activity.

Amortization of the lease receivable discount is recognized as interest revenue using the effective interest method. Deferred inflows of resources are recognized as inflows on the effective interest method over the term of the lease. Any initial direct costs are reported as an outflow of resources for that period. Remeasurement of the lease receivable occurs when there are modifications, including but not limited to changes in the lease charges, lease term and the addition or removal of the underlying assets to the lease agreements. In the case of a partial or full lease termination, the Authority will reduce the carrying value of the lease receivable and the related deferred inflow resources and include a gain or loss for the difference.

For lease agreements that are short-term, the Authority recognizes lease payments as inflows of resources (revenues) based on the payment provision of the lease agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases – continued

OIAA as Lessor (Regulated Leases)

Certain leases between the Authority and air carriers and other aeronautical users are subject to external laws and regulations. An inflow of resources (revenue) is recognized in an amount equal to the payment provisions of the regulated lease agreement.

Net Position

The Authority's policy is to restrict net position to the extent that assets restricted for bond debt service exceed the applicable debt service liabilities, and these assets are funded from operations rather than bond proceeds. Because these restricted assets do not exceed debt service liabilities as of June 30, 2022 and 2021, no reservation of net position is required.

Passenger Facility Charges (PFCs)

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act (Act), which authorized domestic airports to impose a PFC on enplaning passengers. In accordance with the PFC program, PFC revenues may be used to pay eligible costs for approved airport projects, including debt service, which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system; reduce noise or mitigate noise impacts resulting from an airport; or furnish opportunities for enhanced competition between or among carriers.

The maximum allowable PFC is $4.50 per enplaned passenger. PFCs are collected by airlines and remitted to the Authority monthly, net of an administrative fee of $0.11 per enplaned passenger. Total authorized collections and the time period for collections is established with each approved application. In accordance with the Act, the Authority's Airport Improvement Program (AIP) passenger entitlement apportionment is reduced by certain percentages.

At the present time, GASB has not released authoritative guidance on the accounting treatment of PFCs. The Authority's position is that PFCs should be treated as revenue because: 1) the Authority earns the PFCs due to a passenger's use of the Airport; 2) after receipt, the Authority has clear title to the funds and is not required to refund or return them; 3) the Authority is entitled to assess late charges on any payment not received by the deadlines specified in the Act; and 4) the fee is reserved for specific purposes as defined in the approval letter received from the FAA.

Since the Authority's applications for PFCs were approved as, "Impose and Use", it is the position of the Authority that PFC revenues should be accounted for on an accrual basis and recognized when earned. Due to their restricted use, PFCs collected are maintained in an interest-bearing account. PFC program assets and PFC receivables are reported in the accompanying Statements of Net Position as Current Restricted Assets. PFC revenues are categorized as Nonoperating Revenues in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Customer Facility Charges (CFCs)

Under Section 1936 of the California Civil Code, an Airport may require that rental car companies operating on the airport impose a CFC to:

(i) finance, design, and construct consolidated airport car rental facilities
(ii) finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system
(iii) finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation system

CFCs must be charged on a per contract basis and are limited to $10 per contract. Under certain circumstances, an alternative fee may be imposed that exceeds this amount.

The Authority requires on-airport rental car operators to collect $10 per rental car contract, which are remitted to the Authority monthly. CFC revenues are recognized on an accrual basis when the rental car contract has been settled. Due to their restricted use, CFC program assets and CFC receivables are presented as Current Restricted Assets. CFC revenues are categorized as Nonoperating Revenues in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

New Accounting Standards

Implementation of the following GASB pronouncements was effective for the years ended June 30, 2022 and 2021:

GASB Statement No. 84, *Fiduciary Activities.*

GASB Statement No. 87, *Leases*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Standards – continued

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans — an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

The GASB issued pronouncements that may impact future financial presentations. Management has not currently determined what impact implementation of these statements may have on the financial statements of the Authority.

GASB Statement No. 91, *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62*. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. These reclassifications have no impact on net position or cash flows as previously reported.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits with Financial Institutions

As of June 30, 2022, the carrying amount of the Authority's deposits was $123,774,229 and the bank balance was $130,256,023. As of June 30, 2021, the carrying amount of the Authority's deposits was $109,930,039 and the bank balance was $111,347,555. The difference between the carrying amounts and the bank balances represents outstanding checks, deposits in transit, and other reconciling items.

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, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways 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. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Authority has no specific limitations with respect to this metric.

Custodial Risk (Deposits)

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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority maintains deposits at a financial institution, which are collateralized in accordance with California law. California Government Code requires that financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured deposits. Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first $250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement.

Custodial Credit Risk (Investments)

Custodial credit risk for investments is the risk that the Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – CONTINUED

Credit Risk (Investments)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Authority.

Cash and cash equivalents consisted of the following as of June 30, 2022 and 2021:

	Cash and Cash Equivalents	
	2022	2021
Deposits with Financial Institutions	$ 123,774,229	$ 109,930,039
Local Agency Investment Fund (LAIF)	32,377,337	32,705,583
Total Cash and Cash Equivalents	$ 156,151,566	$ 142,635,622

Cash and cash equivalents are classified as follows as of June 30, 2022 and 2021:

	Cash and Cash Equivalents	
	2022	2021
Unrestricted	$ 79,638,865	$ 75,043,777
Restricted:		
Debt Service Reserve – 2016 Revenue Bonds	1,017,729	1,012,129
Debt Service Reserve – 2021 Revenue Bonds	905,715	845,652
Projects Fund – 2021 Revenue Bonds	56,745,492	56,728,520
Capitalized Interest Fund – 2021 Revenue Bonds	-	1,180,051
Passenger Facility Charge Fund	13,536,128	2,659,656
Customer Facility Charge Fund	4,307,637	5,148,864
Other	-	16,973
Total Restricted Cash and Cash Equivalents	76,512,701	67,591,845
Total Cash and Cash Equivalents	$ 156,151,566	$ 142,635,622

Investment in State Investment Pools

The Authority is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority's investments in this pool are reported as Cash and Cash Equivalents in the accompanying Statements of Net Position at fair value based upon the Authority's pro rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of each portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS – CONTINUED

Investment in State Investment Pools – continued

Investments are authorized in accordance with California Government Code Section 53601 and under the provisions of the Authority's investment policy. The table that follows identifies the investment types that are authorized by the Authority's investment policy and State Government Code. The table also identifies certain provisions of the Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Authority, in addition to the general provisions of the Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirement	Maximum % of Portfolio	Maximum Investment in One Issue
U.S. Treasury Obligations	5 Years	N/A	None	None
U.S. Agency Securities	5 Years	N/A	None	None
Supranationals	5 Years	AA	30%	10%
Bankers' Acceptances	180 Days	AAA/Aaa	40%	5%
Commercial Paper	270 Days	A-1 ; P-1 ; F-1	25%	5%
Negotiable Certificates of Deposit	5 Years	A	30%	5%
Medium-Term Notes	5 Years	A	20%	5%
Money Market Mutual Funds	N/A	AAA/Aaa	20%	5%
Repurchase Agreements	1 Year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	$65 Million
Local Government Investment Pool	N/A	N/A	None	$65 Million
U.S. State and California Agency Indebtedness	5 Years	A	20%	5%
Placement Service Certificates of Deposit	3 Years	N/A	30%	5%
Time Certificates of Deposit	3 Years	*	20%	5%
Bank Deposits	N/A	*	None	None

NOTE 4 – NOTE RECEIVABLE

The Authority held a note receivable from the sale of certain vehicles and equipment. The original amount of $364,511 was due in monthly installments of $14,956, including interest at 1.6%, and was paid in full as of May 2021.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 follows:

	For the Year Ended June 30, 2022				
	Balance at June 30, 2021	Reclassifications	Additions	Deletions	Balance at June 30, 2022
Capital Assets – Not Depreciated:					
Land	$ 56,503,866	$ -	$ -	$ -	$ 56,503,866
Air Avigation Easements	7,273,370	-	-	-	7,273,370
Construction in Progress	8,235,649	(2,821,728)	25,577,855	(1,305,622)	29,686,154
Total	72,012,885	(2,821,728)	25,577,855	(1,305,622)	93,463,390
Capital Assets – Depreciated:					
Land Improvements	34,404,618	462,154	120,000	-	34,986,772
Buildings and Improvements	40,976,148	1,344,354	13,689	-	42,334,191
Information Technology Hardware and Software	5,116,817	933,038	131,929	-	6,181,784
Furniture and Fixtures	72,723	82,182	-	-	154,905
Machinery and Equipment	5,618,189	-	42,308	-	5,660,497
Vehicles	1,767,627	-	180,621	-	1,948,248
Total	87,956,122	2,821,728	488,547	-	91,266,397
Less: Accumulated Depreciation and Amortization:					
Land Improvements	(9,086,370)	-	(2,669,291)	-	(11,755,661)
Buildings and Improvements	(4,275,463)	-	(2,044,468)	-	(6,319,931)
Information Technology Hardware and Software	(2,979,108)	-	(987,037)	-	(3,966,145)
Furniture and Fixtures	(35,051)	-	(14,498)	-	(49,549)
Machinery and Equipment	(4,412,882)	-	(302,530)	-	(4,715,412)
Vehicles	(515,966)	-	(275,076)	-	(791,042)
Total	(21,304,840)	-	(6,292,900)	-	(27,597,740)
Capital Assets – Depreciated, Net	66,651,282	2,821,728	(5,804,353)	-	63,668,657
Capital Assets, Net	$138,664,167	$ -	$19,773,502	$(1,305,622)	$157,132,047

NOTE 5 – CAPITAL ASSETS – CONTINUED

Capital asset activity for the year ended June 30, 2021 follows:

	For the Year Ended June 30, 2021				
	Balance at June 30, 2020	Reclassifications	Additions	Deletions	Balance at June 30, 2021
Capital Assets – Not Depreciated:					
Land	$ 56,503,866	$ -	$ -	$ -	$ 56,503,866
Air Avigation Easements	7,273,370	-	-	-	7,273,370
Construction in Progress	3,253,139	(7,158,734)	13,239,291	(1,098,047)	8,235,649
Total	67,030,375	(7,158,734)	13,239,291	(1,098,047)	72,012,885
Capital Assets – Depreciated:					
Land Improvements	30,150,647	4,253,971	-	-	34,404,618
Buildings and Improvements	38,066,172	2,904,763	5,213	-	40,976,148
Information Technology Hardware and Software	4,659,526	-	457,291	-	5,116,817
Furniture and Fixtures	72,723	-	-	-	72,723
Machinery and Equipment	5,453,750	-	164,439	-	5,618,189
Vehicles	1,745,348	-	71,909	(49,630)	1,767,627
Total	80,148,166	7,158,734	698,852	(49,630)	87,956,122
Less: Accumulated Depreciation and Amortization:					
Land Improvements	(5,857,785)	-	(3,228,585)	-	(9,086,370)
Buildings and Improvements	(2,484,815)	-	(1,790,648)	-	(4,275,463)
Information Technology Hardware and Software	(2,046,733)	-	(932,375)	-	(2,979,108)
Furniture and Fixtures	(24,662)	-	(10,389)	-	(35,051)
Machinery and Equipment	(1,923,109)	-	(2,489,773)	-	(4,412,882)
Vehicles	(257,998)	-	(276,993)	19,025	(515,966)
Total	(12,595,102)	-	(8,728,763)	19,025	(21,304,840)
Capital Assets – Depreciated, Net	67,553,064	7,158,734	(8,029,911)	(30,605)	66,651,282
Capital Assets, Net	$134,583,439	$ -	$ 5,209,380	$ (1,128,652)	$138,664,167

Depreciation and amortization expense was $6,292,900 and $8,278,763 for the years ended June 30, 2022 and 2021, respectively.

NOTE 5 – CAPITAL ASSETS – CONTINUED

Net investment in capital assets as of June 30, 2022 and 2021 is as follows:

	2022	2021
Capital Assets	$ 184,729,787	$ 159,969,007
Cash Restricted for Capital Projects	56,745,492	56,728,520
Cash Restricted for Debt Service	1,923,444	3,054,805
Less: Accumulated Depreciation and Amortization	(27,597,740)	(21,304,840)
Less: Outstanding Debt and Accrued Interest	(147,236,253)	(159,930,339)
Net Investment in Capital Assets	$ 68,564,730	$ 38,517,153

NOTE 6 – CUSTOMER DEPOSITS AND UNEARNED REVENUES

The Authority holds security deposits, advanced rent payments from certain tenants, and certain other payments applicable to future periods. Such amounts have been classified as Customer Deposits and Unearned Revenues in the accompanying Statements of Net Position. Customer deposits and unearned revenues amounted to $473,817 and $4,578,627 as of June 30, 2022. Customer deposits and unearned revenues amounted to $568,820 and $1,140,889 as of June 30, 2021.

NOTE 7 – DUE TO AIRLINES

Pursuant to the ULAs annual true-up provision, landing fees and terminal rents invoiced by the Authority to signatory airlines for the years ended June 30, 2022 and 2021 were determined to be in excess of amounts needed to fund the annual airfield and terminal cost center requirements at ONT (surplus). The surplus for the year ended June 30, 2022 in the amount of $13,841,798 will be issued to signatory airlines in the form of credits subsequent to year end. The net surplus for the year ended June 30, 2021 in the amount of $19,876,118 was first applied to cover prior year net annual requirements that were not assessed by the Authority of $2,346,709. The remaining surplus for the year ended June 30, 2021 in the amount of $17,529,409 was issued to signatory airlines in the form of credits during the year ended June 30, 2022. The credits due to signatory airlines as of June 30, 2022 and 2021 are included in Due to Airlines in the accompanying Statements of Net Position.

NOTE 8 – LONG-TERM DEBT

Long-term debt consisted of the following as of June 30, 2022 and 2021:

Public Offerings

Bonds Payable – Series 2016

On November 1, 2016, the Authority issued $52,015,000 of 2016 Airport Revenue Bonds (2016 Bonds) at par, with effective interest rates ranging from 1.290% to 2.998%. The 2016 Bonds are special limited 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 2016 Bonds are subject to redemption at the Authority's option prior to maturity, subject to a redemption premium. The 2016 Bonds were issued to extinguish LAWA 2006 Bonds as part of the Authority's acquisition of the ONT from LAWA and to pay bond issuance costs.

The 2016 Bonds are due in principal installments on May 15 annually with semi-annual interest installments due on May 15 and November 15 each year. In connection with the bond financing, the Authority secured a Reserve Surety Bond with a face value of $5,201,500 to provide coverage for debt service. The balance outstanding on the 2016 Bonds as of June 30, 2022 and 2021 was $22,960,000 and $28,250,000, respectively. Interest expense for the years ended June 30, 2022 and 2021 amounted to $760,878 and $889,015, respectively.

The 2016 Bonds are special obligations of the Authority payable solely from, and secured solely by, Pledged Revenues. Pledged Revenues are defined in the Master Indenture as all income, receipts, earnings, and revenues received by the Authority. Net Pledged Revenues are defined as operating revenue plus investment income on operating funds, less operating expenses before depreciation and amortization.

The Bond Indenture agreement contains various affirmative, negative, and financial covenants. The Bond Indenture agreement requires the Authority to reserve and deposit monthly one twelfth of the upcoming annual principal amount of the bonds maturing and one sixth of the upcoming semi-annual interest payable. The primary financial covenant is a Debt Service Coverage Ratio defined as, "net pledged revenues equal to at least 125% of aggregate annual debt service for that fiscal year". If the Authority violates the covenant, it will not constitute a default in the event the Authority cures violation within 120 days of its discovery.

NOTE 8 – LONG-TERM DEBT – CONTINUED

Bonds Payable – Series 2016 – continued

The required debt service payments for the Series 2016 Bonds for the years ending June 30 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	$ 5,455,000	$ 651,375	$ 6,106,375
2024	5,645,000	507,690	6,152,690
2025	5,820,000	349,743	6,169,743
2026	6,040,000	181,079	6,221,079
Total	$ 22,960,000	$ 1,689,887	$ 24,649,887

Bonds Payable – Series 2021

On April 21, 2021, the Authority issued $124,731,218 of 2021 Airport Revenue Bonds, Series 2021 A, Series 2021 B, and Series 2021 C (2021 Revenue Bonds) including a premium in the amount of $21,391,218, with effective interest rates ranging from 1.875% to 5.000%. The 2021 Revenue Bonds are special limited 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 2021 Revenue Bonds are subject to redemption at the Authority's option prior to maturity, subject to a redemption premium. The 2021 Revenue Bonds were issued primarily to fund the Capital Improvement Program (CIP), to extinguish outstanding debt due to LAWA in connection with the acquisition of ONT (see Loans Payable – LAWA), and to refinance Subordinated Revenue Notes (see Subordinated Revenue Notes).

The 2021 Revenue Bonds are due in principal installments on May 15 annually with semi-annual interest installments due on May 15 and November 15 each year. In connection with the bond financing, the Authority secured a Reserve Surety Bond with a face value of $6,863,850 to provide coverage for debt service. The balance outstanding on the 2021 Revenue Bonds as of June 30, 2022 and 2021 was $123,790,899 and $124,658,885, which includes unamortized bond premiums of $20,450,889 and $21,318,885, respectively.

Interest expense, net of bond premium amortization for the years ended June 30, 2022 and 2021 amounted to $4,618,641 and $350,444, respectively. Amortization of the 2021 Revenue Bond premium for the years ended June 30, 2022 and 2021 amounted to $867,986 and $72,333, respectively, and is included as a reduction to interest expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 8 – LONG-TERM DEBT – CONTINUED

Bonds Payable – Series 2021 – continued

The 2021 Revenue Bonds are special obligations of the Authority payable solely from, and secured solely by, Pledged Revenues. Pledged Revenues are defined in the Master Indenture as all income, receipts, earnings, and revenues received by the Authority. Net Pledged Revenues are defined as operating revenue plus investment income on operating funds, less operating expenses before depreciation and amortization.

The Bond Indenture agreement contains various affirmative, negative, and financial covenants. The Bond Indenture agreement requires the Authority to reserve and deposit monthly one twelfth of the upcoming annual principal amount of the bonds maturing and one sixth of the upcoming semi-annual interest payable. The primary financial covenant is a Debt Service Coverage Ratio defined as, "net pledged revenues equal to at least 125% of aggregate annual debt service for that fiscal year". If the Authority violates the covenant, it will not constitute a default in the event the Authority cures violation within 120 days of its discovery.

The required debt service payments for the Series 2021 Revenue Bonds for the years ending June 30 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	$ -	$ 4,476,979	$ 4,476,979
2024	-	4,476,979	4,476,979
2025	-	4,476,979	4,476,979
2026	-	4,476,979	4,476,979
2027	2,385,000	4,476,979	6,861,979
2028 – 2032	13,230,000	21,077,659	34,307,659
2033 – 2037	16,725,000	17,580,600	34,305,600
2038 – 2042	20,460,000	13,848,350	34,308,350
2043 – 2047	25,635,000	8,669,250	34,304,250
2048 – 2051	24,905,000	2,539,200	27,444,200
Total	$ 103,340,000	$ 86,099,954	$ 189,439,954

NOTE 8 – LONG-TERM DEBT – CONTINUED

Direct Borrowings and Placements

Loans Payable – LAWA

In connection with the acquisition of ONT from LAWA, a $70 million noninterest-bearing loan was due to LAWA on the tenth anniversary of the closing. Subsequently, the parties agreed to modify the payment provisions of the Settlement Agreement. The revised agreement requires repayment to commence on the third anniversary from closing (November 1, 2019) by remitting to LAWA on an annual basis the sum of $2 per enplaned passenger (in excess of 2,082,721 passengers), a sum not less than $1 million or 100% of PFCs collected. The Authority may prepay the loan at any time applying a discount of 1.10%.

The original loan for $70 million was for a 10-year term and was noninterest bearing. The loan was discounted to net present value using expected future cash flows at a weighted average discount rate of 1.83%. The discount rate reflects the yield on 10-year U.S. Treasury notes at the inception of the loan. Aggregate deferred interest in the amount $9,044,321 was imputed and was amortized over the life of the loan. There was no fixed amortization schedule. The loan was paid in full in April 2021 in connection with the issuance of 2021 Revenue Bonds. Interest expense for the year ended June 30, 2021 amounted to $460,350.

Subordinated Revenue Notes

On May 22, 2019, The Authority executed a note purchase agreement with a financial institution. The credit facility titled *Subordinated Revenue Notes, Series 2019*, provided financing for specifically identified capital projects (net of eligible third-party grants) approved in accordance with the Airline Operating Use and Terminal Lease Agreements (ULAs). The capital projects consisted of airfield rehabilitation and upgrades, airside site improvements, and warehouses, terminal infrastructure improvements and various machinery, equipment, and vehicles.

The proceeds of the loan in the amount of $34,370,500 ($32,684,000 plus issuance costs) were deposited in a separate custodial account (Construction Account) at the Authority's financial institution, less $1,410,000 placed in escrow for a project until approved in accordance with the ULAs. These conditions were subsequently satisfied, and the escrow funds were released and deposited in the Construction Account.

The note purchase agreement was for a 2-year term and bore interest of 3.06% per annum calculated on 360-day basis. Interest was due and payable semi-annually on December 1 and June 1 each year. The note was paid in full in April 2021 in connection with the issuance of 2021 Revenue Bonds.

The note was secured by net pledged revenues, junior and subordinate to the 2016 Revenue Bonds. Net pledged revenues are defined as pledged revenues less maintenance and operating expenses.

NOTE 8 – LONG-TERM DEBT – CONTINUED

Subordinated Revenue Notes – continued

The Authority made draws on the Construction Account as costs were incurred on eligible projects. Construction Account draws for the year ended June 30, 2021 totaled $2,653,566. The remaining Construction Account balance in the amount of $6,009,071 after draws on eligible projects was used towards the repayment of the Subordinated Revenue Notes in connection with the issuance of 2021 Revenue Bonds in April 2021. The Construction Account balance as of June 30, 2021 was $0 and the account has been closed. Interest expense for the year ended June 30, 2021 amounted to $815,538.

Notes Payable – Enterprise Resource Planning System

In connection with the installation and implementation of its Enterprise Resource Planning (ERP) system the Authority entered into a Lease/Purchase Master agreement credit facility to finance the ERP system. Under the agreement, the Authority made drawdowns to cover ERP costs as they were incurred. Each drawdown converted to a 60-month term note, with interest at 3.70% per annum due in semi-annual installments of principal and interest ranging from $5,064 to $50,205. The notes matured on dates ranging from October 2022 to October 2023. Total cost of the ERP system financed was $2.8 million. The note was secured by a first lien on the ERP system. The notes payable were paid in full as of June 30, 2022. The total balance outstanding on the notes payable as of June 30, 2021 was $1,063,140. Interest expense for the years ended June 30, 2022 and 2021 amounted to $41,092 and $64,297, respectively.

Notes Payable – Parking Management Operator

The Authority entered into an agreement with its parking management operator (Operator), for the Operator to complete and incur costs for certain capital projects in the terminal parking area and to finance each project upon completion. Each original note payable was for five-years, bore interest at rates ranging from 6.00% to 9.80% and was due in monthly installments of principal and interest ranging from $1,724 to $11,861. The notes matured on dates ranging from May 2023 to June 2025.

NOTE 8 – LONG-TERM DEBT – CONTINUED

Notes Payable – Parking Management Operator – continued

Effective in April 2021, the Authority negotiated a lower interest rate for the notes. The notes bore interest at 5.00% and were due in monthly installments of principal and interest ranging from $1,462 to $11,235. All other terms of the original notes payable remained the same.

The total balance outstanding on the notes payable as of June 30, 2022 and 2021 was $3,710 and $1,090,054, respectively. The notes were paid in full subsequent to fiscal year end June 30, 2022.

The required debt service payments for the note payable for the years ending June 30 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2023	$ 3,710	$ -	$ 3,710
Total	$ 3,710	$ -	$ 3,710

Terminal Improvement Financing

On June 19, 2018, the Authority entered into an agreement with a third-party to operate common use lounges in the airport terminals as well as certain online reservation car parking services (Pre-book). The agreement required the operator to construct and finance lounges in Terminals 2 and 4. The total cost of the lounges was $3,611,798 and was to be repaid from concession fees earned under the agreement. The agreement required that 100% of concession fees earned under the agreement, less certain expenses, would be applied to the outstanding debt until paid in full. The balance was paid in full as of June 30, 2021.

Note Payable – Airport Rescue and Firefighting (ARFF) Vehicles

The Authority executed a note payable with a financial institution for the acquisition of ARFF vehicles with a total cost of $4,234,887. The terms of the note were: 10 years, bearing annual interest of 1.80%, with annual principal and interest installments of $471,430, maturing October 2029. The note was secured by the vehicles. The note was paid in full as of June 30, 2022. The balance outstanding on the note payable as of June 30, 2021 was $3,885,108. Interest expense for the years ended June 30, 2022 and 2021 amounted to $69,697 and $51,854, respectively.

NOTE 8 – LONG-TERM DEBT – CONTINUED

Capital Lease Obligations

The Authority leased various vehicles under capital lease obligations from two lenders. Lease payments were due monthly, ranged from $1,329 to $6,727 and matured on dates ranging from July 2023 to August 2025. The capital leases were paid in full as of June 30, 2022. The outstanding balance as of June 30, 2021 was $429,913. Interest expense for the years ended June 30, 2022 and 2021 amounted to $49,189 and $39,368, respectively.

Long-term debt activity for the year ended June 30, 2022 follows:

	For the Year Ended June 30, 2022				
	Balance at June 30, 2021	Additions	Reductions	Balance at June 30, 2022	Current Portion
Revenue Bonds:					
Series 2016	$ 28,250,000	$ -	$ (5,290,000)	$ 22,960,000	$ 5,455,000
Series 2021:					
Series 2021 A	57,750,000	-	-	57,750,000	-
Series 2021 A Premium	12,060,876	-	(403,149)	11,657,727	403,149
Series 2021 B	41,685,000	-	-	41,685,000	-
Series 2021 B Premium	9,258,009	-	(464,837)	8,793,172	464,837
Series 2021 C	3,905,000	-	-	3,905,000	-
Total Series 2021	124,658,885	-	(867,986)	123,790,899	867,986
Total Revenue Bonds	152,908,885	-	(6,157,986)	146,750,899	6,322,986
Direct Borrowings:					
Other Notes and Capital Lease Obligations	6,468,215	-	(6,464,505)	3,710	3,710
Total Direct Borrowings	6,468,215	-	(6,464,505)	3,710	3,710
Total Long–Term Debt	$ 159,377,100	$ -	$ (12,622,491)	$ 146,754,609	$ 6,326,696

NOTE 8 – LONG-TERM DEBT – CONTINUED

Long-term debt activity for the year ended June 30, 2021 follows:

	For the Year Ended June 30, 2021				
	Balance at June 30, 2020	Additions	Reductions	Balance at June 30, 2021	Current Portion
Revenue Bonds:					
Series 2016	$ 33,395,000	$ -	$ (5,145,000)	$ 28,250,000	$ 5,290,000
Series 2021:					
Series 2021 A	-	57,750,000	-	57,750,000	-
Series 2021 A Premium	-	12,094,472	(33,596)	12,060,876	403,149
Series 2021 B	-	41,685,000	-	41,685,000	-
Series 2021 B Premium	-	9,296,746	(38,737)	9,258,009	464,837
Series 2021 C	-	3,905,000	-	3,905,000	-
Total Series 2021	-	124,731,218	(72,333)	124,658,885	867,986
Total Revenue Bonds	33,395,000	124,731,218	(5,217,333)	152,908,885	6,157,986
Direct Borrowings:					
Notes Payable – LAWA	28,046,542	-	(28,046,542)	-	-
Subordinated Revenue Notes	34,370,500	-	(34,370,500)	-	-
Other Notes and Capital Lease Obligations	9,338,063	201,226	(3,071,074)	6,468,215	1,674,947
Total Direct Borrowings	71,755,105	201,226	(65,488,116)	6,468,215	1,674,947
Total Long–Term Debt	$ 105,150,105	$ 124,932,444	$ (70,705,449)	$ 159,377,100	$ 7,832,933

NOTE 9 – RESTRICTED NET POSITION

Restricted net position includes restricted assets required to be set aside to repay principal and interest under debt covenants, except for those principal and interest payments included in net investment in capital assets (see Note 5); and to comply with other legal or contractual requirements; less liabilities payable from these assets.

Restricted net position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Restricted Net Position:		
Customer Facility Charges	$ 4,577,525	$ 5,402,384
Passenger Facility Charges	14,628,248	4,250,529
Total Restricted Net Position	$ 19,205,773	$ 9,652,913

NOTE 10 – RELATED PARTY TRANSACTIONS

The Authority has entered into agreements with the City of Ontario (City) for the City to provide public safety, information technology, human resources, and other administrative services to the Authority. In addition, the Authority purchases water and waste utilities from the City. The Authority's parking operations are subject to a city parking tax. These taxes are included in the daily parking rates and taxes paid are netted against parking revenues.

Amounts due to the City totaling $4,027,960 and $4,141,676 for the years ended June 30, 2022 and 2021, respectively, are included in Accounts Payable and Accrued Expenses in the accompanying Statements of Net Position. The following summarizes the Authority's expenses for services provided by the City for the years ended June 30, 2022 and 2021:

	2022	2021
Public Safety	$ 19,243,969	$ 15,102,848
Administrative Services	986,852	895,345
Utilities	1,089,212	920,970
Parking Taxes	2,907,384	1,513,349
Sponsorships and Other	176,746	-
Total	$ 24,404,163	$ 18,432,512

The Authority is also charged for services from the County of San Bernardino that are categorized in the various expense line items in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 11 – LEASES

Lessor Leases (Other than Regulated Leases)

The Authority leases land and facilities under various agreements to tenants operating at ONT are grouped in the following categories:

Terminal Concessions

Terminal concessions include agreements for the lease of space in ONT terminals and are primary for Food & Beverage and News & Gifts. This includes non-exclusive master concessionaire agreements for multiple locations and offerings. These leases generally require the lessee to make substantial improvements to the space.

Revenues from these leases are based on a percentage of gross sales and vary by concessionaire, agreement and the type of goods and services offered, and may be subject to minimum annual guarantees (MAG). These MAGs are based on a percentage of the previous years percentage revenues and vary from year to year, and are not fixed in substance. Lease terms, options to extend or terminate the agreement vary. Termination or cancellation provisions in the agreements, excluding those for default, provide for termination for convenience. Terminations for convenience generally require the Authority to reimburse the lessee for the unamortized cost of improvements made by the lessee.

NOTE 11 – LEASES – CONTINUED

Rental Car Agreements

The Authority has entered into Agreements with multiple rental car companies. These agreements include lease and non-lease provisions. Non-lease provisions are for privilege fees that the rental car companies are required to pay for the right to operate at ONT and are based on a percentage of their gross sales. Privilege fees are subject to a fixed MAG amount. This component of the agreement does not meet lease definition requirements as it is not specific to an underlying asset.

In addition, to privilege fees each company pays for assigned space, including land and facilities and are accounted for as lease revenue. The current agreements expire February 2022 and may be extended by the authority for three one-year periods. However, the agreements are subject to a 30-day cancellation clause by OIAA or the lessee and consequently are considered short-term leases.

Terminal and terminal area Facility Rentals

OIAA leases space within the terminal and terminal area for nonaeronautical purposes. Payments for current agreements are fixed over the noncancelable term of the lease, including annual increases if any. These payments have been discounted as of the lease effective date at the Authority's lessor discount rate. The agreements do not provide options or termination provisions that impact the lease term.

Expected future payments, which are included in the measurement of the lease receivable, at June 30, 2022.

For the Year Ending June 30,	Principal	Interest	Total
2023	$ 99,308	$ 622,472	$ 721,780
2024	85,198	655,236	740,434
2025	70,362	689,287	759,649
2026	54,769	724,668	779,437
2027	42,018	229,087	271,105
2028 – 2032	168,259	331,741	500,000
2033 – 2037	92,719	407,281	500,000
2038 – 2042	12,800	237,200	250,000
Total	$ 625,433	$ 3,896,972	$ 4,522,405

NOTE 11 – LEASES – CONTINUED

Regulated Leases

OIAA has entered into various lease agreements with air carriers and other organizations that support air carrier activities, which are treated as Regulated Leases under GASB 87 and are described below:

Airline Terminal Use and Lease Agreement

The Authority has entered into a ULA with passenger and cargo carriers that operate at ONT. Airlines are not required to sign a ULA but operate as a nonsignatory carrier. The ULA includes a calculation for rates and charges on a residual cost basis for landing fees and terminal rents. Landing fees are associated with aircraft landings. A landing fee is charged for each landing based on the MGLW of the aircraft that has landed times the landing fee rate. The use of the airfield is considered a non-lease activity as the airline does not have control over the use of the airfield.

Airline terminal lease rents are charged on a square foot basis for assigned and joint use space. Joint use space is not accounted for as lease revenues, as the airlines do not control the use of the space. Other airline space is assigned on a preferential and exclusive use basis. Minimum lease payments are based on the square footage of currently leased space at the terminal rental rate in effect at June 30, 2022. The terminal rental rate is calculated annually, may be adjusted on January 1 of each fiscal year and is reconciled against actual revenues and expenditures included in the terminal rental rate calculation.

Other Aeronautical Facilities and Land

Lease agreements for other aeronautical use space include, facilities and land for general aviation, ground servicing, aircraft maintenance, fueling and cargo processing. These agreements are classified as Facility use Agreements (FUAs) and Leases. Facility use agreements are short-term agreements for one-year or less. They do not contain options to extend and use of space after the lease expiration is on a month-to-month basis. Lease agreements are for more than one-year and may provide for options to extend, and indexed and/or fair market value rate adjustments. Options to extend and rate adjustments are not included in minimum lease payments for regulated leases.

NOTE 11 – LEASES – CONTINUED

Inflow of resources (revenues) for major lease type are included in the following financial statement categories.

	Preferential	Exclusive	Total
Terminal			
Signatory	$ 2,054,576	$ 1,940,642	$ 3,995,218
Nonsignatory	-	147,506	147,506
Airside Land and Facilities			
Signatory	-	9,953,886	9,953,886
Nonsignatory	-	205,993	205,993
General Aviation	-	664,039	664,039
Ground handling and aviation support	-	2,947,323	2,947,323
	$ 2,054,576	$ 15,859,389	$ 17,913,965
Aeronautical Revenues			
Facilities			$ 9,775,257
Land			13,921,034
			$ 23,696,291

Expected future minimum lease payments from regulated leases at June 30, 2022.

For the Year Ending June 30,	Amount
2023	$ 15,405,402
2024	15,405,402
2025	8,911,028
2026	5,834,267
2027	5,708,118
2028 – 2032	26,894,306
2033 – 2037	22,432,907
2038 – 2042	21,981,382
2043 – 2047	21,981,382
2048 – 2052	16,486,036
Total	$ 161,040,230

Minimum lease payments include required payments, excluding variable portions of those payments based on agreement expiration dates use rates effective for those agreements on June 30, 2022. Leases that are classified as short-term are not included in the totals.

NOTE 12 – RETIREMENT PLANS

The Authority established and maintains three defined contribution retirement plans for the benefit of employees. The Authority does not participate in the United States Social Security system. The plans are administered by an unrelated third party. Significant plan requirements are as follows:

401(a) Plan – Defined Contribution Plan for Governmental Employees

The Authority established the "Ontario International Airport Authority 401(a) Defined Contribution Plan" (401(a) Plan), which is administered by an unrelated third-party. All employees participate in the Authority's 401(a) Plan. The Authority contributes 10% of the employee's eligible wages and 12% of eligible wages for executive employees. Employees may not contribute to the plan. All employer contributions are fully vested at the date of contribution. Maximum permissible contributions for the plan year are $61,000 and $58,000 per employee for plan calendar years 2022 and 2021, respectively. Amounts contributed to the plan for the years ended June 30, 2022 and 2021 amounted to $718,578 and $585,051, respectively.

NOTE 12 – RETIREMENT PLANS – CONTINUED

457(b) Plan – Employee Deferred Compensation Plan

The "Ontario International Airport Authority 457(b) Deferred Compensation Plan" is an employee funded retirement plan. All employee contributions are fully vested at the time of contribution. The Authority does not make any contributions or provide for matching under this plan.

457(f) Plan

The "Ontario International Authority 457(f) Deferred Compensation Plan" is a non-qualified deferred compensation arrangement which provides supplemental retirement benefits to a select management group. The plan has no active participants and no plan assets as of June 30, 2022 and 2021.

NOTE 13 – CONCENTRATION OF OPERATING REVENUES

A significant portion of the Authority's earnings and revenues are directly or indirectly attributable to the activity of a number of major airlines, tenants, and concessionaires. The Authority's earnings and revenues could be materially and adversely affected should any of these major customers discontinue operations and should the Authority be unable to replace those airlines with similar activity.

Significant customers for the years ended June 30, 2022 and 2021 consisted of the following:

		2022		2021	
Customer	Customer Type	Revenues	% of Operating Revenues	Revenues	% of Operating Revenues
Customer A	Cargo Carrier	$ 7,022,037	8.0 %	$ 6,927,182	9.9 %
Customer B	Cargo Carrier	5,020,048	5.7	5,777,800	8.3
Customer C	Passenger Carrier	4,335,431	5.0	3,104,550	4.4
Customer D	Rental Car Company	4,133,311	4.7	2,664,542	3.8
Customer E	Rental Car Company	3,937,744	4.5	2,685,831	3.8
Customer F	Cargo Carrier	2,450,699	2.8	1,876,965	2.7
Customer G	Passenger Carrier	2,083,938	2.4	1,522,232	2.2
Customer H	Concessionaire	1,709,105	2.0	924,460	1.3
Customer I	Rental Car Company	1,493,030	1.7	1,487,608	2.1
Customer J	Concessionaire	1,417,208	1.6	753,347	1.1
Customer K	Passenger Carrier	1,088,648	1.2	979,995	1.4
Customer L	Passenger Carrier	1,086,467	1.2	1,120,268	1.6
Customer M	Passenger Carrier	1,073,202	1.2	463,153	0.7

NOTE 14 – PASSENGER FACILITY CHARGES (PFCS)

The PFC Program for ONT was established under previous ownership by the City of Los Angeles, Los Angeles World Airports (LAWA). In accordance with the Settlement Agreement for the Authority's acquisition of ONT from LAWA, a PFC application was submitted to the FAA to authorize use of PFC collections at ONT for a single project at the Los Angeles International Airport (LAX). On July 18, 2016, the FAA issued a Final Agency Decision approving this application (16-05-C-00-ONT), which approved the imposition of a $4.50 PFC at ONT for use on the LAX project. On September 16, 2016, the FAA approved amendment number 1 (16-05-C-01-ONT) to increase the approved amount for the project from $47,338,500 to $117,338,550. The Authority was required to remit ONT PFC revenues directly to LAWA until it paid in full amounts due under its loan agreement with LAWA (see Note 8).

On April 17, 2020 the Authority submitted an amendment to the FAA to repay its current obligation to LAWA, in a lump sum payment through the issuance of new bonds (see Note 8). The application amendment (16-05-C-02-ONT) was approved by the FAA on May 15, 2020. This amendment represented the following changes:

	Previously	Revised	Net Increase (Decrease)
LAX Project:			
Pay-As-You-Go	$ 117,338,500	$ 86,885,234	$ (30,453,266)
PFC Bond Capital	-	30,453,266	30,453,266
PFC Bond Financing and Interest	-	41,973,708	41,973,708
Total	$ 117,338,500	$ 159,312,208	$ 41,973,708

On May 1, 2020, the Authority submitted a new application to impose and use $104,024,601 ($52,397,490 for bond capital and $51,657,111 for bond financing and interest) for 15 projects at the Authority to be financed through a new bond issue. On May 29, 2020 the FAA notified the Authority that the application (20-06-C-00-ONT) was determined to be substantially incomplete. On June 2, 2020, the Authority notified the FAA that it intended to provide a supplement to the application. This notification placed a hold on the FAA's requirement to approve or disapprove the application within 120 days of its final submission. The application supplement has not been submitted to the FAA.

NOTE 14 – PASSENGER FACILITY CHARGES (PFCS) – CONTINUED

The following summarizes allowable expenditures for the PFC program for the years ended June 30, 2022 and 2021:

	2022	2021
Pay-As-You-Go:		
PFC Remittances to LAWA	$ -	$ 5,164,654
PFC Bond Financing and Interest:		
Debt Service – 2021 Revenue Bonds:		
Series 2021 A	785,634	-
Series 2021 B	71,369	-
Total Debt Service – 2021 Revenue Bonds	857,003	-
Total	$ 857,003	$ 5,164,654

PFC revenues for the years ended June 30, 2022 and 2021 totaled $11,225,992 and $6,289,645, respectively.

NOTE 15 – CUSTOMER FACILITY CHARGES (CFCS)

CFCs on rental car contracts are used to pay debt service on the portion of Series 2016 Revenue Bonds attributable to Consolidated Rental Car Facility (CONRAC), capital costs, and operating costs for shuttle services to transport passengers to and from the terminal and the CONRAC.

The following summarizes allowable expenditures for the CFC program for the years ended June 30, 2022 and 2021:

	2022	2021
Debt Service – 2016 Revenue Bonds	$ 607,278	$ 604,015
Shuttle Services	2,196,541	1,009,576
Capital Costs	1,219,224	-
Total	$ 4,023,043	$ 1,613,591

CFC revenues for the years ended June 30, 2022 and 2021 totaled $3,192,973 and $2,187,354, respectively.

NOTE 16 – DEVELOPMENT AND ENTITLEMENT INCOME, NET

In December 2021, the Authority entered into a Development and Entitlement Agreement (DEA) with a developer to develop and lease certain land owned by the Authority. The developer was required to deposit $10 million into an escrow account to be released to the Authority after a contingency period. In accordance with the terms of the DEA, $7 million of the deposit shall be deemed consideration for the Agreement upon release to the Authority. The remaining $3 million shall be applicable to the first accruing ground rent. The $10 million escrow account was released to the Authority during the year ended June 30, 2022 and the Authority recognized $7 million as consideration for the DEA. The Authority incurred and paid $2 million in real estate broker fees. The net revenue earned by the Authority under the DEA in the amount of $5 million is included as a Special Item in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. The remaining $3 million is included in Unearned Revenues on the Statements of Net Position. The developer is currently completing environmental and other regulatory compliance.

NOTE 17 – RISK MANAGEMENT

The Authority is exposed to various risks or losses related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Authority's risk management activities include purchase of commercial insurance with standard deductibles for all significant insurable risks. There have been no significant changes in insurance coverage in the last year. The amounts of settlements have not exceeded insurance coverage for the past three years. The financial statements do not include any liability for uninsured claims as of June 30, 2022 and 2021.

Losses arising from claims and judgments are expensed when 1) it is probable that an asset has been impaired, or a liability has been incurred at the date of the financial statements; and 2) the amount of the loss can be reasonably estimated.

NOTE 18 – COMMITMENTS AND CONTINGENCIES

Coronavirus (COVID-19)

On March 13, 2020, a national emergency was declared by the President of the United States in response to the novel coronavirus known as SARS-CoV-2 (COVID-19), which the World Health Organization announced on March 11, 2020 could be characterized as a pandemic (Declaration). The Federal Government along with State and local governments, took extraordinary actions to prevent and slow the spread of the virus, which required nonessential businesses to close and stay-at-home orders were issued for all but essential workers. This Declaration and corresponding actions by Federal, State, and local governments had an immediate and unprecedented impact on the commercial passenger aviation industry, including airports.

On February 24, 2021, a continuation of the national emergency was declared by the President of the United States in response to COVID-19. On February 18, 2022, a second continuation of the national emergency was declared by the President of the United States in response to COVID-19. The national emergency was in effect through June 30, 2021 and remains in effect subsequent to June 30, 2022.

A substantial portion of airport revenues relate directly to passenger activity levels, including landing fees, parking, rental cars, and concessions (e.g., food and beverage, gifts and news). ONT passenger levels decreased by 34.5% for the year ended June 30, 2021 compared to 2020. However, As of June 30, 2021, all air service had resumed at ONT. ONT passenger levels increased by 94.0% for the year ended June 30, 2022 compared to 2021. ONT passenger levels also increased by 4.6% for the year ended June 30, 2022 compared to pre-Declaration 2019.

Subsequent to June 30, 2022, national, regional, and local economies as well as the commercial passenger carrier industry and the Authority have recovered to pre-Declaration levels. For the four months ended October 31, 2022, passenger activity levels increased by 7.5% compared to passenger activity levels for the four months ended October 31, 2021. Passenger levels for the four months ended October 31, 2022 also increased by 158.6% compared to passenger activity levels for the four months ended October 31, 2020. Although passenger activity has recovered to pre-Declaration levels, the national emergency remains in effect subsequent to June 30, 2022. While any future financial impact associated with the Declaration is partially mitigated by the residual airport agreement, long-term lease agreements and the growth of cargo activity at ONT, the Authority remains at substantial risk for the potential failure of one or more of its significant airport partner airlines, tenants, or concessionaires. The possible financial impact to the Authority's asset values and future financial performance cannot be estimated. The Authority's MD&A, Financial Statements, and Notes to Financial Statements should be read and considered in light of these extraordinary circumstances.

NOTE 18 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Construction Projects

Total commitments for contractual services for federally funded and other construction projects as of June 30, 2022 totaled $22,983,382. The remaining balance on these contracts as of June 30, 2022 was $4,703,984. These commitments will be funded in whole or in part by federal grants of $14,193,569 and revenue bonds of $8,789,813.

Federal Grants

All federal grants are subject to audit by the granting agencies for compliance with applicable grant requirements. The Authority anticipates that the amount, if any, of disallowed grant expenditures in the event of granting agency audits would be immaterial.

Other Contingencies

The Authority is involved in other claims in the ordinary course of business. In the opinion of management, based on consultations with legal counsel, these matters are considered immaterial to the Authority or will be covered by insurance.