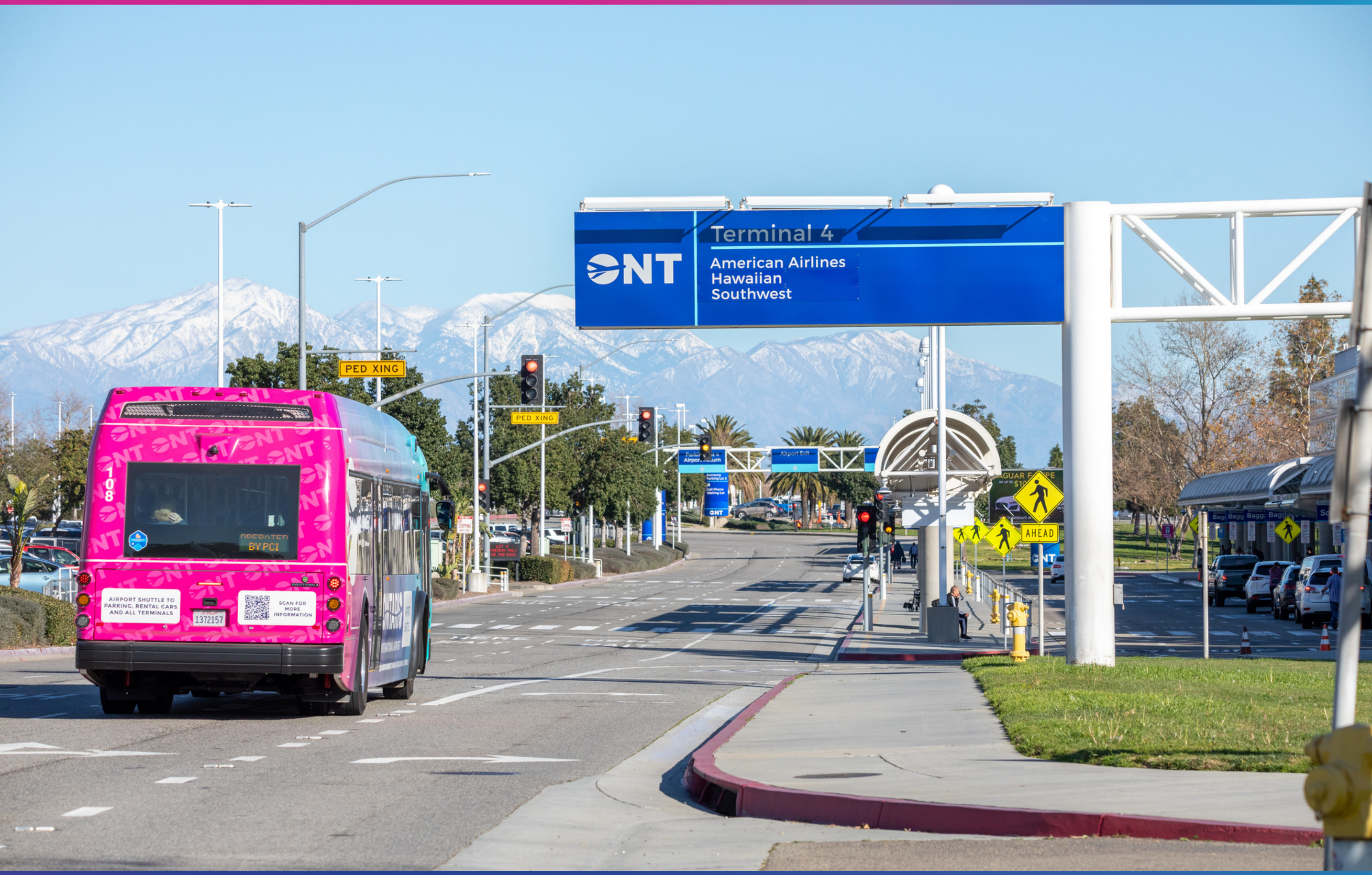
Financial Statements

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

ONTARIO INTERNATIONAL AIRPORT AUTHORITY



ONTARIO INTERNATIONAL AIRPORT

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ONTARIO INTERNATIONAL AIRPORT AUTHORITY
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FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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Independent Auditor's Report

To the Ontario International
Airport Authority Commissioners
Ontario International Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Ontario International Airport Authority (the "Authority") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ontario International Airport Authority as of June 30, 2024 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The basic financial statements of the Ontario International Airport Authority as of and for the year ended June 30, 2023 were audited by other auditors, who expressed an unmodified opinion on the financial statements on February 21, 2024.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Airport Authority Commissioners
Ontario International Airport Authority

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

To the Ontario International
Airport Authority Commissioners
Ontario International Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024 on our consideration of Ontario International Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ontario International Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ontario International Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 17, 2024

The following discussion and analysis of the financial performance and activity of the Ontario International Airport Authority (Authority) provides an overview of the Authority's financial statements for the years ended June 30, 2024 and 2023. Information for the previous year ended June 30, 2022 has been included to provide a better insight into the overall financial position of the Authority. This Management's Discussion and Analysis (MD&A) has been prepared by management and should be read and considered in conjunction with the Authority's Basic Financial Statements.

The Authority is a business-type entity and, as such, the Basic Financial Statements consists of 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.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Authority History

The 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 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.

Airport Funding Methodology

Funding for operations at ONT is determined by the Authority's Signatory Airline Operating Use and Terminal Lease Agreements (ULAs) between the Authority and all signatory passenger and cargo airlines operating at ONT. When an airline signs a ULA, it is designated as a Signatory Airline. The ULAs also determine the budget and financing methodology which the Authority and airlines agree to follow. Airport budget methodologies throughout the United States are usually characterized as either compensatory or residual, although some airports have a hybrid methodology, which combines both features.

The Authority operates under a residual methodology. The ULAs establish two cost centers for purpose of determining rates and charges payable by the Signatory Airlines and other users of the airport facilities: airfield and terminal. ULAs have an airline rate-setting methodology where all landing fees and terminal rental rates are calculated on a residual basis. Signatory Airlines are required to provide for break-even financial operations of ONT under the ULAs.

Airport Funding Methodology – continued

Additional detailed information regarding ULAs may be found in Note 2 and Note 10 in the accompanying Notes to Financial Statements.

Airline Rates and Charges

The Authority has ULAs with seven signatory domestic passenger airlines, two signatory international passenger airlines, and four signatory cargo airlines that expired on September 30, 2024 and are currently under holdover on month-to-month tenancy. The ULAs provide 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.

	2024[1]	2023[2]	2023[3]	2022[4]	2022[5]
Fee Type:					
Signatory Landing Fees per Thousand Pounds of Gross Landed Weight	$ 1.83	$ 1.64	$ 1.64	$ 1.60	$ 1.71
Signatory Monthly Terminal Rental Rate per Square Foot	$ 7.26	$ 7.63	N/A	N/A	N/A
Signatory Annual Terminal Rental Rate per Square Foot	N/A	N/A	$ 91.65	$ 80.00	$ 99.38
Non–Preferential Gate Use per Turn	$ 344.87	$ 378.30	$ 280.00	$ 280.00	$ 280.00
Jet Bridge Utility Fee Per Use	N/A	N/A	$ 189.00	$ 189.00	$ 189.00

[1] Airline Rates and Charges in effect from July 1, 2023 – June 30, 2024

[2] Amended Airline Rates and Charges in effect from January 1, 2023 – June 30, 2023

[3] Airline Rates and Charges in effect from July 1, 2022 – December 31, 2022

[4] Amended Airline Rates and Charges in effect from January 1, 2022 – June 30, 2022

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

Airport Activities and Highlights

ONT passenger carrier activity, which is measured by enplaned and total passengers, increased by 11.0% in 2024 over 2023. ONT passenger carrier activity increased by 10.5% 2023 over 2022. Aircraft operations increased by 3.2% in 2024 over 2023. Aircraft operations decreased by 2.9% in 2023 over 2022. Landed weight decreased by 3.1% in 2024 to 8,214,346 one-thousand-pound units compared to 2023. Landed weight increased by 0.6% in 2023 to 8,481,036 one-thousand-pound units compared to 2022.

Airport Activities and Highlights – continued

Nine major domestic and three international passenger carriers served ONT in 2024, 2023, and 2022. Southwest Airlines and American Airlines have dominated both passenger activity and air carrier landed weight. These two carriers accounted for 52.7%, 54.3% and 55.1% of passenger traffic in 2024, 2023 and 2022, respectively. Seven of the nine major domestic passenger carriers and two of the three international passenger carriers serving ONT in 2024 had signatory ULAs.

	2024	2023	2022
Enplaned Passengers	3,377,563	3,042,917	2,754,566
% Increase (Decrease)	11.0 %	10.5 %	94.0 %
Total Passengers	6,761,237	6,070,104	5,497,353
% Increase (Decrease)	11.4 %	10.4 %	92.9 %
Aircraft Operations	87,362	84,684	87,212
% Increase (Decrease)	3.2 %	(2.9) %	15.4 %
Landed Weight (One-Thousand Pound Units)	8,214,346	8,481,036	8,429,752
% Increase (Decrease)	(3.1) %	0.6 %	12.2 %

Financial Highlights

Summary of Operations and Changes in Net Position

Total operating revenues increased by $30.0 million (34.5%) in 2024 over 2023. The increase in operating revenues is comprised of an increase in aeronautical revenues of $21.6 million (74.3%) and an increase in nonaeronautical revenues of $8.4 million (14.5%). Aeronautical revenues are driven by aeronautical activity and the annual rates and charges established by the Authority pursuant to ULAs. Nonaeronautical revenues are primarily driven by variable revenue associated with passenger activity, such as parking and concessions.

Total operating expenses increased by $15.4 million (19.4%) in 2024 over 2023. Operating expenses are primarily driven by services necessary to support airport and passenger activity levels.

Nonoperating revenues increased by $5.4 million (32.6%) in 2024 over 2023. Increases in nonoperating revenues in 2024 were primarily associated with Interest Income, which increased $3.2 million (452.1%) over 2023. Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenues also increased $1.4 million (10.9%) and $0.3 million (10.1%), respectively.

Nonoperating expenses increased by $0.8 million (18.1%) in 2024 over 2023 as a result of the Authority's repayment of normal debt service.

Capital contributions of $88.4 million increased by $73.4 million (490.6%) in 2024 over 2023 as a result of an increase in capital projects supported by grant activity during 2024 as well as the receipt of $54.5 million in Noise Land Funds from the City of Ontario. Additional information related to the Noise Land funds can be found in Note 16 of the accompanying Notes to Financial Statements.

Summary of Operations and Changes in Net Position - continued

The Authority's assets exceeded liabilities as of June 30, 2024 by $282.9 million compared to $167.4 million as of June 30, 2023. The Authority experienced an increase in net position of $115.4 million (68.9%) in 2024 compared to an increase of $25.7 million (18.1%) in 2023.

	2024	2023	Increase (Decrease) $	Increase (Decrease) %
OPERATING REVENUES				
Aeronautical	$ 50,693,637	$ 29,086,791	$ 21,606,846	74.3 %
Nonaeronautical	65,999,265	57,646,699	8,352,566	14.5
Total Operating Revenues	116,692,902	86,733,490	29,959,412	34.5
OPERATING EXPENSES	94,920,799	79,499,436	15,421,363	19.4
Net Operating Income Before Depreciation and Amortization	21,772,103	7,234,054	14,538,049	201.0
Depreciation and Amortization	11,273,505	8,485,077	2,788,428	32.9
Net Operating Income (Loss)	10,498,598	(1,251,023)	11,749,621	939.2
NONOPERATING REVENUES (EXPENSES)				
Nonoperating Revenues	21,928,044	16,533,000	5,395,044	32.6
Nonoperating Expenses	5,360,638	4,539,792	820,846	18.1
Total Nonoperating Revenues, Net	16,567,406	11,993,208	4,574,198	38.1
Net Income Before Capital Contributions	27,066,004	10,742,185	16,323,819	152.0
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	88,374,309	14,964,592	73,409,717	490.6
Increase in Net Position	115,440,313	25,706,777	89,733,536	349.1
NET POSITION – BEGINNING OF YEAR	167,439,421	141,732,644	25,706,777	18.1
NET POSITION – END OF YEAR	$ 282,879,734	$ 167,439,421	$ 115,440,313	68.9 %

Summary of Operations and Changes in Net Position – continued

Total operating revenues decreased by $0.7 million (0.7%) in 2023 over 2022. The decrease in operating revenues is comprised of a decrease in aeronautical revenues of $4.5 million (13.5%) and an increase in nonaeronautical revenues of $3.9 million (7.2%). Aeronautical revenues are driven by aeronautical activity and the annual rates and charges established by the Authority pursuant to ULAs. Nonaeronautical revenues are primarily driven by passenger activity.

Total operating expenses increased by $7.5 million (10.4%) in 2023 over 2022. Operating expenses are primarily driven by airport and passenger activity levels.

Nonoperating revenues increased by $2.3 million (16.3%) in 2023 over 2022. Increases in nonoperating revenues in 2023 were primarily associated with increased Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenues of $1.2 million (10.9%) and $0.2 million (5.6%), respectively. Nonoperating revenues also consist of investment income, which can vary from year to year depending on market performance.

Nonoperating expenses decreased by $0.2 million (5.0%) in 2023 over 2022 as a result of the Authority's early repayment of certain debt obligations at the end of 2022 in addition to normal debt service.

Capital contributions increased by $4.0 million (36.7%) in 2023 over 2022 as a result of an increase in capital project activity during 2023.

The Authority's assets exceeded liabilities as of June 30, 2023 by $167.4 million compared to $141.7 million as of June 30, 2022. The Authority experienced an increase in net position of $25.7 million (18.1%) in 2023 compared to an increase of $34.2 million (31.8%) in 2022.

Additional detailed information may be found in the sections that follow in this MD&A.

Summary of Operations and Changes in Net Position - continued

	2023	2022	Increase (Decrease) $	Increase (Decrease) %
OPERATING REVENUES				
Aeronautical	$ 29,086,791	$ 33,614,264	$ (4,527,473)	(13.5) %
Nonaeronautical	57,646,699	53,773,085	3,873,614	7.2
Total Operating Revenues	86,733,490	87,387,349	(653,859)	(0.7)
OPERATING EXPENSES	79,499,436	71,990,933	7,508,503	10.4
Net Operating Income Before Depreciation and Amortization	7,234,054	15,396,416	(8,162,362)	(53.0)
Depreciation and Amortization	8,485,077	6,608,063	1,877,014	28.4
Net Operating Income	(1,251,023)	8,788,353	(10,039,376)	(114.2)
NONOPERATING REVENUES (EXPENSES)				
Nonoperating Revenues	16,533,000	14,210,117	2,322,883	16.3
Nonoperating Expenses	4,539,792	4,779,670	(239,878)	(5.0)
Total Nonoperating Revenues, Net	11,993,208	9,430,447	2,562,761	27.2
Net Income Before Special Item and Capital Contributions	10,742,185	18,218,800	(7,476,615)	(41.0)
SPECIAL ITEM				
Development and Entitlement Income, Net	-	5,000,000	(5,000,000)	(100.0)
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	14,964,592	10,950,213	4,014,379	36.7
Increase in Net Position	25,706,777	34,169,013	(8,462,236)	(24.8)
NET POSITION – BEGINNING OF YEAR	141,732,644	107,563,631	34,169,013	31.8
NET POSITION – END OF YEAR	$ 167,439,421	$ 141,732,644	$ 25,706,777	18.1 %

Statements of Net Position

Current unrestricted assets increased by $2.0 million (1.9%) in 2024 over 2023. The increase primarily resulted from increases in accounts receivable of $1.0 million (13.4%) and grants receivable of $3.5 million (24.5%) offset by a decrease unrestricted cash and cash equivalents of $3.3 million (4.4%).

Current restricted assets remained flat in 2024 over 2023. Additional detailed information regarding the Authority's restricted cash balances may be found in Note 3 in the accompanying Notes to Financial Statements.

Noncurrent restricted assets increased by $96.5 million (36.3%) in 2024 over 2023. The increase primarily resulted from an increase in net capital assets of $57.7 million (29.1%). The increase in capital assets was primarily attributable to an increase in capital project activity under the Authority's Capital Improvement Program. Additional detailed information may be found in the Capital Assets section in this MD&A. Noncurrent restricted cash and cash equivalents increased by $39.2 million (62.8%). The increase was partially due to the receipt of $54.5 million in Noise Land Funds from the City of Ontario, $43.9 million of which is considered restricted. The increase in noncurrent restricted cash and cash equivalents was partially offset by a reduction to the 2021 Series Revenue Bond, as approximately $20.7 million of eligible capital project expenditures were drawn in 2024. The increases in noncurrent restricted assets were partially offset by a decrease in noncurrent leases receivable of $0.7 million (26.4%) as the Authority received lease payments during 2024 from its concession leases and other terminal leases.

Current unrestricted liabilities decreased by $9.4 million (15.6%) in 2024 over 2023. The decrease primarily resulted from a decrease in due to airlines and partners of $25.1 million (89.3%) from the ULAs annual true-up provision for 2024. Additional detailed information regarding this true-up may be found in the Revenues section of this MD&A. This decrease is offset by an increase in accounts payable of $12.0 million (110.2%). This increase is primarily due to the increase in construction activity, funded both by grants and bonds, and the related invoices payable at the end of the fiscal year. Additional details related to the construction projects at the airport can be found in Note 18 in the accompanying Notes to the Financial Statements.

Current restricted liabilities increased by $14.9 thousand (2.3%) in 2024 over 2023. The increase is due to the Authority's repayment of normal debt service.

Noncurrent liabilities decreased by $6.9 million (5.1%), as long-term debt decreased by $6.7 million (5.0%), due to the Authority's normal debt service. Additional detailed information may be found in the Debt section in this MD&A.

Deferred Inflow of Resources decreased by $0.7 million (20.0%) in 2024 over 2023 as the Authority received lease payments during 2024 from its concession leases and other terminal leases.

The Authority's net position increased by $115.4 million (68.9%) in 2024 over 2023.

Net investment in capital assets increased by $46.6 million (50.8%) in 2024 over 2023 and represented 48.9% of total net position in 2024 compared to 54.8% in 2023. 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

Statements of Net Position - continued

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 are 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 $57.6 million (197.2%) in 2024 over 2023 and represented 30.7% of total net position in 2024 compared to 17.4% in 2023. 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 2024 over 2023 is attributable to the receipt of Noise Land Funds from the City of Ontario and normal increases in restricted cash and receivables for PFCs and CFCs.

The remaining unrestricted net position balance of $57.8 million for 2024 may be used for any lawful purpose of the Authority. Unrestricted net position increased by $11.3 million (24.2%) in 2024 over 2023 and represented 20.4% of total net position in 2024 compared to 27.8% in 2023.

			Increase (Decrease)	
	2024	2023	$	%
ASSETS				
Current Unrestricted Assets	$ 102,770,234	$ 100,807,068	$ 1,963,166	1.9 %
Current Restricted Assets	654,782	639,914	14,868	2.3
Noncurrent Restricted Assets	362,209,002	265,707,664	96,501,338	36.3
Total Assets	465,634,018	367,154,646	98,479,372	26.8
LIABILITIES				
Current Liabilities Payable from Unrestricted Assets	50,652,763	60,033,447	(9,380,684)	(15.6)
Current Liabilities Payable from Restricted Assets	654,782	639,914	14,868	2.3
Noncurrent Liabilities Payable from Unrestricted Assets	128,803,387	135,738,340	(6,934,953)	(5.1)
Total Liabilities	180,110,932	196,411,701	(16,300,769)	(8.3)
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow of Resources – Leases	2,643,352	3,303,524	(660,172)	(20)
Total Deferred Inflow of Resources	2,643,352	3,303,524	(660,172)	(20)
Total Liabilities and Deferred Inflow of Resources	182,754,284	199,715,225	(16,960,941)	(8.5)
NET POSITION				
Net Investment in Capital Assets	138,280,433	91,703,690	46,576,743	50.8
Restricted	86,799,252	29,204,360	57,594,892	197.2
Unrestricted	57,800,049	46,531,371	11,268,678	24.2
Total Net Position	$ 282,879,734	$ 167,439,421	$ 115,440,313	68.9 %

Statements of Net Position - continued

Current unrestricted assets increased by $1.7 million (1.7%) in 2023 over 2022. The increase primarily resulted from increases in accounts receivable of $1.0 million (14.4%) and grants receivable of $4.5 million (46.7%) offset by a decrease unrestricted cash and cash equivalents of $4.3 million (5.4%).

Current restricted assets remained flat in 2023 over 2022.

Noncurrent restricted assets increased by $26.3 million (11.0%) in 2023 over 2022. The increase primarily resulted from an increase in net capital assets of $39.6 million (24.9%). The increase in capital assets was primarily attributable to an increase in capital project activity under the Authority's Capital Improvement Program. Additional detailed information can be found in the Capital Asset section in the MD&A. Other increases in noncurrent restricted assets were the result of an increase in receivables in PFCs and CFCs of $0.8 million (59.8%). These increases were partially offset by a decrease in restricted cash and cash equivalents of $13.5 million (17.8%). The decrease in restricted cash primarily represents 2021 Revenue Bond draw downs on eligible capital projects. Additional detailed information regarding the Authority's restricted cash balances may be found in Note 3 in the accompanying Notes to Financial Statements.

Current unrestricted liabilities increased by $9.3 million (18.2%) in 2023 over 2022. The increase primarily resulted from an increase in due to airlines and partners of $9.3 million (49.4%) from the ULAs annual true-up provision for 2023. Additional detailed information regarding this true-up may be found in the Revenues section of this MD&A.

Current restricted liabilities increased by $16.6 thousand (2.7%) in 2023 over 2022. The increase was primarily the result of the Authority's repayment of normal debt service.

Noncurrent unrestricted liabilities decreased by $6.4 million (4.5%) in 2023 over 2022. The decrease is primarily the result of the Authority's normal debt service. Additional detailed information may be found in the Debt section in this MD&A.

Deferred Inflow of Resources decreased by $0.6 million (15.2%) in 2023 over 2022 as the Authority received lease payments during 2023 from its concession leases and other terminal leases.

The Authority's net position increased by $25.7 million (18.1%) in 2023 over 2022.

Net investment in capital assets increased by $24.9 million (37.3%) in 2023 over 2022 and represented 54.8% of total net position in 2023 compared to 47.1% in 2022. 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.

Statements of Net Position – continued

The Authority's restricted net position increased by $8.1 million (38.2%) in 2023 over 2022 and represented 17.4% of total net position in 2023 compared to 14.9% in 2022. 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 2023 over 2022 is attributable to increases in restricted cash and receivables for PFCs and CFCs.

The remaining unrestricted net position balance of $46.5 million for 2023 may be used for any lawful purpose of the Authority. Unrestricted net position decreased by $7.3 million (13.6%) in 2023 over 2022 and represented 27.8% of total net position in 2023 compared to 38.0% in 2022.

			Increase (Decrease)	
	2023	2022	$	%
ASSETS				
Current Unrestricted Assets	$ 100,807,068	$ 99,106,035	$ 1,701,033	1.7 %
Current Restricted Assets	639,914	623,310	16,604	2.7
Noncurrent Restricted Assets	265,707,664	239,402,259	26,305,405	11.0
Total Assets	367,154,646	339,131,604	28,023,042	8.3
LIABILITIES				
Current Liabilities Payable from Unrestricted Assets	60,033,447	50,781,425	9,252,022	18.2
Current Liabilities Payable from Restricted Assets	639,914	623,310	16,604	2.7
Noncurrent Liabilities Payable from Unrestricted Assets	135,738,340	142,097,253	(6,358,913)	(4.5)
Total Liabilities	196,411,701	193,501,988	2,909,713	1.5
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow of Resources - Leases	3,303,524	3,896,972	(593,448)	(15.2)
Total Deferred Inflow of Resources	3,303,524	3,896,972	(593,448)	(15.2)
Total Liabilities and Deferred Inflow of Resources	199,715,225	197,398,960	2,316,265	1.2
NET POSITION				
Net Investment in Capital Assets	91,703,690	66,776,418	24,927,272	37.3
Restricted	29,204,360	21,129,217	8,075,143	38.2
Unrestricted	46,531,371	53,827,009	(7,295,638)	(13.6)
Total Net Position	$ 167,439,421	$ 141,732,644	$ 25,706,777	18.1 %

Revenues

Total 2024 revenues of $227.0 million increased by $108.8 million (92.0%) in 2024 over 2023. The increase was primarily attributable to in aeronautical operating revenues of $21.6 million (74.3%), non-aeronautical operating revenues of $8.4 million (14.5%), nonoperating revenues of $5.4 million (32.6%), and capital contributions of $73.4 million (490.6%). Capital contributions include $54.5 million in Noise Land Funds from the City of Ontario.

Aeronautical revenues are driven by aeronautical activity and the annual rates and charges established by the Authority pursuant to ULAs. The increase in aeronautical revenues was primarily the result of the cost recovery of operating expenses and capital expenditures in 2024 over 2023. The reconciled 2024 annual rates and charges exceeded 2023, as 2023 included previous period adjustments to capital expenditures charged to the airlines per the terms of the ULAs. Aeronautical revenue from landing fees increased by $10.0 million (193.1%) in 2024 over 2023. Facilities rent increased by $11.2 million (329.9%) in 2024 over 2023. The 2024 amount Airline fees increased $0.6 million (9.1%) in 2024 over 2023. These increases in aeronautical revenue were partially offset by decreases in aeronautical land rent of $0.2 million (1.3%).

The increase in nonaeronautical revenues in 2024 over 2023 was primarily the result of an increase in parking and ground transportation of $6.6 million (20.1%). The increase in parking and ground transportation was driven by increased passenger activity. Total concessions revenue of $16.1 million increased by $1.9 million (13.4%) in 2024 over total concessions revenue of $14.2 million in 2023. Concession revenue increases were the result of an increase in passenger activity in 2024 over 2023 and new food and beverage concessionaire outlets opening in terminals 2 and 4. Concession revenue increases in 2024 over 2023 include an increase in rental cars of $0.3 million (3.5%), food and beverage of $1.2 million (82.0%), gifts and news of $0.1 million (6.4%), and other concessions, which primarily consists of revenues from advertising, of $0.2 million (15.4%). Non-airline terminal rent increased by $0.1 million (5.9%) in 2024 over 2023. Other nonaeronautical operating revenues increased by $0.1 million (13.6%) in 2024 over 2023. Other nonaeronautical operating revenues primarily consist of badging and filming revenues. Increases in nonaeronautical revenues in 2024 over 2023 were partially offset by a decrease in nonaeronautical facilities and land rent revenues of $0.1 million (9.0%).

Increases in nonaeronautical revenues in 2024 over 2023 were offset by a decrease in operating grants of $0.2 million (3.0%). The Authority recognized $6.6 million in grant funding from the American Rescue Plan Act of 2021 (ARPA) in both 2024 and 2023. As of June 30, 2024, the Authority has $11.7 million in ARPA funds available for future drawdowns.

Nonoperating revenues increased by $5.4 million (32.6%) in 2024 over 2023. The increase was primarily the result of an increase in PFC revenues of $1.4 million (10.9%) in 2024 over 2023. Increases in PFC revenues were the result of an increase in passenger activity levels in 2024 over 2023. Other increases in nonoperating revenues include an increase in net investment income of $3.6 million (505.8%) as a result of market performance, which varies from year to year, and CFC revenues of $0.3 million (10.1%).

Capital contributions of $88.4 million in 2024 were $73.4 million (490.6%) higher than 2023 capital contributions of $15.0 million. This increase was attributable to $54.5M received by the Authority from the City of Ontario. These funds represent the proceeds from the disposition of properties originally acquired under the FAA Noise Land Program (NLP) during LAWA's ownership of the Airport. Under an arrangement between LAWA, the FAA, and the City of Ontario, the City was responsible for

Revenues – continued

implementing the Noise Land Program which included the purchase of certain properties. The original funding for the purchase of the NLP properties was provided by LAWA and the FAA.

The $54.5 million received by the OIAA reflects residual amounts from the disposition of NLP properties managed by the City and its Industrial Development Authority in accordance with FAA's Airport Improvement Program (AIP) Handbook. The remaining increase in Capital Contributions were a result of increases in Federal Airport Improvement Program (AIP) grant revenues received from the Federal Aviation Administration (FAA) as work on eligible AIP projects progressed.

	2024	2023	Increase (Decrease) $	Increase (Decrease) %
OPERATING REVENUES				
Aeronautical:				
Landing Fees	$ 15,224,641	$ 5,194,113	$ 10,030,528	193.1 %
Facilities Rent	14,548,851	3,384,381	11,164,470	329.9
Land Rent	13,804,467	13,985,845	(181,378)	(1.3)
Airline Fees	7,115,678	6,522,452	593,226	9.1
Total Aeronautical Revenues	50,693,637	29,086,791	21,606,846	74.3
Nonaeronautical:				
Facilities and Land Rent	1,252,094	1,375,783	(123,689)	(9.0)
Non–Airline Terminal Rent	1,515,062	1,431,104	83,958	5.9
Parking and Ground Transportation	39,481,867	32,870,076	6,611,791	20.1
Concessions:				
Rental Cars	9,757,148	9,423,111	334,037	3.5
Food and Beverage	2,740,848	1,505,946	1,234,902	82.0
Gifts and News	2,073,581	1,949,187	124,394	6.4
Other Concessions	1,517,178	1,314,569	202,609	15.4
Operating Grants	6,841,906	7,055,702	(213,796)	(3.0)
Other Nonaeronautical Operating Revenues	819,581	721,221	98,360	13.6
Total Nonaeronautical Revenues	65,999,265	57,646,699	8,352,566	14.5
Total Operating Revenues	116,692,902	86,733,490	29,959,412	34.5
NONOPERATING REVENUES				
Investment Income, Net	4,275,321	705,745	3,569,576	505.8
Passenger Facility Charges	13,814,078	12,450,838	1,363,240	10.9
Customer Facility Charges	3,710,860	3,370,712	340,148	10.1
Gain on Disposition of Assets	127,785	5,705	122,080	2,139.9
Total Nonoperating Revenues	21,928,044	16,533,000	5,395,044	32.6
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	88,374,309	14,964,592	73,409,717	490.6
Total Revenues	$ 226,995,255	$ 118,231,082	$ 108,764,173	92.0 %

Revenues – continued

Total 2023 revenues of $118.2 million increased by $0.7 million (0.6%) in 2023 over 2022 total revenues of $117.5 million. The increase was primarily attributable to increases in nonaeronautical operating revenues of $3.9 million (7.2%), nonoperating revenues of $2.3 million (16.3%), and capital contributions of $4.0 million (36.7%). The increases in revenues were offset by a decrease in aeronautical operating revenues of $4.5 million (13.5%). The Authority also received net development and entitlement income of $5.0 million (100.0%) in 2022 that was not received in 2023.

Aeronautical revenues are driven by aeronautical activity and the annual rates and charges established by the Authority pursuant to ULAs. The decrease in aeronautical revenues in 2023 over 2022 was primarily the result of the ULAs annual true-up provision for 2023, which resulted in decreases to the budgeted landing fee and terminal rental rates that were larger than their respective decreases in 2022. The ULAs annual true-up provision for 2023 of $22.0 million resulted in decreases in landing fees and facilities rent of $8.9 million and $13.1 million, respectively. The ULAs annual true-up provision for 2023 was $8.1 million (58.8%) higher than 2022. Although the annual true-up of aeronautical revenue is determined by the ULAs, the amount of the annual true-up can vary from year to year as changes in nonaeronautical revenues, operating expenses, and other operating revenues are experienced. Under the current ULA, a higher true-up provision speaks to the successes the Authority experienced in these revenue and expense categories.

Aeronautical revenue from landing fees decreased by $41 thousand (0.8%) in 2023 over 2022. Facilities rent decreased by $6.4 million (65.4%) in 2023 over 2022. These decreases in aeronautical revenue were partially offset by increases in aeronautical land rent of $65 thousand (0.5%) and airline fees of $1.8 million (39.3%). The increase in airline fees in 2023 over 2022 was the result of an increase in aeronautical activities and new aeronautical contracts.

The increase in nonaeronautical revenues in 2023 over 2022 was primarily the result of an increase in parking and ground transportation of $5.0 million (18.0%). The increase in parking and ground transportation was driven by increased passenger activity. Total concessions revenue of $14.2 million increased by $0.5 million (4.0%) in 2023 over total concessions revenue of $13.7 million in 2022. Concession revenue increases were the result of an increase in passenger activity in 2023 over 2022. Concession revenue increases in 2023 over 2022 include food and beverage of $0.2 million (13.5%), gifts and news of $0.2 million (11.8%), and other concessions, which primarily consists of revenues from advertising, of $0.4 million (45.9%). Increases in concessions revenue in 2023 over 2022 were partially offset by a decrease in rental car revenues of $0.3 million (2.7%). Other nonaeronautical operating revenues decreased by $0.3 million (28.5%) in 2023 over 2022 due to a decrease in filming revenues. Revenue from filming can vary from year to year.

Increases in nonaeronautical revenues in 2023 over 2022 were offset by a decrease in operating grants of $1.5 million (17.3%), which was primarily the result of the Authority recognizing $6.6 million in grant funding from the American Rescue Plan Act of 2021 (ARPA) in 2023 compared to $8.2 million in grant funding from the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) in 2022. As of June 30, 2023, the Authority has $18.3 million in ARPA funds available for future drawdowns.

Revenues – continued

Nonoperating revenues increased by $2.3 million (16.3%) in 2023 over 2022. The increase was primarily the result of an increase in PFC revenues of $1.2 million (10.9%) in 2023 over 2022. Increases in PFC revenues were the result of an increase in passenger activity levels in 2023 over 2022. Other increases in nonoperating revenues include an increase in net investment income of $1.0 million (352.2%) as a result of market performance and an increase in CFC revenues of $0.2 million (5.6%).

Capital contributions of $15.0 million in 2023 were $4.0 million (36.7%) higher than 2022 capital contributions of $11.0 million. This increase was attributable to increases in Federal Airport Improvement Program (AIP) grant revenues received from the Federal Aviation Administration (FAA) as work on eligible AIP projects progressed.

			Increase (Decrease)	
	2023	2022	$	%
OPERATING REVENUES				
Aeronautical:				
Landing Fees	$ 5,194,113	$ 5,234,880	$ (40,767)	(0.8) %
Facilities Rent	3,384,381	9,775,257	(6,390,876)	(65.4)
Land Rent	13,985,845	13,921,034	64,811	0.5
Airline Fees	6,522,452	4,683,093	1,839,359	39.3
Total Aeronautical Revenues	29,086,791	33,614,264	(4,527,473)	(13.5)
Nonaeronautical:				
Facilities and Land Rent	1,375,783	1,338,113	37,670	2.8
Non–Airline Terminal Rent	1,431,104	1,391,782	39,322	2.8
Parking and Ground Transportation	32,870,076	27,850,762	5,019,314	18.0
Concessions:				
Rental Cars	9,423,111	9,681,310	(258,199)	(2.7)
Food and Beverage	1,505,946	1,326,876	179,070	13.5
Gifts and News	1,949,187	1,743,848	205,339	11.8
Other Concessions	1,314,569	901,111	413,458	45.9
Operating Grants	7,055,702	8,530,697	(1,474,995)	(17.3)
Other Nonaeronautical Operating Revenues	721,221	1,008,586	(287,365)	(28.5)
Total Nonaeronautical Revenues	57,646,699	53,773,085	3,873,614	7.2
Total Operating Revenues	86,733,490	87,387,349	(653,859)	(0.7)
NONOPERATING REVENUES				
Investment Income (Loss), Net	705,745	(279,864)	985,609	352.2
Passenger Facility Charges	12,450,838	11,225,992	1,224,846	10.9
Customer Facility Charges	3,370,712	3,192,973	177,739	5.6
Gain on Disposition of Assets	5,705	71,016	(65,311)	(92.0)
Total Nonoperating Revenues	$ 16,533,000	$ 14,210,117	$ 2,322,883	16.3 %

Revenues – continued

			Increase (Decrease)	
	2023	2022	$	%
SPECIAL ITEM				
Development and Entitlement Income, Net	$ -	$ 5,000,000	$ (5,000,000)	(100.0) %
CAPITAL CONTRIBUTIONS				
Federal Grants and Other	14,964,592	10,950,213	4,014,379	36.7
Total Revenues	$ 118,231,082	$ 117,547,679	$ 683,403	0.6 %

Expenses

Total expenses increased by $19.0 million (20.6%) in 2024 over 2023. The increase in total expenses is comprised of increases in operating expenses of $15.4 million (19.4%), depreciation and amortization expense of $2.8 million (32.9%), and nonoperating expenses of $0.8 million (18.1%).

Operating expenses increased by $15.4 million (19.4%) in 2024 over 2023. Personnel expenses of $16.7 million increased by $4.7 million (39.3%) in 2024 over 2023 personnel expenses of $12.0 million. The Authority's increase in personnel expenses in 2024 over 2023 is the result of the Authority adding new positions and filling vacancies to align staffing levels with airport activity levels and needs. Other increases in operating expenses in 2024 over 2023 include public safety of $2.0 million (9.4%), contractual services of $6.1 million (20.2%), insurance and administration of $0.1 million (6.6%), marketing and public relations of $1.1 million (18.8%), materials and supplies of $0.8 million (103.5%), telecommunication and utilities of $0.9 million (14.7%), and other operating expenses of $0.6 million (37.0%). Increases in operating expenses in 2024 over 2023 are the result of the Authority aligning expenditure levels with airport and passenger activity levels. The Authority also incurred a reduction of bad debt expense in 2024 of $0.2 million. Bad debt expense can vary from year to year. Depreciation and amortization expense increased by $2.8 million (32.9%) in 2024 over 2023 as a result of the Authority placing new assets into service as projects were completed during 2024.

Nonoperating expenses increased by $0.8 million (18.1%) in 2024 over 2023. The increase was primarily the result of an increase in other non-operating expenses of $1.2 million (100.0%), which includes an expense from an arbitrage tax rebate of $0.7 million derived from earnings on the tax-exempt 2021 Series Bonds.

Expenses – continued

	2024	2023	Increase (Decrease) $	Increase (Decrease) %
OPERATING EXPENSES				
Personnel	$ 16,643,305	$ 11,950,238	$ 4,693,067	39.3 %
Public Safety	22,723,669	20,770,240	1,953,429	9.4
Contractual Services	36,345,356	30,234,146	6,111,210	20.2
Insurance and Administration	1,877,942	1,761,063	116,879	6.6
Marketing and Public Relations	6,963,208	5,862,878	1,100,330	18.8
Materials and Supplies	1,655,662	813,575	842,087	103.5
Telecommunication and Utilities	6,845,994	5,971,128	874,866	14.7
Bad Debt Expense	(172,439)	648,868	(821,307)	(126.6)
Other Operating Expenses	2,038,102	1,487,300	550,802	37.0
Total Operating Expenses	94,920,799	79,499,436	15,421,363	19.4
Depreciation and Amortization	11,273,505	8,485,077	2,788,428	32.9
NONOPERATING EXPENSES				
Interest Expense	4,154,822	4,349,792	(194,970)	(4.5)
Debt Issuance Costs	-	190,000	(190,000)	(100.0)
Other Non-Operating Expenses	1,205,816	-	1,205,816	100.0
Total Nonoperating Expenses	5,360,638	4,539,792	820,846	18.1
Total Expenses	$ 111,554,942	$ 92,524,305	$ 19,030,637	20.6 %

Total expenses increased by $9.1 million (11.0%) in 2023 over 2022. The increase in total expenses is comprised of increases in operating expenses of $7.5 million (10.4%) and depreciation and amortization expense of $1.9 million (28.4%) offset by a decrease in nonoperating expenses of $0.2 million (5.0%).

Operating expenses increased by $7.5 million (10.4%) in 2023 over 2022. Personnel expenses of $12.0 million increased by $3.1 million (34.6%) in 2023 over 2022 personnel expenses of $8.9 million. The Authority's increase in personnel expenses in 2023 over 2022 is the result of the Authority adding new positions and filling vacancies to align staffing levels with airport activity levels and needs. Other increases in operating expenses in 2023 over 2022 include public safety of $1.5 million (7.9%), contractual services of $0.7 million (2.2%), insurance and administration of $0.4 million (25.8%), marketing and public relations of $0.7 million (14.1%), telecommunication and utilities of $0.7 million (13.7%), and other operating expenses of $91 thousand (6.5%). Increases in operating expenses in 2023 over 2022 are the result of the Authority aligning expenditure levels with airport and passenger activity levels. The increases in operating expenses are partially offset by a decrease to materials and supplies $0.2 million (21.3%). The Authority also incurred bad debt expense in 2023 of $0.6 million. Bad debt expense can vary from year to year. Depreciation and amortization expense increased by $1.9 million (28.4%) in 2023 over 2022 as a result of the Authority placing new assets into service as projects were completed during 2023.

Expenses – continued

Nonoperating expenses decreased by $0.2 million (5.0%) in 2023 over 2022. The decrease was primarily the result of a decrease in interest expense of $0.4 million (9.0%) offset by an increase in debt issuance costs of $0.2 million (100.0%). The Authority incurred debt issuance costs during 2023 related to a Revolving Credit Facility agreement that the Authority entered into on February 1, 2023. Additional detailed information may be found in the Debt section in this MD&A.

			Increase (Decrease)	
	2023	2022	$	%
OPERATING EXPENSES				
Personnel	$ 11,950,238	$ 8,877,520	$ 3,072,718	34.6 %
Public Safety	20,770,240	19,243,969	1,526,271	7.9
Contractual Services	30,234,146	29,575,348	658,798	2.2
Insurance and Administration	1,761,063	1,400,242	360,821	25.8
Marketing and Public Relations	5,862,878	5,137,559	725,319	14.1
Materials and Supplies	813,575	1,033,412	(219,837)	(21.3)
Telecommunication and Utilities	5,971,128	5,253,646	717,482	13.7
Bad Debt Expense	648,868	73,298	575,570	785.2
Other Operating Expenses	1,487,300	1,395,939	91,361	6.5
Total Operating Expenses	79,499,436	71,990,933	7,508,503	10.4
Depreciation and Amortization	8,485,077	6,608,063	1,877,014	28.4
NONOPERATING EXPENSES				
Interest Expense	4,349,792	4,779,670	(429,878)	(9.0)
Debt Issuance Costs	190,000	-	190,000	100.0
Total Nonoperating Expenses	4,539,792	4,779,670	(239,878)	(5.0)
Total Expenses	$ 92,524,305	$ 83,378,666	$ 9,145,639	11.0 %

Capital Assets

Net capital assets increased by $57.7 million (29.1%) in 2024 over 2023. The increase resulted from $69.8 million of capital expenditures offset by an increase in accumulated depreciation and amortization of $11.0 million and capital asset disposals of $1.1 million in 2024. Capital expenditures in construction in progress (CIP), land improvements, and building and improvements accounted for 97.1% of capital asset additions during 2024. The most significant 2024 CIP was the Runway 8R-26L Rehabilitation and Connecting Taxiways Program and the Runway 26R ILS Upgrade, both of which were still in progress at the end of 2024.

Capital Assets – continued

	2024	2023	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	58,377,337	39,709,075	18,668,262	47.0
Total	122,154,573	103,486,311	18,668,262	18.0
Capital Assets – Depreciated and Amortized:				
Land Improvements	97,347,974	53,839,375	43,508,599	80.8
Buildings and Improvements	55,713,276	51,490,395	4,222,881	8.2
Information Technology Hardware and Software	9,788,872	7,608,330	2,180,542	28.7
Furniture and Fixtures	607,391	420,196	187,195	44.5
Machinery and Equipment	6,646,951	5,910,739	736,212	12.5
Vehicles	7,500,199	7,248,914	251,285	3.5
Subscription Assets	2,575,908	3,690,402	(1,114,494)	(30.2)
Total	180,180,571	130,208,351	49,972,220	38.4
Less: Accumulated Depreciation and Amortization	46,189,057	35,221,937	10,967,120	31.1
Capital Assets – Depreciated and Amortized, Net	133,991,514	94,986,414	39,005,100	41.1
Capital Assets, Net	$ 256,146,087	$ 198,472,725	$ 57,673,362	29.1 %

Net capital assets increased by $39.6 million (24.9%) in 2023 over 2022. The increase resulted from $48.2 million of capital expenditures offset by an increase in accumulated depreciation and amortization of $8.4 million and capital asset disposals of $0.2 million in 2023. Capital expenditures in construction in progress (CIP), land improvements, and building and improvements accounted for 90.0% of capital asset additions during 2023. The most significant 2023 CIP was the Runway 8R-26L Rehabilitation and Connecting Taxiways Program and the Runway 26R ILS Upgrade, both of which were still in progress at the end of 2023.

Capital Assets – continued

			Increase (Decrease)	
	2023	2022	$	%
Capital Assets – Not Depreciated:				
Land	$ 56,503,866	$ 56,503,866	$ -	- %
Air Avigation Easements	7,273,370	7,273,370	-	-
Construction in Progress	39,709,075	29,686,154	10,022,921	33.8
Total	103,486,311	93,463,390	10,022,921	10.7
Capital Assets – Depreciated and Amortized:				
Land Improvements	53,839,375	34,986,772	18,852,603	53.9
Buildings and Improvements	51,490,395	42,334,191	9,156,204	21.6
Information Technology Hardware and Software	7,608,330	3,813,957	3,794,373	99.5
Furniture and Fixtures	420,196	154,905	265,291	171.3
Machinery and Equipment	5,910,739	5,660,497	250,242	4.4
Vehicles	7,248,914	1,948,248	5,300,666	272.1
Subscription Assets	3,690,402	3,332,751	357,651	10.7
Total	130,208,351	92,231,321	37,977,030	41.2
Less: Accumulated Depreciation and Amortization	35,221,937	26,818,351	8,403,586	31.3
Capital Assets – Depreciated and Amortized, Net	94,986,414	65,412,970	29,573,444	45.2
Total Capital Assets, Net	$ 198,472,725	$ 158,876,360	$ 39,596,365	24.9 %

Additional detailed information regarding capital asset activity may be found in Note 4 in the accompanying Notes to Financial Statements.

Debt Activity

As of June 30, 2024, the Authority had total long-term debt outstanding of $134.4 million. The debt consisted primarily of 2021 Revenue Bonds of $122.1 million and 2016 Revenue Bonds of $11.9 million. The decrease in debt of $6.5 million (4.6%) in 2024 over 2023 was primarily due to the Authority's normal debt service.

Debt Activity – continued

	2024	2023	Increase (Decrease) $	Increase (Decrease) %
Revenue Bonds:				
Series 2016	$ 11,860,000	$ 17,505,000	$ (5,645,000)	(32.2) %
Series 2021:				
Series 2021 A	57,750,000	57,750,000	-	-
Series 2021 A Premium	10,851,429	11,254,578	(403,149)	(3.6)
Series 2021 B	41,685,000	41,685,000	-	-
Series 2021 B Premium	7,863,498	8,328,335	(464,837)	(5.6)
Series 2021 C	3,905,000	3,905,000	-	-
Total Series 2021	122,054,927	122,922,913	(867,986)	(0.7)
Total Revenue Bonds	133,914,927	140,427,913	(6,512,986)	(4.6)
Direct Borrowings:				
Revolving Credit Facility	483,771	483,771	-	-
Total Direct Borrowings	483,771	483,771	-	-
Total Long-Term Debt	$ 134,398,698	$ 140,911,684	$ (6,512,986)	(4.6) %

As of June 30, 2023, the Authority had total long-term debt outstanding of $141.0 million. The debt consisted primarily of 2021 Revenue Bonds of $122.9 million and 2016 Revenue Bonds of $17.5 million. The decrease in debt of $5.8 million (4.0%) in 2023 over 2022 was primarily due to the Authority's normal debt service.

	2023	2022	Increase (Decrease) $	Increase (Decrease) %
Revenue Bonds:				
Series 2016	$ 17,505,000	$ 22,960,000	$ (5,455,000)	(23.8) %
Series 2021:				
Series 2021 A	57,750,000	57,750,000	-	-
Series 2021 A Premium	11,254,578	11,657,727	(403,149)	(3.5)
Series 2021 B	41,685,000	41,685,000	-	-
Series 2021 B Premium	8,328,335	8,793,172	(464,837)	(5.3)
Series 2021 C	3,905,000	3,905,000	-	-
Total Series 2021	122,922,913	123,790,899	(867,986)	(0.7)
Total Revenue Bonds	140,427,913	146,750,899	(6,322,986)	(4.3)
Direct Borrowings:				
Revolving Credit Facility	483,771	-	483,771	100.0
Other Notes Payable	-	3,710	(3,710)	(100.0)
Total Direct Borrowings	483,771	3,710	480,061	12,939.6
Total Long-Term Debt	$ 140,911,684	$ 146,754,609	$ (5,842,925)	(4.0) %

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 and 2021 Revenue Bonds. The Authority is also required to maintain a debt service coverage ratio for the Revolving Credit Facility agreement that the Authority entered into on February 1, 2023.

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 324.9% as of June 30, 2024 compared to 155.4% and 245.5% as of June 30, 2023 and 2022, respectively.

The required debt service coverage ratio for the Revolving Credit Facility is 110% of annual principal and interest payments. The debt service coverage ratio was 323.8% as of June 30, 2024 compared to 154.9% as of June 30, 2023.

As of June 30, 2024 and 2023, 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 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.

	2024	2023	2022
Airline Cost per Enplanement:			
Passenger Airline Revenues	$ 22,969,044	$ 6,531,620	$ 12,442,868
Enplaned Passengers	3,377,563	3,042,917	2,754,566
Cost per Enplanement	$ 6.80	$ 2.15	$ 4.52

Airline Cost Per Enplanement (CPE) – continued

CPE increased by $4.65 (216.3%) per enplaned passenger in 2024 over 2023. This increase was primarily the result of a disproportionate increase in passenger airline revenues of $16.4 million (251.7%) in relation to the increase in enplaned passengers of 0.3 million (11.0%) in 2024 over 2023. The disproportionate increase in passenger airline revenues in 2024 is the result of the ULAs annual true-up provision.

			Increase (Decrease)	
	2024	2023	$	%
Airline Cost per Enplanement (CPE):				
Passenger Airline Revenues	$ 22,969,044	$ 6,531,620	$ 16,437,424	251.7 %
Enplaned Passengers	3,377,563	3,042,917	334,646	11.0
Cost per Enplanement (CPE)	$ 6.80	$ 2.15	$ 4.65	216.3 %

CPE decreased by $2.37 (52.4%) per enplaned passenger in 2023 over 2022. This decrease was primarily the result of an increase in enplaned passengers of 0.3 million (10.5%) in 2023 over 2022. The disproportionate decrease in passenger airline revenues in 2023 is the result of the ULAs annual true-up provision.

			Increase (Decrease)	
	2023	2022	$	%
Airline Cost per Enplanement (CPE):				
Passenger Airline Revenues	$ 6,531,620	$ 12,442,868	$ (5,911,248)	(47.5) %
Enplaned Passengers	3,042,917	2,754,566	288,351	10.5
Cost per Enplanement (CPE)	$ 2.15	$ 4.52	$ (2.37)	(52.4) %

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, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets:		
Unrestricted Assets:		
Cash and Cash Equivalents – Note 3	$ 72,044,289	$ 75,348,288
Accounts Receivable, Net of Allowance for Doubtful Accounts of $584,303 and $756,750 at June 30, 2024 and 2023, Respectively	8,546,070	7,535,598
Grants Receivable	17,722,939	14,230,016
Leases Receivable – Current – Note 10	697,748	660,170
Interest Receivable	390,852	261,989
Prepaid Expenses	3,368,336	2,771,007
Total Unrestricted Current Assets	102,770,234	100,807,068
Restricted Assets:		
Cash and Cash Equivalents	654,782	639,914
Total Restricted Current Assets	654,782	639,914
Total Current Assets	103,425,016	101,446,982
Noncurrent Assets:		
Restricted Assets		
Cash and Cash Equivalents – Note 3	101,611,819	62,415,143
Accounts Receivable	2,505,492	2,176,442
Leases Receivable – Noncurrent – Note 10	1,945,604	2,643,354
Capital Assets – Note 4:		
Not Depreciated	122,154,573	103,486,311
Depreciated and Amortized, Net of Accumulated Depreciation and Amortization of $46,189,058 and $35,221,937 at June 30, 2024 and 2023, Respectively	133,991,514	94,986,414
Net Capital Assets	256,146,087	198,472,725
Total Restricted Noncurrent Assets	362,209,002	265,707,664
TOTAL ASSETS	$ 465,634,018	$ 367,154,646

See Accompanying Notes to Financial Statements

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF NET POSITION – CONTINUED
JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES		
Current Liabilities:		
Payable from Unrestricted Assets:		
Accounts Payable	$ 22,846,162	$ 10,871,140
Accrued Expenses	10,101,126	7,335,451
Accrued Payroll and Vacation	1,821,217	1,273,284
Accrued Interest	451,568	460,600
Customer Deposits – Note 5	600,225	560,653
Due to Airlines and Partners – Note 6	2,996,613	28,048,657
Unearned Revenues – Note 5	5,382,744	4,990,328
Subscription Liability – Current – Note 11	347,122	544,848
Current Portion of Long–Term Debt – Note 7	6,105,986	5,948,486
Total Unrestricted Current Liabilities	50,652,763	60,033,447
Payable from Restricted Assets:		
Accrued Interest	72,782	75,414
Current Portion of Long–Term Debt – Note 7	582,000	564,500
Total Restricted Current Liabilities	654,782	639,914
Total Current Liabilities	51,307,545	60,673,361
Noncurrent Liabilities:		
Payable from Unrestricted Assets:		
Subscription Liability – Noncurrent – Note 11	339,138	1,339,642
Arbitrage - Rebate Liability – Noncurrent – Note 7	753,537	-
Long–Term Debt – Note 7:		
Revenue Bonds – Series 2016	6,040,000	11,860,000
Revenue Bonds – Series 2021	121,186,941	122,054,927
Revolving Credit Facility	483,771	483,771
Total Long-Term Debt	127,710,712	134,398,698
Total Unrestricted Noncurrent Liabilities	128,803,387	135,738,340
Total Liabilities	180,110,932	196,411,701
DEFERRED INFLOW OF RESOURCES		
Deferred Inflow of Resources – Leases – Note 10	2,643,352	3,303,524
Total Deferred Inflow of Resources	2,643,352	3,303,524
Total Liabilities and Deferred Inflow of Resources	182,754,284	199,715,225
NET POSITION		
Net Investment in Capital Assets – Note 4	138,280,433	91,703,690
Restricted – Note 8	86,799,252	29,204,360
Unrestricted	57,800,049	46,531,371
Total Net Position	282,879,734	167,439,421
TOTAL LIABILITIES AND NET POSITION	$ 465,634,018	$ 367,154,646

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, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Aeronautical:		
Landing Fees	$ 15,224,641	$ 5,194,113
Facilities Rent	14,548,851	3,384,381
Land Rent	13,804,467	13,985,845
Airline Fees	7,115,678	6,522,452
Total Aeronautical Revenues	50,693,637	29,086,791
Nonaeronautical:		
Facilities and Land Rent	1,252,094	1,375,783
Non–Airline Terminal Rent	1,515,062	1,431,104
Parking and Ground Transportation	39,481,867	32,870,076
Concessions:		
Rental Cars	9,757,148	9,423,111
Food and Beverage	2,740,848	1,505,946
Gifts and News	2,073,581	1,949,187
Other Concessions	1,517,178	1,314,569
Operating Grants	6,841,906	7,055,702
Other Nonaeronautical Operating Revenues	819,581	721,221
Total Nonaeronautical Revenues	65,999,265	57,646,699
Total Operating Revenues	116,692,902	86,733,490
OPERATING EXPENSES		
Personnel	16,643,305	11,950,238
Public Safety	22,723,669	20,770,240
Contractual Services	36,345,356	30,234,146
Insurance and Administration	1,877,942	1,761,063
Marketing and Public Relations	6,963,208	5,862,878
Materials and Supplies	1,655,662	813,575
Telecommunication and Utilities	6,845,994	5,971,128
Bad Debt (Recovery) Expense	(172,439)	648,868
Other Operating Expenses	2,038,102	1,487,300
Total Operating Expenses	94,920,799	79,499,436
Net Operating Income Before Depreciation and Amortization	21,772,103	7,234,054
Depreciation and Amortization	11,273,505	8,485,077
Net Operating Income (Loss)	$ 10,498,598	$ (1,251,023)

See Accompanying Notes to Financial Statements

ONTARIO INTERNATIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – CONTINUED
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
NONOPERATING REVENUES (EXPENSES)		
Investment Income, Net	$ 4,275,321	$ 705,745
Passenger Facility Charges	13,814,078	12,450,838
Customer Facility Charges	3,710,860	3,370,712
Interest Expense	(4,154,822)	(4,349,792)
Debt Issuance Costs	-	(190,000)
Gain on Disposition of Assets	127,785	5,705
Other Nonoperating Expenses	(1,205,816)	-
Total Nonoperating Revenues, Net	16,567,406	11,993,208
Net Income Before Capital Contributions	27,066,004	10,742,185
CAPITAL CONTRIBUTIONS		
Federal Grants and Other	88,374,309	14,964,592
Increase in Net Position	115,440,313	25,706,777
NET POSITION – BEGINNING OF YEAR	167,439,421	141,732,644
NET POSITION – END OF YEAR	$ 282,879,734	$ 167,439,421

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Airlines and Tenants	$ 84,392,907	$ 87,876,737
Receipts from Operating Grants	9,230,725	11,416,638
Payments to Suppliers	(74,505,776)	(69,514,231)
Payments for Personnel Services	(16,095,372)	(11,557,132)
Net Cash Provided by Operating Activities	3,022,484	18,222,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Federal Grants and Other Capital Contributions	82,492,567	6,075,582
Acquisition of Capital Assets	(59,945,886)	(47,203,445)
Proceeds from Sale of Capital Assets	127,785	16,747
Proceeds from Issuance of Revolving Credit Facility	0	483,771
Principal Paid on Long–Term Debt	(5,645,000)	(5,458,710)
Debt Issuance Costs	-	(190,000)
Passenger Facility Charge Receipts	13,525,942	11,662,212
Customer Facility Charge Receipts	3,669,946	3,344,904
Interest Paid on Long–Term Debt	(5,034,472)	(5,206,458)
Other Non-Operating Expenses	(452,279)	-
Net Cash (Used) by Capital and Related Financing Activities	28,738,603	(36,475,397)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Realized Gain (Loss) in Local Agency Investment Fund (LAIF)	1,651,009	(83,968)
Interest Earned on Cash and Cash Equivalents	2,495,449	589,132
Net Cash Provided (Used) by Investing Activities	4,146,458	505,164
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	35,907,545	(17,748,221)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	138,403,345	156,151,566
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 174,310,890	$ 138,403,345

See Accompanying Notes to Financial Statements

ONTARIO INTERNATIONAL AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net Operating Income (Loss)	$ 10,498,598	$ (1,251,023)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Bad Debt (Recovery) Expense	(172,439)	648,868
Depreciation and Amortization	11,273,505	8,485,077
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(838,033)	(1,574,858)
Grants Receivable	2,388,819	4,360,936
Leases Receivable	660,172	593,448
Prepaid Expenses	(597,329)	(274,147)
Accounts Payable	4,332,185	1,859,364
Accrued Expenses	209,301	(4,199,118)
Accrued Payroll and Vacation	547,933	393,106
Customer Deposits	39,572	86,836
Due to Airlines and Partners	(25,052,044)	9,275,270
Unearned Revenues	392,416	411,701
Deferred Inflow of Resources – Leases	(660,172)	(593,448)
Net Cash Provided by Operating Activities	$ 3,022,484	$ 18,222,012
NONCASH NONOPERATING, CAPITAL, FINANCING, AND INVESTING ACTIVITIES		
Amortization of 2021 Revenue Bond Premiums	$ 867,986	$ 867,986
Capital Assets Acquired through Accounts Payable and Accrued Expenses	$ 19,853,033	$ 9,653,822

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 blended or discrete 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 provided 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.

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 the 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 at the date of the financial statements. Actual results could differ from those estimates.

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 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

Grants Receivable

The Authority receives grants for its Capital Improvement Program and certain operating expenses from the Federal Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA) and the U.S. Department of Homeland Security (DHS). Amounts due from governmental agencies under the terms of the grant agreements are accrued as the related reimbursable costs are incurred.

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 include intangible assets, which are without physical substance, that provide economic benefits through the rights and privileges associated with their possession, including aviation avigation easements. 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 and an estimated useful life of more than one year. 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.

Lessee-financed improvements are recognized and recorded as capital assets based upon the asset's estimated value at the time the asset reverts to the Authority.

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	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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, FAA regulations, or other legal requirements.

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. These agreements, which expired on September 30, 2024, are currently operating under a month-to-month holdover tenancy. 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 amounted to 25% for the years ended June 30, 2024 and 2023 (see Note 10).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Inflow of Resources

The statements of net position report a separate section for deferred inflow of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and, therefore, are not recognized as an inflow of resources (revenue) until then.

GASB Statement No. 87, *Leases* (GASB 87) establishes a deferred inflow, representing the initial value of lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease.

Leases

GASB 87 establishes accounting and financial reporting standards for leases by lessees and lessors. GASB 87 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.

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 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 is based on the monthly Secured Overnight Financing Rate (SOFR) plus a markup based on the length of the lease, which approximates the Authority's incremental borrowing rate.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases – continued

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 a minimum annual guarantee (MAG) 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.

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 if underlying assets to the lease are added or removed.

The Authority as Lessee

The Authority 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 asset. 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 the 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.

The Authority as Lessor (Excluding Regulated Leases)

As lessor, the Authority 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, which approximates the Authority's incremental borrowing rate 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

The Authority as Lessor (Regulated Leases)

Certain leases between the Authority and air carriers and other aeronautical users are subject to external laws and regulations. Inflows of resources (revenues) are recognized in amounts equal to the payment provisions of the regulated lease agreements.

Subscription-Based Information Technology Arrangements (SBITAs)

The Authority has entered into subscription-based information technology arrangements (SBITAs) as defined by the Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. An SBITA is a contract that conveys control of the right to use a vendor's IT software or associated tangible assets for a subscription term in exchange for consideration.

The Airport recognizes a subscription asset and a corresponding subscription liability, including any implementation costs, at the commencement of the subscription term. The subscription liability is initially measured as the present value of future subscription payments over the subscription term. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset. The subscription liability is reduced as payments are made, with interest expense recognized on the liability balance.

Key estimates and judgments related to subscriptions include how the Authority determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

The Authority uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

Remeasurement of the subscriptions occur if certain changes occur that are expected to significantly affect the amount of the subscription liability. The Authority monitors activity that might require a remeasurement of its subscriptions.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with current and long-term liabilities on the Statements of Net Position

Net Position

The Authority classifies Net Position in three components. Net investment in Capital Assets consists of the Authority's capital assets, cash restricted for capital assets, cash restricted for debt service less accumulated depreciation and amortization and outstanding debt incurred to acquire those assets. The restricted component of net position consists of restricted assets reduced by liabilities. Unrestricted net position is the remaining net position that does not meet the definition of Net investment in Capital Assets or restricted net position.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

The Authority's applications for PFCs were approved as "Impose and Use". The Authority recognizes PFC revenues when the underlying exchange between the passenger and the airlines. In accordance with the requirements of the PFC program, 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.

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 Noncurrent Restricted Assets. CFC 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

New Accounting Standards

Implementation of the following GASB pronouncements were effective for the year ended June 30, 2024:

GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*.

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. 101, *Compensated Absences*. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, Certain Risk Disclosures. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

GASB Statement No. 103, Financial Reporting Model Improvements. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, Disclosure of Certain Capital Assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits with Financial Institutions

As of June 30, 2024, the carrying amount of the Authority's deposits was $139,797,649 and the bank balance was $180,266,572. As of June 30, 2023, the carrying amount of the Authority's deposits was $105,541,113 and the bank balance was $113,038,663. 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.

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

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.

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 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, 2024 and 2023:

	Cash and Cash Equivalents	
	2024	2023
Deposits with Financial Institutions	$ 139,797,649	$ 105,541,113
Local Agency Investment Fund (LAIF)	34,513,241	32,862,232
Total Cash and Cash Equivalents	$ 174,310,890	$ 138,403,345

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

Cash and cash equivalents are classified as follows as of June 30, 2024 and 2023:

	Cash and Cash Equivalents	
	2024	2023
Unrestricted	$ 72,044,289	$ 75,348,288
Restricted:		
Debt Service Reserve – 2016 Revenue Bonds	514,145	1,025,448
Debt Service Reserve – 2021 Revenue Bonds	373,082	746,163
Projects Fund – 2021 Revenue Bonds	17,972,841	36,027,139
Passenger Facility Charge Fund	37,734,105	24,413,786
Customer Facility Charge Fund	1,760,549	842,521
Surplus Revenue Fund	43,911,879	-
Total Restricted Cash and Cash Equivalents	102,266,601	63,055,057
Total Cash and Cash Equivalents	$ 174,310,890	$ 138,403,345

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 net asset value based upon the Authority's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of each portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

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.

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

Investment in State Investment Pools – continued

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
Supranational	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 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 follows:

	For the Year Ended June 30, 2024				
	Balance at June 30, 2023	Reclassifications	Additions	Deletions	Balance at June 30, 2024
Capital Assets – Not Depreciated:					
Land	$ 56,503,866	$ -	$ -	$ -	$ 56,503,866
Air Avigation Easements	7,273,370	-	-	-	7,273,370
Construction in Progress	39,709,075	(19,383,739)	38,052,001	-	58,377,337
Total	103,486,311	(19,383,739)	38,052,001	-	122,154,573
Capital Assets – Depreciated and Amortized:					
Land Improvements	53,839,375	16,461,102	27,047,497	-	97,347,974
Buildings and Improvements	51,490,395	1,621,487	2,601,394	-	55,713,276
Information Technology Hardware and Software	7,608,330	642,095	1,538,447	-	9,788,872
Furniture and Fixtures	420,196	154,105	33,090	-	607,391
Machinery and Equipment	5,910,739	504,950	231,262	-	6,646,951
Vehicles	7,248,914	-	251,285	-	7,500,199
Subscription Assets	3,690,402	-	-	(1,114,494)	2,575,908
Total	130,208,351	19,383,739	31,702,975	(1,114,494)	180,180,571
Less: Accumulated Depreciation and Amortization:					
Land Improvements	(15,047,433)	-	(5,130,153)	-	(20,177,586)
Buildings and Improvements	(8,866,467)	-	(3,300,694)	-	(12,167,161)
Information Technology Hardware and Software	(3,305,458)	-	(862,410)	-	(4,167,868)
Furniture and Fixtures	(97,137)	-	(110,041)	-	(207,178)
Machinery and Equipment	(5,024,820)	-	(394,958)	-	(5,419,778)
Vehicles	(1,360,459)	-	(868,360)	-	(2,228,819)
Subscription Assets	(1,520,163)	-	(606,889)	306,385	(1,820,667)
Total	(35,221,937)	-	(11,273,505)	306,385	(46,189,057)
Capital Assets – Depreciated and Amortized, Net	94,986,414	19,383,739	20,429,470	(808,109)	133,991,514
Capital Assets, Net	$198,472,725	$ -	$58,481,471	$ (808,109)	$256,146,087

NOTE 4 – CAPITAL ASSETS – CONTINUED

Capital asset activity for the year ended June 30, 2023 follows:

	For the Year Ended June 30, 2023				
	Balance at June 30, 2022	Reclassifications	Additions	Deletions	Balance at June 30, 2023
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	(19,026,222)	29,049,143	-	39,709,075
Total	93,463,390	(19,026,222)	29,049,143	-	103,486,311
Capital Assets – Depreciated and Amortized:					
Land Improvements	34,986,772	11,304,293	7,548,310	-	53,839,375
Buildings and Improvements	42,334,191	2,506,006	6,655,401	(5,203)	51,490,395
Information Technology Hardware and Software	3,813,957	339,762	3,457,839	(3,228)	7,608,330
Furniture and Fixtures	154,905	-	265,291	-	420,196
Machinery and Equipment	5,660,497	-	250,242	-	5,910,739
Vehicles	1,948,248	4,876,161	633,727	(209,222)	7,248,914
Subscription Assets	3,332,751	-	357,651	-	3,690,402
Total	92,231,321	19,026,222	19,168,461	(217,653)	130,208,351
Less: Accumulated Depreciation and Amortization:					
Land Improvements	(11,755,661)	-	(3,291,772)	-	(15,047,433)
Buildings and Improvements	(6,319,931)	-	(2,546,536)	-	(8,866,467)
Information Technology Hardware and Software	(2,505,470)	-	(799,988)	-	(3,305,458)
Furniture and Fixtures	(49,549)	-	(47,588)	-	(97,137)
Machinery and Equipment	(4,715,412)	-	(309,408)	-	(5,024,820)
Vehicles	(791,042)	-	(650,908)	81,491	(1,360,459)
Subscription Assets	(681,286)	-	(838,877)	-	(1,520,163)
Total	(26,818,351)	-	(8,485,077)	81,491	(35,221,937)
Capital Assets – Depreciated and Amortized, Net	65,412,970	19,026,222	10,683,384	(136,162)	94,986,414
Capital Assets, Net	$158,876,360	$ -	$39,732,527	$ (136,162)	$198,472,725

NOTE 4 – CAPITAL ASSETS – CONTINUED

Depreciation and amortization expense was $11,273,505 and $8,485,077 for the years ended June 30, 2024 and 2023, respectively.

Net investment in capital assets as of June 30, 2024 and 2023 is as follows:

	2024	2023
Capital Assets	$ 302,335,144	$ 233,694,662
Cash Restricted for Capital Projects	17,972,841	36,027,139
Less: Accumulated Depreciation and Amortization	(46,189,057)	(35,221,937)
Less: Outstanding Debt	(135,152,235)	(140,911,684)
Less: Subscription Liability	(686,260)	(1,884,490)
Net Investment in Capital Assets	$ 138,280,433	$ 91,703,690

NOTE 5 – 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 $600,225 and $5,382,744 as of June 30, 2024. Customer Deposits and Unearned Revenues amounted to $560,653 and $4,990,328 as of June 30, 2023.

NOTE 6 – DUE TO AIRLINES AND PARTNERS

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, 2024 and 2023 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, 2024 in the amount of $2,475,589 will be issued to signatory airlines in the form of credits subsequent to year end. The surplus for the year ended June 30, 2023 in the amount of $21,978,402 was issued to signatory airlines in the form of credits during the year ended June 30, 2024. As of June 30, 2024 and 2023, $184,103 and $3,400,549, respectively, of the credits issued to signatory airlines for prior year annual true-ups have not been used by signatory airlines. The credits due to signatory airlines as of June 30, 2024 and 2023 are included in Due to Airlines and Partners in the accompanying Statements of Net Position.

NOTE 6 – DUE TO AIRLINES AND PARTNERS – CONTINUED

Due to Partners

The Authority was awarded $2,332,785 in Concessions Rent Relief Grants under the American Rescue Plan Act of 2021 (ARPA) to provide rent relief to eligible concessionaires operating at ONT. During the year ended June 30, 2023 the Authority submitted a payment request for the full concessions rent relief award. As of June 30, 2024 and 2023 there were $0 and $2,332,785, respectively, due from the FAA to the Authority. As of June 30, 2024 the Authority issued payments of the corresponding funds to eligible concessionaires. The Concessions Rent Relief Grants due from the FAA as of June 30, 2023 are included in Grants Receivable in the accompanying Statements of Net Position. The corresponding amounts due to eligible concessionaires as of June 30, 2023 are included in Due to Airlines and Partners in the accompanying Statements of Net Position.

NOTE 7 – LONG-TERM DEBT

Long-term debt consisted of the following as of June 30, 2024 and 2023:

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, 2024 and 2023 was $11,860,000 and $17,505,000, respectively. Interest expense for the years ended June 30, 2024 and 2023 amounted to $481,365 and $627,427, respectively.

NOTE 7 – 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
2025	$ 5,820,000	$ 349,743	$ 6,169,743
2026	6,040,000	181,079	6,221,079
Total	$ 11,860,000	$ 530,822	$ 12,390,822

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, and to refinance 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, 2024 and 2023 was $122,054,927 and $122,922,913, which includes unamortized bond premiums of $18,714,927 and $19,582,913, respectively.

Interest expense for the years ended June 30, 2024 and 2023 amounted to $4,476,979 and $4,476,979, respectively. Amortization of the 2021 Revenue Bond premium for the years ended June 30, 2024 and 2023 amounted to $867,986 and $867,986, respectively, and is included as a reduction to interest expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 7 – LONG-TERM DEBT – CONTINUED

Bonds Payable – Series 2021 - continued

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
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	2,430,000	4,432,259	6,862,259
2029	2,505,000	4,355,600	6,860,600
2030 – 2034	14,540,000	19,768,750	34,308,750
2035 – 2039	18,185,000	16,118,950	34,303,950
2040 – 2044	22,265,000	12,042,150	34,307,150
2045 – 2049	28,090,000	6,215,950	34,305,950
2050 - 2051	12,940,000	781,400	13,721,400
Total	$ 103,340,000	$ 77,145,996	$ 180,485,996

The 2016 and 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 agreements contain 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.

During the year ended June 30, 2024, Net Pledged Revenues were $27.1 million, compared to annual debt requirements of $8.3 million. Net Pledged Revenues were $12.9 million compared to annual debt requirements of $8.3 million for the year ended June 30, 2023.

Arbitrage - Rebate Liability

The Authority has a liability related to the arbitrage rebate requirements under the Tax Reform Act of 1986 (the “Tax Reform Act”), as amended for the tax-exempt 2021 Series Bonds issued by the Authority. The arbitrage rebate provisions require the Authority to rebate the U.S. Treasury any earnings on bond proceeds that exceed the bond yield if those earnings are not used for qualifying tax-exempt purposes within a specified period. As of June 30, 2024 the Authority recorded a liability for the arbitrage rebate totaling $753,537.

NOTE 7 – LONG-TERM DEBT – CONTINUED

Direct Borrowings and Placements

Revolving Credit Facility

On February 1, 2023, the Authority entered into a Revolving Credit Facility agreement with a financial institution. The lender made available to the Authority a revolving line of credit in the maximum principal amount of $50,000,000, the proceeds of which are to be used to finance a portion of the cost of the Authority's capital improvement program, including terminal, parking lot, airfield, and roadway improvements. During the Revolving Credit Period, the lender agrees to make revolving taxable and tax-exempt loans (Notes) to the Authority. As of November 8, 2024, the Authority amended the agreement with the financial institution for the Notes to mature on July 30, 2027 (Facility Maturity Date).

Interest is due quarterly. Principal payments are due quarterly beginning on the first business day of the third full calendar month following the Facility Maturity Date. The taxable portion of the Revolving Credit Facility bears interest at a variable rate equal to the Daily 1M SOFR plus the Taxable SOFR Rate. The nontaxable portion of the Revolving Credit Facility bears interest at a variable rate equal to 79% of the Daily 1M SOFR plus the Tax-exempt SOFR Rate. Interest rates at June 30, 2024 were 5.92% for the taxable portion of the Revolving Credit Facility, and 4.74% for the nontaxable portion of the Revolving Credit Facility. As of June 30, 2024 and 2023 interest on the Revolving Credit Facility totaled $27,717 and $5,980, respectively.

The Notes are secured by Net Pledged Revenues, junior and subordinate to the 2021 Revenue Bonds. Net Pledged Revenues are defined as Pledged Revenues less maintenance and operating expenses.

The Revolving Credit Facility 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 110% of aggregate annual debt service for that fiscal year".

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.

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 notes payable were paid in full as of June 30, 2023.

NOTE 7 – LONG-TERM DEBT – CONTINUED

Long-term debt activity for the year ended June 30, 2024 follows:

	For the Year Ended June 30, 2024				
	Balance at June 30, 2023	Additions	Reductions	Balance at June 30, 2024	Current Portion
Revenue Bonds:					
Series 2016	$ 17,505,000	$ -	$ (5,645,000)	11,860,000	$ 5,820,000
Series 2021:					
Series 2021 A	57,750,000	-	-	57,750,000	-
Series 2021 A Premium	11,254,578	-	(403,149)	10,851,429	403,149
Series 2021 B	41,685,000	-	-	41,685,000	-
Series 2021 B Premium	8,328,335	-	(464,837)	7,863,498	464,837
Series 2021 C	3,905,000	-	-	3,905,000	-
Total Series 2021	122,922,913	-	(867,986)	122,054,927	867,986
Total Revenue Bonds	140,427,913	-	(6,512,986)	133,914,927	6,687,986
Direct Borrowings:					
Revolving Credit Facility	483,771	-	-	483,771	-
Total Direct Borrowings	483,771	-	-	483,771	-
Total Long–Term Debt	$ 140,911,684	$ -	$ (6,512,986)	$ 134,398,698	$ 6,687,986

NOTE 7 – LONG-TERM DEBT – CONTINUED

Long-term debt activity for the year ended June 30, 2023 follows:

	For the Year Ended June 30, 2023				
	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Current Portion
Revenue Bonds:					
Series 2016	$ 22,960,000	$ -	$ (5,455,000)	$ 17,505,000	$ 5,645,000
Series 2021:					
Series 2021 A	57,750,000	-	-	57,750,000	-
Series 2021 A Premium	11,657,727	-	(403,149)	11,254,578	403,149
Series 2021 B	41,685,000	-	-	41,685,000	-
Series 2021 B Premium	8,793,172	-	(464,837)	8,328,335	464,837
Series 2021 C	3,905,000	-	-	3,905,000	-
Total Series 2021	123,790,899	-	(867,986)	122,922,913	867,986
Total Revenue Bonds	146,750,899	-	(6,322,986)	140,427,913	6,512,986
Direct Borrowings:					
Revolving Credit Facility	-	483,771	-	483,771	-
Other Notes Payable	3,710	-	(3,710)	-	-
Total Direct Borrowings	3,710	483,771	(3,710)	483,771	-
Total Long–Term Debt	$ 146,754,609	$ 483,771	$ (6,326,696)	$ 140,911,684	$ 6,512,986

NOTE 8 – 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 4); and to comply with other legal or contractual requirements; less liabilities payable from these assets.

Restricted net position as of June 30, 2024 and 2023 is as follows:

	2024	2023
Restricted Net Position:		
Customer Facility Charges	$ 2,097,159	$ 1,138,217
Passenger Facility Charges	39,902,987	26,294,532
Debt Service Reserve – 2016 Revenue Bonds	514,145	1,025,448
Debt Service Reserve – 2021 Revenue Bonds	373,082	746,163
Surplus Revenue Fund	43,911,879	-
Total Restricted Net Position	$ 86,799,252	$ 29,204,360

NOTE 9 – RELATED PARTY TRANSACTIONS

The Authority has entered into agreements with both the City of Ontario (City) and San Bernadino County (County) for various services. Through these agreements, the City provides public safety, information technology, 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. The Authority is also under Agreement with the County for Emergency Management materials and services and pays license and permit expenses for work conducted at the Airport.

Amounts due to the City total $4,423,966 and $4,229,807 for the years ended June 30, 2024 and 2023, respectively. Amounts due to the County total $27,160 as of June 30, 2024. Amounts due 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 and the County for the years ended June 30, 2024 and 2023:

	2024	2023
City of Ontario		
Public Safety	$ 22,723,669	$ 20,770,240
Administrative Services	1,140,469	1,136,200
Utilities	1,079,364	1,104,053
Parking Taxes	3,328,187	3,326,642
Sponsorships and Other	32,463	57,220
Total City of Ontario	28,304,152	26,394,355
San Bernadino County		
Emergency Management Materials & Supplies	62,736	59,663
Sponsorships	15,000	15,000
Licenses and Permits	5,821	3,874
Total San Bernardino County	83,557	78,537
Total Related Party Transactions	$ 28,387,709	$ 26,472,892

NOTE 10 – 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 and beverage and gifts and news. 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, the type of goods and services offered, and may be subject to a minimum annual guarantee (MAG). These MAGs are based on a percentage of the previous years' percentage revenues, vary from year to year, and are not fixed in substance. Lease terms and 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.

Rental Car Agreements

The Authority has entered into Agreements with multiple rental car companies. The current agreements expired February 2022 but were extended by the Authority for two one-year periods. However, the agreements are subject to a 30-day cancellation clause by the Authority or the lessee, and consequently are considered short-term leases.

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 is excluded from lease definition requirements as the agreements are currently considered short-term leases.

In addition to privilege fees, each rental car company pays for assigned space, including land and facilities, that are accounted for as lease revenue.

Terminal and Terminal Area Facility Rentals

The Authority leases space within the terminal and terminal area for nonaeronautical purposes. Payments for current agreements are fixed over the noncancelable terms of the leases, 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 terms.

NOTE 10 – LEASES – CONTINUED

Lessor leases (other than regulated leases) consisted of the following as of June 30, 2024 and 2023:

	2024	2023
Concession Leases:		
Leases of terminal facilities or land under various concession arrangements for food and beverage, gifts and news, advertising and other nonaeronautical concessions. Digital advertising lease, fixed payments total $100,000 annually, with provisions for variable payments that exceed annual fixed payments. There were no variable payments for 2024 and 2023. The lease receivable is discounted at 4.11% and expires in June 2040.	$ 1,144,947	$ 1,196,732
Other Terminal Leases:		
Leases of terminal space based on square footage and nonairline tenant leases for office and other nonaeronautical uses. Payments range from $50,675 - $57,035, with a lease stated 3.5% annual increase, The lease receivable is discount rate is 2.05% and expires in September 2026.	1,498,405	2,106,792
Total Leases Receivable	2,643,352	3,303,524
Less: Current Portion	697,748	660,170
Leases Receivable – Noncurrent	$ 1,945,604	$ 2,643,354

Lease interest income recognized for the years ended June 30, 2024 and 2023 amounted to $85,753 and $99,928, respectively, and is included in the following financial statement categories in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

	2024	2023
Interest Income from Leases:		
Concessions	$ 48,217	$ 50,299
Facilities and Land Rent	37,536	49,629
Total Interest Income From Leases	$ 85,753	$ 99,928

NOTE 10 – LEASES – CONTINUED

The expected future lease payments, which are included in the measurement of the current and noncurrent lease receivables as of June 30, 2024 are as follows:

For the Year Ending June 30,	Lease Receivable	Lease Interest	Total
2025	$ 697,748	$ 70,784	$ 768,532
2026	736,954	54,981	791,935
2027	232,430	42,029	274,459
2028	61,019	38,982	100,001
2029	63,573	36,426	99,999
2030 – 2034	360,112	139,888	500,000
2035 – 2039	442,110	57,888	499,998
2040	49,406	594	50,000
Total	$ 2,643,352	$ 441,572	$ 3,084,924

Regulated Leases

The Authority 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 Operating Use and Terminal Lease Agreements (ULAs)

The Authority has entered into ULAs with signatory passenger and cargo carriers operating at ONT, which expired on September 30, 2024. Signing a ULA is not a requirement for operating at ONT. However, airlines who do not sign a ULA sign a separate agreement and instead, operate as a non-signatory carrier at ONT. 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. Air carriers that sign a non-signatory agreement are required to pay a premium on these rates. The premium amounted to 25% for the years ended June 30, 2024 and 2023.

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 multiplied by 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. The terminal rental rate is calculated annually but may be adjusted mid-year. The terminal rental rate is reconciled against actual revenues and expenditures included in the terminal rental rate calculation.

NOTE 10 – LEASES – CONTINUED

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 Lease Agreements. FUAs are short-term agreements for one year or less. They do not contain options to extend and the use of space after the lease expiration is on a month-to-month basis. Lease agreements that are for more than one year may provide for options to extend and include indexed and/or fair market value rate adjustments. Options to extend and rate adjustments are not included in minimum lease payments for regulated leases.

Revenues by major lease type are included in the following financial statement categories in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2024:

	For the Year Ended June 30, 2024		
	Preferential	Exclusive	Total
Terminal:			
Signatory	$ 2,415,365	$ 3,016,641	$ 5,432,006
Nonsignatory	-	375,631	375,631
Airside Land and Facilities:			
Signatory	-	10,167,158	10,167,158
Nonsignatory	-	15,692	15,692
General Aviation	-	617,227	617,227
Ground Handling and Aviation Support	-	3,133,297	3,133,297
	$ 2,415,365	$ 17,325,646	$ 19,741,011
Aeronautical Revenues:			
Facilities			$ 7,296,805
Land			12,444,206
			$ 19,741,011

NOTE 10 – LEASES – CONTINUED

Revenues by major lease type are included in the following financial statement categories in the accompanying Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023:

	For the Year Ended June 30, 2023		
	Preferential	Exclusive	Total
Terminal:			
Signatory	$ 277,996	$ 299,328	$ 577,324
Nonsignatory	-	352,707	352,707
Airside Land and Facilities:			
Signatory	-	10,270,242	10,270,242
Nonsignatory	-	17,522	17,522
General Aviation	-	545,626	545,626
Ground Handling and Aviation Support	-	3,050,235	3,050,235
	$ 277,996	$ 14,535,660	$ 14,813,656
Aeronautical Revenues:			
Facilities			$ 2,229,821
Land			12,583,835
			$ 14,813,656

The expected future minimum lease payments from regulated leases as of June 30, 2024 are as follows:

For the Year Ending June 30,	Amount
2025	$ 9,420,963
2026	6,401,888
2027	6,235,824
2028	6,069,759
2029	6,069,759
2030 – 2034	27,846,692
2035 – 2039	24,972,931
2040 – 2044	24,972,931
2045 – 2049	24,972,931
2050 – 2054	8,740,526
Total	$ 145,704,204

Minimum lease payments include required payments, excluding variable portions of those payments, using lease rates effective on the later of June 30, 2024, or the lease effective date. Leases that are classified as short-term are not included in the totals.

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

The Authority has entered into SBITAs with various third parties that allow the Authority the right to use and control third party software, alone or in combination with other assets, the terms of which expire in 2026. The subscription asset and related accumulated amortization are included in capital assets on the Statements of Net Position. The measurement of the subscription liability is based on the present value of lease payments expected to be paid during the subscription term. The subscription has an interest rate of 2.35%. A summary as of June 30, 2024 is as follows:

Subscription Asset	$	2,575,908
Accumulated Amortization	$	1,820,667
Term	36 – 50	Months

Future principal and interest payment requirements related to the Authority's subscription liability as of June 30, 2024 are as follows:

	Principal and Interest Requirements to Maturity		
For the Year Ending June 30,	Principal	Interest	Total
2025	$ 339,138	$ 16,155	$ 355,293
2026	347,122	8,171	355,293
Total	$ 686,260	$ 24,326	$ 710,586

In accordance with GASB 96, the Authority does not recognize a lease liability or right-to use asset for SBITAs that are considered short-term, or a maintenance or support arrangement.

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 $69,000 and $66,000 per employee for plan calendar years 2024 and 2023, respectively. Amounts contributed to the plan for the years ended June 30, 2024 and 2023 amounted to $1,243,953 and $943,220, 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, 2024 and 2023.

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, 2024 and 2023 consisted of the following:

		2024		2023	
Customer	Customer Type	Revenues	% of Operating Revenues	Revenues	% of Operating Revenues
Customer A	Passenger Carrier	$ 12,239,406	10.5 %	$ 1,880,506	2.2 %
Customer B	Cargo Carrier	9,182,031	7.9	6,528,373	7.5
Customer C	Cargo Carrier	5,255,516	4.5	5,242,943	6.0
Customer D	Rental Car Company	4,799,155	4.1	4,236,454	4.9
Customer E	Passenger Carrier	3,590,532	3.1	860,042	1.0
Customer F	Rental Car Company	2,665,958	2.3	3,520,599	4.1
Customer G	Passenger Carrier	2,376,137	2.0	299,899	0.3
Customer H	Passenger Carrier	2,055,949	1.8	488,715	0.6
Customer I	Cargo Carrier	1,574,548	1.3	2,712,380	3.1
Customer J	Passenger Carrier	1,523,376	1.3	231,543	0.3
Customer K	Passenger Carrier	1,146,661	1.0	450,431	0.5
Customer L	Passenger Carrier	1,054,631	0.9	655,699	0.8
Customer M	Concessionaire	769,596	0.7	1,903,290	2.2

NOTE 14 – PASSENGER FACILITY CHARGES (PFCS)

The PFC Program for ONT was established under previous ownership by 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.

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 7). 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

The following summarizes expenditures deemed allowable by management based on prior FAA approval for the PFC program for the years ended June 30, 2024 and 2023:

	2024	2023
PFC Bond Financing and Interest:		
Debt Service – 2021 Revenue Bonds:		
Series 2021 A	$ 736,532	$ 736,532
Series 2021 B	66,909	66,909
Total Debt Service – 2021 Revenue Bonds	803,441	803,441
Total	$ 803,441	$ 803,441

PFC revenues for the years ended June 30, 2024 and 2023 totaled $13,814,078 and $12,450,838, 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 expenditures deemed allowable by management for the CFC program for the years ended June 30, 2024 and 2023:

	2024	2023
Debt Service – 2016 Revenue Bonds	$ 615,269	$ 610,637
Shuttle Services	1,636,256	2,379,695
Capital Costs	329,002	3,821,070
Total	$ 2,580,527	$ 6,811,402

CFC revenues for the years ended June 30, 2024 and 2023 totaled $3,710,860 and $3,370,712, respectively.

NOTE 16 – SPECIAL ITEM – RESIDUAL FAA NOISE LAND PROGRAM CONTRIBUTIONS

During Fiscal Year 2024, the Authority received $54,488,000 from the City of Ontario. These funds represent the proceeds from the disposition of properties originally acquired under the FAA Noise Land Program (NLP) during LAWA's ownership of the Airport. Under an arrangement between LAWA, the FAA and the City of Ontario, the City was responsible for implementing the Noise Land Program which included the purchase of certain properties. The original funding for the purchase of the NLP properties was provided by LAWA and the FAA.

The $54,488,000 received by the OIAA reflects residual amounts from the disposition of NLP properties managed by the City and its Industrial Development Authority in accordance with FAA's Airport Improvement Program (AIP) Handbook, Order 5100.38D. $43,911,879 of the NLP funds are considered restricted cash and $10,576,121 of the NLP funds are considered unrestricted cash. Funds related to the NLP transaction are included the in accompanying Statements of Net Position. The revenues earned by the Authority related to the NLP transaction for the year ended June 30, 2024 of $54,488,000 are included in Capital Contributions in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

The OIAA will ensure that the use of these funds complies with all applicable FAA requirements in the FAA's AIP Handbook, Order 5100.38D.

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, 2024 and 2023.

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

Construction Projects

Total commitments for contractual services for grant funded and other construction projects at June 30, 2024 totaled $116,100,949. The remaining balance on these contracts as of June 30, 2024 was $24,401,889. These commitments will be funded in whole or in part by grants of $71,857,385, bonds, and discretionary funds.

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.

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