PATRICK LEAHY
BURLINGTON INTERNATIONAL AIRPORT
FINANCIAL STATEMENTS
(An Enterprise Fund of the City of Burlington, Vermont)

AS OF AND FOR FISCAL YEARS ENDED

June 30, 2023 and 2022

Patrick Leahy Burlington International Airport
(An Enterprise Fund of the City of Burlington, Vermont)

Table of Contents

Passenger Facility Charge:

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council
and the Burlington Airport Commission
City of Burlington, Vermont

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Airport'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 Patrick Leahy Burlington International Airport, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport 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.

Responsibilities of Management for the Financial Statements

The Airport's 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 Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Marcum LLP / 9 Executive Park Drive / Suite 100 / Merrimack, NH 03054 / **Phone** 603.882.1111 / **marcumllp.com**

Auditors' 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 auditors' 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 Airport'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.

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 Management's Discussion and Analysis, and certain Pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who 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 evidence sufficient to express an opinion or provide any assurance.

Prior Period Financial Statements

The financial statements of the Airport as of and for the year ended June 30, 2022 were audited by Melanson, P.C., whose practice was combined with Marcum LLP as of January 1, 2023, and whose report dated January 26, 2023 expressed an unmodified opinion of those statements.

Other Reporting Required

Government Auditing Standards

In accordance with the *Government Auditing Standards*, we have also issued our report dated January 23, 2024 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the Airport's internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Marcum LLP

Merrimack, NH
January 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

Within this section of the Patrick Leahy Burlington International Airport's (the Airport) annual financial report, management provides a narrative discussion and analysis of the financial activities for the years ended June 30, 2023 and 2022. The Airport's performance is discussed and analyzed within the context of the accompanying financial statements and note disclosures following this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements include (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Change in Net Position, (3) the Statement of Cash Flows, and (4) Notes to the Financial Statements.

The Statement of Net Position is designed to indicate our financial position as of a specific point in time. At June 30, 2023, it shows our net position of $222,794,214, a change of $10,906,889 from June 30, 2022. At June 30, 2022, it shows our net position of $211,887,325, a change of $25,516,536 from June 30, 2021.

The largest portion of net position, $184,364,173 and $183,303,869 at June 30, 2023 and 2022, respectively, reflects our net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. This portion of net position increased by $1,060,304 and $17,717,114 in the years ending June 30, 2023 and 2022, respectively. Net investment in capital assets increased primarily from the acquisition of capital assets from AIP Grants less depreciation expense exceeding the debt service principal payment during the fiscal years.

An additional portion of net position of $20,079,960 and $15,161,978 at June 30, 2023 and 2022, respectively, represents resources that are subject to external restrictions on how they may be used (restricted net position). This portion of net position increased by $4,917,982 for the year ending June 30, 2023 primarily from the increase in the bond debt service reserve and the restricted PFC cash balance. This portion of net position decreased by $875,828 for the year ending June 30, 2022 primarily from the decrease in the restricted PFC cash balance.

The remaining balance, or unrestricted net position, was $18,350,081 and $13,421,478 at June 30, 2023 and 2022, respectively. This portion of net position increased by $4,928,603, or 37% for the year ending June 30, 2023 and by $8,675,250, or 183% for the year ending June 30, 2022.

The Statement of Revenues, Expenses, and Change in Net Position summarizes our operating results and reveals how much, if any, of a profit was earned for the year. As discussed in more detail below, our change in net position was $10,906,889 and $25,516,536 for the years ending June 30, 2023 and 2022, respectively. There are two significant components of this increase. The first is the net income before capital contributions of $2,135,588 and $556,886 for the years ending June 30, 2023 and 2022, respectively. The second component is the recognition of the capital contributions received from the Federal Aviation Administration (FAA) for capital improvements of $8,771,301 for the year ending June 30, 2023 and FAA contributions of $24,459,650 and the State of Vermont contributions for capital improvements of $500,000 for the year ending June 30, 2022. Collectively, these two components account for the net increase in net position. The Airport received significant stimulus grants under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) $8.7M, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) grant $4.04M and the American Rescue Plan Act (ARPA) grant for $7.6M since 2020. The Airport used $2,128,160 and $2,702,886 of the stimulus grant funds to cover fiscal year 2023 and 2022 operating expenditures, respectively. The Airport also used $871,771 to cover FAA grant local share match requirements for the year ending June 30, 2022.

Financial Highlights:

The following is a summary of condensed financial data for the current and prior fiscal year.

Summary of Net Position (000s)

	2023	**2022**	**2021**
Assets:			
Current and other assets	$ 58,326	$ 57,128	$ 49,920
Capital assets	218,793	216,334	197,556
Total Assets	277,119	273,462	247,476
Deferred Outflows of Resources	863	1,096	2,523
Total Assets and Deferred Outflows of Resources	$277,982	$274,558	$249,999
Liabilities:			
Current and other liabilities	$ 6,016	$ 9,613	$ 5,981
Long-term liabilities	32,981	32,883	34,899
Total Liabilities	38,997	42,496	40,880
Deferred Inflows of Resources	16,191	20,175	22,748
Net Position:			
Net investment in capital assets	184,364	183,304	165,587
Restricted	20,080	15,162	16,038
Unrestricted	18,350	13,421	4,746
Total Net Position	222,794	211,887	186,371
Total Liabilities, Deferred Inflows of Resources, and Net Position	$277,982	$274,558	$249,999

Summary of Change in Net Position

	2023	**2022**	**2021**
Revenues	$ 22,591	$ 19,079	$ 10,213
Operating expenses	(24,866)	(23,511)	(20,275)
Operating loss	(2,275)	(4,432)	(10,062)
Nonoperating Revenues (Expenses)			
Other revenue	5,663	6,561	9,384
Other expenses	(1,252)	(1,573)	(2,204)
Total Non-Operating Revenues and Expenses, Net	4,411	4,988	7,180
Net Income Before Capital Contributions	2,136	556	(2,882)
Capital contributions - grants	8,771	24,960	18,705
Change in Net Position	10,907	25,516	15,823
Beginning Net Position	211,887	186,371	170,548
Ending Net Position	$222,794	$211,887	$186,371

Operating revenues changed by $3,511,314 and $8,866,879 for the years ending June 30, 2023 and 2022, respectively, an increase of 18.4% in 2023 and 86.8% in 2022. The biggest increases in revenues occurred in parking garage revenues, car rental concessions, Customer Facility Charges (CFC) and Passenger Facility Charges (PFC) in 2023.The increase was a result of airlines bringing back additional flights and passengers returning to fly and the Airport experiencing revenue recovery in 2022. Additional discussion for this change can be found in the Revenues section of this MD&A.

Operating expenses changed by $1,355,174 in 2023 and $3,236,289 in 2022, an increase of 5.8% in 2023 and 16% in 2022. This change in 2023 is mostly attributed to the increases in professional contracts, salaries and benefits, the operating costs of the newly opened car rental Quick Turnaround Facility, and increases in repairs and maintenance costs. This also includes FAA non-capitalized operating grants such as the residential sound insulation programs. The change in 2022 was mostly attributed to the increases in professional contracts, deicing materials for the runway snow operations, the operating costs of the newly opened car rental Quick Turnaround Facility, and increases in repairs and maintenance costs. This also included FAA non-capitalized operating grants such as the Chamberlain School HVAC upgrade and residential sound insulation programs.

Capital Assets:

Capital Assets - Net capital assets changed by $2,459,168 in 2023, the difference between current year additions, net of CIP reclassification of $9,298,361 and annual depreciation expense of $6,839,193. Net capital assets changed by $18,777,374 in 2022, the difference between current year additions, net of CIP reclassification of $25,959,538 and annual depreciation expense of $6,848,830.
Significant capital asset additions for the years ending June 30 include:

2023	2022	
$ 3,964,666	$ 11,908,160	Terminal Integration Project
$ 1,528,011	$ -	Passenger Boarding Bridge
$ 1,358,497	$ -	North Terminal Renovation
$ 769,362	$ -	North Terminal Concourse Replacement
$ 624,486	$ 946,663	Construction of Taxiway K
$ -	$ 6,656,894	Air Carrier Apron Phase 5 & 6
$ -	$ 4,916,772	Terminal Apron Phase 7, part 2 & 3
$ -	$ 2,462,498	South Terminal Apron 7 , phase 1
$ -	$ 1,868,728	Taxiway Gulf Phase 2
$ -	$ 1,077,367	Air Carrier Apron Phase 6A

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-Term Debt:

Long-Term Debt - At June 30, 2023 and 2022, total bonded debt outstanding, including unamortized premiums, was $23,360,599 and $26,603,651, respectively, all of which was backed by the full faith and credit of the City of Burlington, Vermont.

On May 22, 2018, Moody's Investors Service (Moody's) upgraded the Airport's bond rating from Baa3 to Baa2. The upgrade to Baa2 reflects continued improvement in liquidity and stability in debt service coverage, combined with a strengthened cost recovery framework following the adoption of a five-year airline agreement that is residual in nature and provides for a 1.5X Debt Service Coverage Ratio. On July 14, 2020, February 22, 2021, September 16, 2021, March 11, 2022, September 14, 2022 and August 28, 2023, Moody's affirmed the Baa2 rating and stable outlook.

Likewise, on September 19, 2018, Fitch Ratings (Fitch) upgraded the Airport's bond rating from BBB- to BBB with a stable outlook. On April 9, 2020, Fitch affirmed the BBB rating and revised the outlook to negative due to the COVID-19 uncertainty. On March 5, 2022, Fitch Ratings affirmed the BBB rating and upgraded the outlook to stable due to revenues and enplanements recovering strongly.

No new Airport bonds were issued during fiscal year 2023. The Airport issued $10.635 million in Airport Revenue Refunding Bonds, Series 2022A in June 2022. The bonds were callable and the Airport was able to take advantage of interest rate savings on future debt payments.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

Historical Airport Operating and Financial Performance

The City of Burlington, Vermont (the City) accounts for the financial operations of the Airport as an enterprise fund. On an annual basis, the Airport has historically generated revenues sufficient to pay its operating expenses, to meet its bond debt service, and to fund a portion of its capital expenses. In fiscal years 2013 through 2023, the Airport satisfied its rate covenant under the resolution. The rate covenant requires the Airport to generate annual revenues, net of operating expenses, of no less than 1.25 times debt service, and sufficient to meet all funding requirements for the Airport's accounts under the resolution. The City has paid all bond debt service and other financial obligations timely and in full. The Airport debt rate calculation was not applicable for FY 2022. This was due to all revenue bond principal and interest payments being defeased with the issuance of Series 2021 A bonds. See "Recent Financial Performance" herein.

Revenues

The Airport derives its revenues from a variety of sources, including terminal revenues, parking, landing fees, car rentals, concessions, and rentals of buildings and grounds. It has also applied for and been granted permission by the FAA to charge and collect PFCs for qualified capital expenditures and certain debt service.

The following table shows each of these revenue items since fiscal year 2019:

Historical Revenues (000s)

		Fiscal Year Ended June 30			
	2019	**2020**	**2021**	**2022**	**2023**
Airline Revenues					
Terminal Revenues	$ 2,420	$ 2,827	$ 2,828	$ 2,844	$ 2,836
Landing Fee Revenues	1,890	1,566	829	1,702	2,006
Airline Surplus	536	-	-	-	-
Total Airline Revenues	**4,846**	**4,393**	**3,657**	**4,546**	**4,842**
Non-Airlines Revenues					
Parking Lot/Garage	6,409	4,747	1,642	5,523	6,935
Car Rental Concessions	2,539	2,179	1,303	2,836	3,294
Terminal Concessions	737	550	317	430	393
Terminal Non-Airline Rent	622	641	632	628	756
Building and Ground Rent	1,488	1,420	1,387	1,659	1,736
Other Non-Airline Revenues	1,162	1,061	787	2,193	2,239
Total Non-Airline Operating Revenues	**12,957**	**10,598**	**6,068**	**13,269**	**15,353**
CFC Revenues	**1,485**	**1,220**	**488**	**1,723**	**2,396**
Total Operating Revenues	**$ 19,288**	**$ 16,211**	**$ 10,213**	**$ 19,538**	**$ 22,591**
Y-O-Y Operating revenue Growth		**-16.0%**	**-37.0%**	**91.3%**	**15.6%**
PFC Revenues	**$ 2,763**	**$ 1,964**	**$ 936**	**$ 2,283**	**$ 2,573**

Terminal Revenues and Landing Fees

Terminal revenues and landing fees are paid by the airlines that operate at the Airport. Such fees are calculated pursuant to the airport airline agreements. The Airport has established five airport cost centers in order to fairly allocate Airport operating costs among the airlines and other tenants. The airlines signed the new airline agreements during FY 2017. American Airlines, United, Delta, and Jet Blue all signed the agreements and are considered signatory airlines. The new airline agreement, which is a residual method contract, outlines the airline rates and charges methodology which were in effect from July 1, 2016 through June 30, 2021 and is continuing on a monthly basis. This five-year residual airline agreement provides strong and timely cost recovery. In 2022, Sun Country began service at the Airport. Breeze Airways is scheduled to begin service to two additional destinations on January 31, 2024. Lease discussions are on-going.

Parking

Current parking fees in the garage are $12 per day. Parking revenues represented approximately 31% of the Airport’s total operating revenue in fiscal year 2023, with an increase of 25.6% from the previous year. This follows multiple years of substantial growth. This increase was due to higher numbers of passengers flying in and out of the Airport.

Car Rental Facilities

Car rental revenues represented approximately 14.9% of the Airport's total operating revenue in fiscal year 2022. Car rental revenues decreased 118% from the previous year, again due to higher numbers of passengers flying in and out of the Airport. Car rental facilities occupy office and counter space within the terminal building adjacent to the luggage receiving area. In the fall of 2015, the Airport finalized car rental concession agreements with Avis/Budget, Hertz, Dollar, Enterprise, National/Alamo, which are in effect through June 30, 2026. All existing car rental companies continued providing service at the Airport and signed the new five-year agreement.

In addition to terminal space, the rental car companies also occupy the second floor north of the parking garage and an onsite car wash facility immediately north of the FAA control tower. $183,044 of the collected CFCs were utilized to support the operating expenses of the garage, per the car rental agreements. The City has allocated the remaining $493,910 of the CFC charges collected to pay for the lease financing and costs of a consolidated quick turnaround car wash/return facility (QTA) which replaced the existing facility. This new facility will also provide the airport with an opportunity for an additional revenue stream in the form of land lease and transactions fees. The QTA opened in October 2021.

Terminal Concessions

Terminal concessions, such as food vendor Skinny Pancake, and gift/necessities vendors, such as Hudson News and other similar establishments, provide a variety of services for passengers, visitors, and employees at the Airport. Skinny Pancake, a local restaurant with three locations at the Airport, and newly expanded Hudson News facilities opened in fiscal year 2013. Food concession revenues increased by 54.1% for fiscal year 2022 due to the Airport having significantly more passengers flying in and out of the Airport than fiscal year 2021. Terminal concession revenues represented approximately 1.6% or $305,236 of the Airport's total operating revenue in fiscal year 2022.

Buildings, Grounds, and Airfield Concession Revenues

Building and ground rent and airfield concession revenues ("Other Non-Airline Revenues") include revenue from certain parcels within the existing Airport footprint that have been rented to firms such as Federal Express, Pratt & Whitney, Betta Technologies and Heritage, as well as hangar and facility rentals from cooperatives using the Airport for general aviation.

Buildings, grounds, and airfield concession revenues represented approximately 12.7% of the Airport's total operating revenue in fiscal year 2023. These revenues decreased slightly from the previous year.

Other Revenue

Other revenues include federal operating grants, interest income, administrative fees, and tenant reimbursements. The tenant reimbursement component relates to property tax and casualty insurance assessments. Changes to this miscellaneous income are primarily affected by fees assessed by third party agencies.

Passenger Facility Charges

The Airport has applied for and received authorization from the FAA to impose and collect PFCs to fund many of the capital improvements it has initiated since 1997. In fiscal year 2023, the Airport received $2,572,840 in PFC revenues. $156,511 was used to pay a portion of bond debt service attributable to authorized PFC projects and were included as part of the bond refinancing in April 2021 Series A. In June 2022 the FAA approved the airport's PFC application #8 to pay for snow equipment leases as well as the local share of numerous FAA grants. The airport received $3.279 million in June under this application.

As of June 30, 2023, the Airport had approximately $7.2 million on deposit in the PFC revenue account, which is adequate to pay for the PFC projects being financed with Airport revenue bonds. The Airport expects to continue to apply for authority to impose and collect PFCs for future projects under applicable FAA regulations.

Expenses

The Airport's expenses include typical expense categories covering airport operations. One expense that is not paid for by the Airport is the aircraft rescue and firefighting services that are provided by the VT Air National Guard (VTANG) as part of its lease with the Airport, saving the Airport approximately $4 million annually. VTANG's lease was recently extended to the year 2073.

Salaries and benefits were only slightly higher in fiscal year 2022. Service contracts represent third-party maintenance and other non-capital projects. This City interdepartmental expenses are the amounts reimbursed by the Airport to the City for financial, legal, and other necessary services the City provides to support the operations of the Airport.

Recent Financial Performance

Airport net revenue was determined to have been above the rate covenant requirement of 1.25× of debt service in fiscal years 2011 through 2021. For fiscal year 2023 and 2022, the debt coverage calculation was not applicable. The Airport refinanced the fiscal year 2022 revenue bond principal and interest payments with the 2021 Series A revenue bond. Therefore, the Airport did not have to pay debt service using Airport funds in 2022 and only interest was paid in 2023. Operation and maintenance expenses, and other obligations of the Airport were fully and timely paid in each of those years.

The financial health and performance of the Airport is taken very seriously by the City, the Airport Commission, and Airport management. Significant attention has been devoted to improving the Airport's financial operations in the past several years, including increasing non-airline dependent revenues and maintaining debt service coverage in accordance with the requirements of the resolution.

The outbreak of the Coronavirus pandemic primarily impacted the last four months of fiscal year 2020, and continues to impact the Airport. The entire travel industry was greatly affected with travel being significantly reduced for the time being. The FAA recognized this and responded by issuing CARES ACT grants to airports. The Airport received an $8.7 million CARES ACT grant in May 2020. In the spring of 2021, the FAA awarded the Airport at $4.04 million CRRSA grant. Additionally in December 2021 the Airport received $7.6 million under the ARPA grant. The Airport used $2.1 million in stimulus grant monies to cover fiscal year 2023 operating expenses.

The Airport also has a strong contractual relationship with its airline partners and is renegotiating an updated airline agreement to incorporate the latest terminal square footage as well as updated methodologies for calculating rates and charges. The airline lease sets the precedent for the methodology used to establish rates and charges, including landing fees, apron fees, and terminal rental rates. This basic methodology is referred to as a residual calculation giving greater risk to the airlines, while providing a sustainable financial future for the airport.

In future fiscal years, as was done in fiscal years 2011-2023, the Airport expects to employ a portion of its PFC revenues in its coverage calculations, consistent with current FAA regulations as to the use of these revenues. In fiscal year 2023, the City continued to hold Airport funds in segregated accounts and use such revenues only for Airport purposes, including reimbursing the City for shared services and for payroll, payables, and capital expenditure draws covered by the City on an interim basis, in accordance with FAA regulations. PFC revenues will continue to be deposited to a segregated PFC fund and used exclusively for projects approved for their use by the FAA, including the payment of debt service allocable to such projects.

The City and the Airport are continuing to carefully review any opportunity to increase revenues and decrease expenses. The Airport continually evaluates smart ways to increase non-airline revenues to help balance rates and charges billed to the Airlines. All expiring leases are being viewed as opportunities to improve the facility and increase rental revenue. The Airport also is continuing to request reimbursement (through the PFC program) for certain local matching amounts that the City contributed to the FAA approved projects. The local AIP share was $434,135 in fiscal year 2023. This is lower than typical as many of the FAA grants received during fiscal years 2020 and 2021 were 100% federally funded. Grants issued in fiscal year 2022 and 2023 are back to 90% federally funded and 10% local share match.

It is the goal of these initiatives to (i) provide additional transparency in the handling of Airport funds; (ii) ensure timely and proactive responses to any unusual or unexpected financial events with respect to the Airport. Additionally, negotiated into the new airline agreement is the requirement that the airport debt coverage ratio will be 1.5X of debt service. The agreement allows the Airport to increase rates to meet this ratio. The debt covenant requirement of net revenues to be 1.25% of debt service. The airport was able to exceed the bond requirement, through fiscal year 2021. Due to refinanced debt mentioned above, the debt covenant calculation score was not applicable for fiscal year 2022.

We believe this presentation tells our most accurate success story from fiscal years 2019 through 2023.

Rate Covenant Calculation From FY 2019 to 2023 (000s)	***Fiscal Year Ended June 30***				
	2019	**2020**	**2021**	**2022**	**2023**
Revenues	$ 18,347	$ 18,377	$ 16,763	$ 21,371	$ 22,655
O&M Expenses (as defined)	13,838	14,462	12,943	14,625	16,559
Net Revenues (as defined)	$ 4,509	$ 3,915	$ 3,820	$ 6,746	$ 6,096
PFC Revenues Available for DS	$ 981	$ 832	$ 1,128	$ 948	$ 156
Funds Available for DS	$ 5,490	$ 4,747	$ 4,948	$ 7,694	$ 6,252
25% PFC Revenue for DS coverage	245	208	282	237	39
Adjusted funds Available for DS	$ 5,735	$ 4,955	$ 5,230	$ 7,931	$ 6,291
Debt Service	$ 3,660	$ 3,610	$ 3,605	$ 546	$ 1,127
Debt Service Coverage	**1.50**	**1.31**	**1.37**	**n/a**	**n/a**
Adjusted Debt Service Coverage	**1.57**	**1.37**	**1.45**	**n/a**	**n/a**

The rate covenant calculation for fiscal year 2023 was not applicable. Due to the bond refundings (2022 Series A) no principal payments were owed during the fiscal year. Only interest was incurred in fiscal year 2023. Principal and Interest payments resume in fiscal year 2024.

The rate covenant calculation for fiscal year 2022 was not applicable. This is because all revenue bond principal and interest payments were paid by an external trustee due to refunding of these bond payments in April 2021. These payments were no longer owed by the Airport. Only interest was incurred.

Liquidity

The following table reflects changes to the Airport's liquidity since fiscal year 2019:

Liquidity Position (000s) *Fiscal Year Ended June 30*

Cash and Investment balances	**2019**	**2020**	**2021**	**2022**	**2023**
Unrestricted cash[1]	$ 7,860	$ 14,389	$ 3,342	$ 8,230	$ 9,991
O&M Reserve	3,312	3,317	4,532	4,931	5,447
Renewal and Replacement Reserve	217	218	200	200	200
PFCs[2]	5,867	7,315	6,783	6,075	7,223
PFC Rolling Coverage	490	491	492	492	492
Debt Service Reserve Fund	3,798	3,904	3,840	3,386	3,358
Bond Debt Service Reserve[3]	2,964	3,020	191	77	3,360
Total cash and investments	**$ 24,508**	**$ 32,654**	**$ 19,380**	**$ 23,391**	**$ 30,071**

[1] *FY20 includes revenue anticipation note of $11M that was repaid in FY21.*

[2] *As a result of refunding during certain years, our debt service requirements decreased, thereby providing for an increase in our year-end PFC cash position.*

[3] *Represents 1/6 Interest and 1/12 Principal Payments; decrease in 2021 resulted from refunding.*

The current year increase in cash and investments of $6.7 million is primarily due to increases in unrestricted cash, PFC account and the bond debt service reserve account.

Requests for Information

This financial report is designed to provide a general overview of the Patrick Leahy Burlington International Airport's finances for all those with an interest in the Airport's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Clerk/Treasurer
City of Burlington, City Hall
149 Church Street
Burlington, VT 05401

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF NET POSITION

JUNE 30

	2023	2022
Assets		
Current:		
Cash and short-term investments	$ 9,991,410	$ 8,230,172
Accounts receivable, net of allowance for doubtful accounts	1,136,986	1,644,990
Intergovernmental receivables	9,239,304	11,293,705
PFC receivables	496,204	248,386
Loan receivable, current portion	86,344	83,795
Deposit on capital asset	-	200
Inventory	401,846	342,047
Prepaid expenses	115,042	175,967
Leases receivable	3,176,842	3,082,279
Total current assets	24,643,978	25,101,541
Noncurrent:		
Restricted cash for passenger facility charges (PFC)	7,223,200	6,075,235
Restricted cash for prepaid cash reserve (PFC)	491,892	491,892
Restricted cash for R&R reserve fund	200,013	200,013
Restricted cash for debt service reserve	15,031	1,451,677
Restricted cash for bond debt service fund	3,360,311	77,420
Restricted cash for O&M reserve fund	5,446,593	4,930,937
Restricted short-term investments for debt service reserve	3,342,919	1,934,804
Leases receivable, noncurrent portion	13,421,347	16,598,189
Loan receivable, noncurrent portion	180,645	266,989
Land and construction in progress	84,551,567	120,415,557
Capital assets, net of accumulated depreciation/amortization	134,241,570	95,918,412
Total noncurrent assets	252,475,088	248,361,125
Total Assets	277,119,066	273,462,666
Deferred Outflows of Resources		
Pension related:		
Deferred current year pension contributions	237,931	263,244
Difference between actual and expected experience	56,058	46,002
Change in assumptions	80,924	88,592
Difference between projected and actual investment earnings	411,373	-
Change in proportional share of contributions	8,123	69,552
OPEB related:		
Difference between expected and actual experience	834	1,765
Change in assumptions	26,274	36,958
Change in proportional share of contributions	41,817	56,091
Deferred amount on refunding	-	533,400
Total Deferred Outflows of Resources	863,334	1,095,604
Total Assets and Deferred Outflows of Resources	$ 277,982,400	$ 274,558,270

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENTS OF NET POSITION

JUNE 30, 2023

	2023	2022
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current:		
Accounts payable	$ 2,983,285	$ 4,430,425
Retainage payable	313,851	952,481
Accrued liabilities	59,977	33,630
Accrued interest	561,296	607,046
Unearned revenue	693,123	1,045,417
Grant anticipation note	1,401,866	2,541,057
Other liabilities	2,597	2,597
Current portion of:		
Revenue bonds payable	2,928,323	314,728
Leases payable	193,580	191,472
Equipment notes payable	566,277	618,132
Accrued employee compensated absences	307,770	331,279
Total current liabilities	10,011,945	11,068,264
Noncurrent:		
Revenue bonds payable, net of current portion	23,360,599	26,288,923
Leases payable, net of current portion	1,311,256	1,504,836
Equipment notes payable, net of current portion	1,371,169	1,937,445
Net pension liability	2,719,717	1,482,310
Total OPEB liability	222,159	213,927
Total noncurrent liabilities	28,984,900	31,427,441
Total Liabilities	38,996,845	42,495,705
Deferred Inflows of Resources		
Pension related:		
Difference between projected and actual investment earnings	-	712,101
Changes in proportional share of contributions	34,802	612
OPEB related:		
Change in assumptions	27,245	31,646
Difference between actual and expected experience	57,118	63,173
Lease related	16,072,176	19,367,708
Total Deferred Inflows of Resources	16,191,341	20,175,240
Net Position:		
Net investment in capital assets	184,364,173	183,303,869
Restricted	20,079,960	15,161,978
Unrestricted	18,350,081	13,421,478
Total Net Position	222,794,214	211,887,325
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 277,982,400	$ 274,558,270

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30

	2023	2022
Operating Revenues		
Charges for services	$ 22,430,301	$ 19,376,920
Intergovernmental	160,600	160,600
Total Operating Revenues	22,590,901	19,537,520
Operating Expenses		
Personnel costs	4,898,709	4,482,622
Non-personnel costs	13,128,698	12,179,973
Depreciation and amortization	6,839,193	6,848,831
Total Operating Expenses	24,866,600	23,511,426
Operating Loss	(2,275,699)	(3,973,906)
Nonoperating Income (Expenses)		
Passenger facility charges	2,572,840	2,283,319
Nonoperating grants	408,677	200,741
CRSSA and ARPA grants	2,080,353	3,484,658
Investment income (loss)	288,201	(28,088)
Amortization of bond premium	314,729	131,507
Interest expense and fiscal charges	(1,246,874)	(1,572,927)
Loss on sale of asset	(4,767)	-
Other income (expense)	(1,872)	31,582
Total Other Income (Expenses), net	4,411,287	4,530,792
Net Income Before Capital Contributions	2,135,588	556,886
Capital contributions	8,771,301	24,959,650
Change in Net Position	10,906,889	25,516,536
Net Position at Beginning of Year	211,887,325	186,370,789
Net Position at End of Year	$ 222,794,214	$ 211,887,325

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30

	2023	2022
Cash Flows From Operating Activities		
Receipts from customers and users	$ 22,372,756	$ 18,475,983
Other receipts and reimbursements	-	31,582
Other payments	(1,872)	-
Receipts of operating grants	160,600	160,600
Payments to suppliers	(13,097,637)	(11,818,943)
Payments for wages and benefits	(4,639,727)	(4,422,175)
Net Cash Provided By Operating Activities	4,794,120	2,427,047
Cash Flows From Noncapital Financing Activities		
Nonoperating intergovernmental grants	428,266	200,741
CRSSA and ARPA grants	3,262,490	1,426,773
Loan payments from Burlington Community Development Corporation	83,795	81,321
Net Cash Provided By Noncapital Financing Activities	3,774,551	1,708,835
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(11,446,631)	(24,549,688)
Proceeds from sale of capital assets	27,998	-
Capital grants	9,623,976	21,064,484
Passenger facility charges	2,325,022	2,385,138
Debt service reserve fund release	-	2,505,664
Drawdowns on grant anticipation note	1,401,866	3,829,737
Repayments of grant anticipation note	(2,541,057)	(1,288,680)
Principal paid on leases	(191,472)	(191,109)
Principal paid on equipment notes	(618,131)	(616,585)
Interest paid on revenue bonds	(639,422)	(1,223,052)
Interest paid on other debt	(119,802)	(381,188)
Net Cash (Used For) Provided By Capital and Related Financing Activities	(2,177,653)	1,534,721
Cash Flows From Investing Activities		
Investment income	288,201	-
Purchase of investments	-	(1,657,923)
Net Cash Provided By Investing Activities	288,201	(1,657,923)
Net Change in Cash and Short-Term Investments	6,679,219	4,012,680
Cash and Short-Term Investments, Beginning of Year	23,392,150	19,379,470
Cash and Short-Term Investments, End of Year	$ 30,071,369	$ 23,392,150

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30

(continued)

		2023		2022
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:				
Operating loss	$	(2,275,699)	$	(3,973,906)
Depreciation and amortization		6,839,193		6,848,831
Other income		(1,872)		31,582
Changes in assets, liabilities, and deferred outflows/inflows:				
Customer and concessions receivable		508,002		(416,375)
Leases receivable		3,082,279		2,982,771
Inventory		(59,799)		(39,923)
Prepaid expenses		60,925		34,278
Deferred outflows of resources		(301,130)		377,543
Accounts payable		29,935		366,675
Accrued liabilities		26,349		(58,801)
Unearned revenue		(352,294)		(171,802)
Accrued employee compensated absences		(23,509)		36,550
Net pension liability		1,237,407		(881,608)
Total OPEB liability		8,232		(57,088)
Deferred inflows of resources		(3,983,899)		(2,651,680)
Net Cash Provided By Operating Activities	$	4,794,120	$	2,427,047

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport) is a municipally owned airport organized in 1920. The Airport is located in South Burlington, Vermont.

The Airport operates as a department of the City of Burlington, Vermont (the City). As such, these financial statements are not intended to present the financial position and results of operations of the City of Burlington, Vermont, as a whole.

The accounting policies of the Airport conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

B. *Basis of Presentation*

Enterprise funds are used to account for operations: (a) 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/amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based on the above definition, the Airport is accounted for utilizing enterprise fund accounting.

C. *Measurement Focus*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund financial statements are reported using the *economic resources measurement focus*. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the Balance Sheet (or Statement of Net Position). Fund equity (i.e., total net position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

D. Basis of Accounting

Basis of accounting refers to when revenue and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are prepared utilizing the *accrual basis of accounting*. Accordingly, revenues are recognized when earned and expenses are recognized when the related liability for goods and services are incurred regardless of the timing of the related cash flows.

Operating revenues are defined as income received from the rent of terminal space and buildings, landing fees, concession commissions, and parking receipts.

Nonoperating revenues are defined as income received from sources other than those defined above. Nonoperating revenues include investment income, passenger facility charges (PFC), grant income, building rents from buildings purchased for future expansion, and the sale of equipment.

Operating expenses are defined as the ordinary costs and expenses of the Airport for operations, maintenance, and repairs. Operating expenses include the costs of operating the Airport and related buildings as well as administrative and general expenses and depreciation and amortization. Operating expenses do not include the principal and interest on bonds, notes or other indebtedness, certain grant expenses, amortization of bond issue costs, or expenses related to the rental of buildings purchased for future expansion.

E. Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Short-Term Investments

Deposits with financial institutions consist primarily of demand deposits and savings accounts.

Cash recorded by the Airport is combined with cash of the City in determining amounts covered by Federal Deposit Insurance Corporation or by collateral held by the City’s banks.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Investments can be made in securities issued by or unconditionally guaranteed by the U.S. government or its agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Short-term investments for the Airport consist of U.S. government securities which are carried at fair value.

G. *Receivables*

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

H. *Leases*

The Airport is a lessor for noncancellable leases of buildings, land, and solar panels. The Airport recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Airport uses its estimated incremental borrowing rate as the discount rate for leases, if rate is not available. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Airport monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

I. *Inventory*

Inventory quantities are determined by physical count and are valued at the lower of cost or market. Inventory at the Airport consists of maintenance supplies and parts.

J. *Capital Assets*

Capital assets include nondepreciable assets, such as construction in progress and land, and depreciable assets, such as land improvements, buildings and improvements, and machinery, vehicles, and equipment recorded at cost. Land includes all ancillary charges such as demolition costs. Equipment includes right to use assets reported in accordance with GASB Statement Number 87, *Leases*. Contributed assets are recorded at acquisition value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The Airport's capitalization policy considers two factors. Property will be capitalized when:

1. The combined cost to put a unit in service totals more than $10,000, (no threshold is applied to land and buildings).
2. The unit's estimated life is greater than five years.

The Airport follows the policy of charging to expenses annual amounts of depreciation and amortization which allocates the cost of plant and equipment over their estimated useful lives. The Airport employs the straight-line method for determining the annual charge for depreciation and amortization.

The depreciable lives of capital assets are as follows:

	Depreciable Lives
Land improvements	30 Years
Buildings and improvements	25 - 150 Years
Infrastructure	10 - 40 Years
Machinery, equipment and vehicles	5 - 15 Years
Right to use machinery and equipment	5 - 15 Years

K. *Long-Term Liabilities*

The Airport reports revenue bonds, leases, equipment notes, net pension liability and total OPEB liability as long-term liabilities. Bond premiums are deferred and amortized by the interest method; the unamortized balance is included within bonds payable.

L. *Net Position*

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position includes the following components:

The debt service reserve account represents the lesser of:

1. the sum of 10% of the aggregate original net proceeds of each series of outstanding bond,
2. 125% of the average annual aggregate debt service on such bonds, or
3. the maximum aggregate amount of debt service due on such bonds in any succeeding bond year.

The debt service fund is used to accumulate resources for the next scheduled principal and interest debt service payment for all prior issues.

The “operations and maintenance reserve account” is kept at a level to fund three months of future operating expenses. The “renewal and replacement account” contains funds intended to meet unanticipated or emergency repairs.

Passenger facility charges (PFCs) represent approximately $4.50 per passenger ticket collected by airline carriers and remitted to the Airport per enplaned passenger. PFC funds are restricted, to be used for financing eligible airport projects approved by the Federal Aviation Administration (FAA).

Unrestricted net position is not specifically restricted for any project or other purpose. When both restricted and unrestricted resources are available for use, it is the Airport’s policy to use restricted resources before unrestricted.

2. DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk

The custodial credit risk for deposits and investments is the risk that, in the event of bank or counterparty failure, deposits may not be returned or the value of investments or collateral securities that are in the possession of another party may not be recovered. The Airport’s cash and short-term investments include deposits, money market accounts, and securities with original maturities of one year or less. The deposits and money market accounts are fully collateralized. Investments in securities were held in the Airport’s name.

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

As of June 30, 2023 and June 30, 2022, the Airport’s investments in short-term U.S. Treasury notes of $3,342,919 and $1,934,804, had an implied credit rating of AAA.

C. *Concentration of Credit Risk*

Concentration of credit risk is the risk that an individual investment represents a significant concentration of the total portfolio. As of June 30, 2023 and 2022, the Airport had three and two U.S. Treasury notes, respectively, which comprised 100% of the total short-term investments.

D. *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, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's policy limits maturities for investments in U.S. Treasury notes and U.S. government agencies to 10 years.

E. *Fair Value*

The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the investments.

The fair value of the Airport's investment in short-term U.S. Treasury notes was determined based on "Level 2" inputs at June 30, 2023 and 2022. The valuation techniques used to measure the fair value of the "Level 2" instruments were valued based on quoted market prices or model-driven valuations using significant inputs derived from or corroborated by observable market data. The Airport does not have any investments in the "Level 1" or "Level 3" category. There has been no change in valuation methodologies for 2023 and 2022 and no transfers between levels.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2023	2022
Customer / concessions receivables	$ 1,144,830	$ 1,652,834
Less: Allowance for doubtful accounts	(7,844)	(7,844)
Net Receivables	$ 1,136,986	$ 1,644,990

4. INTERGOVERNMENTAL RECEIVABLES

The majority of this balance represents reimbursements requested from the Federal Aviation Administration's Airport Improvement Program (AIP), and State Department of Transportation, for capital related expenditures incurred in fiscal years 2023 and 2022. Additional receivables represent other reimbursements from federal and local governments. The intergovernmental receivable consisted of the following at June 30:

	2023	2022
Airport Improvement Projects:		
AIP 122 - Reconstruct Apron 7	$ 307,433	$ 2,259,528
AIP 118 - Taxiway Gulf Phase 2	117,474	2,934,096
AIP 120 - Security Access Upgrades	122,134	121,920
AIP 125 - Terminal Integration Project	2,111,641	650,775
AIP 78 - Land 2010 Noise	2,454,915	120,423
Taxiway Alpha Construction	256,298	256,298
Taxiway AIP Grants	704,036	1,495,652
Other AIP	2,362,996	1,042,233
Other Intergovernmental:		
CARES Act	722,737	2,333,140
Law Enforcement Officer Grant	79,640	79,640
Total	$ 9,239,304	$ 11,293,705

5. LOAN RECEIVABLE

In 2006, the Airport issued a $1,400,000 note to Burlington Community Development Corporation (BCDC), a special revenue fund of the City, to assist in financing the construction of a new Airport support hanger. The terms of the note require monthly payments of $7,764 beginning in July 2006 for twenty years with interest at 3%. The note is due in June 2026.

Future maturities are anticipated to be as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 86,344	6,829	$ 93,173
2025	88,970	4,203	93,173
2026	91,675	1,497	93,172
Total	$ 266,989	$ 12,529	$ 279,518

6. LEASES RECEIVABLE

In the year ended June 30, 2022, the Airport adopted GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Airport leases office, building, and ground space to various Airport related businesses, car rental companies, food and gift concessions, governmental agencies and others. The lease rates vary and are computed based upon square footage, percentages of gross revenues, and combinations of the two. For additional information, refer to the disclosures below. Material leases valued at more than $1,000,000 are shown in more detail below.

Regarding the non-material leases: As of June 30, 2023 and 2022, there are seventeen and eighteen leases, respectively, falling into this category. These leases range in length from 24 months to 154 months. As of June 30, 2023 and 2022, the value of the individual lease receivables ranged from $5,721 to $542,231 and $41,972 to $640,745, respectively. The range of monthly fixed payments for this group of leases is $637 to $15,272. The range value of the deferred inflow of resources as of June 30, 2023 and 2022 was $5,246 to $499,664 and $13,082 to $570,204 respectively, and the Airport recognized lease revenues ranging from $7,607 to $182,093 and $7,780 to $182,286 for each lease during the years ended June 30, 2023 and 2022, respectively.

The Airport entered into a 195-month lease as a lessor for the use of Airport - GSA - National Weather Service. An initial lease receivable was recorded in the amount of $4,147,896. As of June 30, 2023 and 2022, the value of the lease receivable was $3,684,947 and $3,915,611, respectively. The lessee is required to make monthly fixed payments of $23,648. The lease has an interest rate of 1.394%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $3,638,343 and $3,893,119, respectively, and Airport recognized lease revenue of $254,776 during the fiscal years ended June 30, 2023 and 2022. The Airport has 1 extension option for 60 months.

The Airport entered into a 114-month lease as lessor for the use of the Airport - BETA North Hangar. An initial lease receivable was recorded in the amount of $1,852,847. As of June 30, 2023 and 2022, the value of the lease receivable was $1,766,037 and $1,852,847, respectively. The lessee is required to make monthly fixed payments of $18,313. The lease has an interest rate of 1.170%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,462,774 and $1,657,811, respectively, and the Airport recognized lease revenue of $195,037 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into a 178-month lease as lessor for the use of the Airport Heritage Building 890. An initial lease receivable was recorded in the amount of $2,723,276. As of June 30, 2023 and 2022, the value of the lease receivable was $2,384,658 and $2,553,565 respectively. The lessee is required to make monthly variable fixed in substance principal and interest payments of $16,886. The lease has an interest rate of 1.362%. The value of the deferred inflow of resources as of June 30, 2023 and June 30, 2022 was $2,356,093 and $2,539,684, respectively, and the Airport recognized lease revenue of $183,592 during the fiscal years ending June 30, 2023 and 2022. The lessee has 2 extension options, each for 60 months.

The Airport entered into a 60-month lease as lessor for the use of the Airport - Budget Rent-A-Car. An initial lease receivable was recorded in the amount of $2,750,716. As of June 30, 2023 and 2022, the value of the lease receivable was $1,659,143 and $2,205,841, respectively. The lessee is required to make monthly fixed payments of $46,498. The lease has an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,650,429 and $2,200,572, respectively, and the Airport recognized lease revenue of $550,143 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into a 60-month lease as lessor for the use of the Airport - Hertz Dollar. An initial lease receivable was recorded in the amount of $2,730,920. As of June 30, 2023 and 2022, the value of the lease receivable was $1,647,203 and $2,189,967, respectively. The lessee is required to make monthly fixed payments of $46,164. The lease has an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,638,552 and $2,184,736, respectively, and the Airport recognized lease revenue of $546,184 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into a 60-month lease as lessor for the use of the Airport - ELRAC Concession agreement. An initial lease receivable was recorded in the amount of $2,791,297. As of June 30, 2023 and 2022, the value of the lease receivable was $1,683,621 and $2,238,384, respectively. The lessee is required to make monthly fixed payments of $47,184. The lease has an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,674,778 and $2,233,038, respectively, and the Airport recognized lease revenue of $558,259 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into an 87-month lease as lessor for the use of the Airport - Hudson News. An initial lease receivable was recorded in the amount of $1,735,179. As of June 30, 2023 and 2022, the value of the lease receivable was$1,289,535 and $1,514,856, respectively. The lessee is required to make monthly fixed payments of $18,131. Additionally, there are monthly other reasonably certain payments of $1,263. The lease has an interest rate of 0.833%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,256,509 and $1,495,844, respectively, and the Airport recognized lease revenue of $239,335 during the fiscal years ended June 30, 2023 and 2022.

Regulated Leases

The Airport leases office, building and ground space to various airlines. These leases are excluded from lease receivables and related deferred inflows per GASB Statement Number 87, as these are regulated leases.

Lease revenue for the year ending June 30, 2023 and 2022 was $1,310,474 and $ $1,309,189, respectively.

7. PROPERTY, PLANT, AND EQUIPMENT

Capital asset activity for the years ended June 30 was as follows:

	2023			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 52,792,520	$ -	$ -	$ 52,792,520
Construction in progress	67,623,037	5,762,498	(41,626,488)	31,759,047
Total capital assets, not being depreciated	120,415,557	5,762,498	(41,626,488)	84,551,567
Capital assets, being depreciated/amortized:				
Land improvements	66,897,167	25,535,767	-	92,432,934
Buildings	29,353,903	-	-	29,353,903
Building improvements	1,257,879	17,662,274	-	18,920,153
Infrastructure	96,395,313	-	-	96,395,313
Machinery and equipment	12,814,938	1,937,567	(418,381)	14,334,124
Right to use machinery and equipment	1,887,417	-	-	1,887,417
Vehicles	259,851	59,509	-	319,360
Total capital assets, being depreciated/amortized	208,866,468	45,195,117	(418,381)	253,643,204
Less accumulated depreciation/amortization for:				
Land improvements	(31,516,341)	(1,530,994)	-	(33,047,335)
Buildings	(12,592,018)	(588,471)	-	(13,180,489)
Building improvements	(319,950)	(52,320)	-	(372,270)
Infrastructure	(59,207,992)	(3,849,130)	-	(63,057,122)
Machinery and equipment	(9,017,096)	(593,618)	385,616	(9,225,098)
Right to use machinery and equipment	(198,676)	(198,676)	-	(397,352)
Vehicles	(95,983)	(25,985)	-	(121,968)
Total accumulated depreciation/amortization	(112,948,056)	(6,839,194)	385,616	(119,401,634)
Total capital assets, being depreciated/amortized, net	95,918,412	38,355,923	(32,765)	134,241,570
Total capital assets, net	$ 216,333,969	$ 44,118,421	$ (41,659,253)	$ 218,793,137

	2022			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 52,792,520	$ -	$ -	$ 52,792,520
Construction in progress	53,365,094	23,042,685	(8,784,742)	67,623,037
Total capital assets, not being depreciated	106,157,614	23,042,685	(8,784,742)	120,415,557
Capital assets, being depreciated:				
Land improvements	55,710,082	11,187,085	-	66,897,167
Buildings	29,353,903	-	-	29,353,903
Building improvements	1,257,879	-	-	1,257,879
Infrastructure	96,395,313	-	-	96,395,313
Machinery & equipment	12,738,060	76,878	-	12,814,938
Right to use machinery and equipment	1,887,417	-	-	1,887,417
Vehicles	155,553	104,298	-	259,851
Total capital assets, being depreciated	197,498,207	11,368,261	-	208,866,468
Less accumulated depreciation/amortization for:				
Land improvements	(29,985,347)	(1,530,994)	-	(31,516,341)
Buildings	(12,003,559)	(588,459)	-	(12,592,018)
Building improvements	(267,630)	(52,320)	-	(319,950)
Infrastructure	(55,358,863)	(3,849,129)	-	(59,207,992)
Machinery & equipment	(8,413,829)	(603,267)	-	(9,017,096)
Right to use machinery and equipment	-	(198,676)	-	(198,676)
Vehicles	(69,998)	(25,985)	-	(95,983)
Total accumulated depreciation/amortization	(106,099,226)	(6,848,830)	-	(112,948,056)
Total capital assets, being depreciated/amortized, net	91,398,981	4,519,431	-	95,918,412
Total capital assets, net	$ 197,556,595	$ 27,562,116	$ (8,784,742)	$ 216,333,969

8. SHORT-TERM DEBT

Grant Anticipation Note

The Airport used a grant anticipation note (GAN) to finance airport improvement projects prior to grant reimbursement from the Federal Aviation Administration and the State Department of Transportation. On November 14, 2019, the Airport entered into a GAN in the principal amount of up to $7,000,000 with an interest rate of 3.065%. On July 1, 2020, the GAN was increased to $23 million to reflect the significant increase in FAA grants issued to the Airport. The Airport renewed the GAN on November 17, 2021 for $10,000,000. This note expired on November 17, 2022. The airport renewed the GAN for $10,000,000 on February 21, 2023.

Short-term debt activity for the years ended June 30 was as follows:

Description	Balance at 7/1/22	Draws	Repayments	Balance at 6/30/23
Grant Anticipation Note	$ 2,541,057	$ 1,401,866	$ (2,541,057)	$ 1,401,866

Description	Balance at 7/1/21	Draws	Repayments	Balance at 6/30/22
Grant Anticipation Note	$ -	$ 3,829,737	$ (1,288,680)	$ 2,541,057

Revenue Anticipation Note

Part of the Airport's COVID-19 emergency response measures was to obtain funds through temporary borrowing in order to pay the ordinary running operating expenses of the Airport as it was expected that there would not be sufficient funds on hand. On May 6, 2020, the Airport entered into a revenue anticipation note (RAN) agreement in the principal amount of $11,100,000, with an interest rate of 1.85%. On May 7, 2020 the Airport drew down $11,100,000. The RAN was repaid in full on May 6, 2021. The Airport renewed the RAN for $11,100,000 on November 17, 2021. This note expired on November 17, 2022. No funds were drawn down on the 2021 RAN. The Airport chose not to renew the RAN going forward.

9. LONG-TERM DEBT

Revenue Bonds (public offerings) - The Airport issues bonds where the City pledges income to pay the debt service. Revenue bonds outstanding at June 30 were as follows:

2023

Description		Original Issue Amount	Serial Maturities Begin	Serial Maturities Through	Interest Rates		Amount Outstanding
Revenue Refunding Bond 2022 Series A	$	10,635,000	6/30/2024	6/30/2029	4.00 - 5.00%	$	10,635,000
Revenue Refunding Bond 2021 Series A	$	5,175,000	7/1/2023	7/1/2030	1.20 - 3.00%		5,175,000
Revenue Refunding Bond 2014 Series A	$	15,660,000	7/1/2015	7/1/2030	4.00 - 5.00%		9,515,000
Total						$	25,325,000

2022

Description		Original Issue Amount	Serial Maturities Begin	Serial Maturities Through	Interest Rates		Amount Outstanding as of 06/30/22
Revenue Refunding Bond 2022 Series A	$	10,635,000	6/30/2024	6/30/2029	4.00 - 5.00%	$	10,635,000
Revenue Refunding Bond 2021 Series A	$	5,175,000	7/1/2023	7/1/2030	1.20 - 3.00%		5,175,000
Revenue Refunding Bond 2014 Series A	$	15,660,000	7/1/2015	7/1/2030	4.00 - 5.00%		9,515,000
Total						$	25,325,000

Maturities are as follows:

Public Offering Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2024	$ 2,655,000	$ 795,859	$ 3,450,859
2025	2,770,000	1,491,908	4,261,908
2026	2,900,000	1,304,638	4,204,638
2027	3,045,000	1,100,033	4,145,033
2028	3,200,000	877,284	4,077,284
2029 - 2033	10,755,000	1,321,278	12,076,278
	$ 25,325,000	$ 6,891,000	$ 32,216,000

Unamortized Premium - Debt premiums in connection with the sale of bonds are amortized over the terms of the related debt. Unamortized balances are included as a component of long-term debt.

Changes in long-term debt and other obligations were as follows for the year ended June 30:

	2023					
	Total Balance 7/1/22	Additions	Reductions	Total Balance 6/30/23	Less Current Portion	Equals Long Term Portion
Revenue refunding bond 2014 series A	9,515,000	-	-	9,515,000	(995,000)	8,520,000
Revenue refunding bond 2021 series A	5,175,000	-	-	5,175,000	(85,000)	5,090,000
Revenue refunding bond 2022 series A	10,635,000	-	-	10,635,000	(1,575,000)	9,060,000
Total revenue bonds payable	25,325,000	-	-	25,325,000	(2,655,000)	22,670,000
Add: unamortized premium	1,278,651		(314,729)	963,922	(273,323)	690,599
Subtotal	26,603,651	-	(314,729)	26,288,922	(2,928,323)	23,360,599
Leases payable	1,696,308		(191,472)	1,504,836	(193,580)	1,311,256
Equipment notes payable	2,555,577	-	(618,131)	1,937,446	(566,277)	1,371,169
Net pension liability	1,482,310	1,237,407		2,719,717	-	2,719,717
Total OPEB liability	213,927	8,232		222,159	-	222,159
Compensated absences	331,279		(23,509)	307,770	(307,770)	-
Total	$ 32,883,052	$ 1,245,639	$ (1,147,841)	$ 32,980,850	$ (3,995,950)	$ 28,984,900

The revenue bonds were issued pursuant to general bond resolutions and are secured by a pledge of net Airport revenues. Pursuant to the general bond resolutions, revenues mean all rates, fees, charges, or other income and includes rentals, proceeds of insurance or condemnation or other disposition of assets, proceeds of bonds or notes, and earnings from the investment of revenues.

On an annual basis, revenues must be sufficient after deducting operating expenses, to meet minimum debt service coverage requirements of 1.25. Revenues for this purpose represent all rates, charges, rents and other income, including PFC revenues available for debt service. Operating expenses represent O&M (operation and maintenance), excluding depreciation.

Certain other exclusions apply. City's Bond Counsel has determined that the effect of GASB 68 and 75 on pension and OPEB expense is excludable from O&M and, therefore, not included in determining net revenues available for debt service. In fiscal year 2023 and 2022, the Airport recognized $2,128,160 and $2,702,886 in CRRSA and ARPA grant revenue respectively, that was used 100% to cover operating expenses. If minimum debt service coverage requirements are not met, the Airport must take timely corrective action. The Airport debt coverage ratio for fiscal year 2023 and 2022 was not applicable due to refunding the fiscal year 2022 revenue bond principal and interest payments. This bond debt service payments were refunded with the issuance of 2021 Series A revenue bond in April 2021 and 2022 Series A revenue bond in June 2022.

Current Refunding – On June 28, 2022, the Airport issued taxable airport revenue refunding bonds 2022 Series A (the "refunding bonds") in the amount of $10,635,000 with variable interest rates ranging from 4.0% to 5.0% and released debt service reserves of $430,480 to advance refund $11,520,000 of the 2012 Series A Revenue Bond payments with interest rates ranging from 4.0% to 5.0% maturing on July 1, 2022 through July 1, 2028. After premium of $781,854 and issuance costs and discount of $316,959, the net proceeds were $11,528,960.

As a result of the current refunding, the Airport reduced its total debt service cash flow requirements by $661,037, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $601,500.

Equipment Financing Notes – The Airport had the following equipment notes outstanding at June 30:

	2023	2022
Airport equipment - payments total to $74,486 annually, including interest at 2.77%, maturing on August 10, 2025.	$ 212,143	$ 279,246
Snow plow - payments total to $88,850 annually, including interest at 2.47%, maturing on September 30, 2023.	43,885	130,055
Parking Access Revenue Control System (PARCS) - payments total to $193,411 annually, including interest at 2.37%, maturing on March 2, 2024.	238,819	408,434
Airport equipment - payments total to $345,015 annually, including interest at 2.99%, maturing on September 18, 2027.	1,442,599	1,737,842
Total equipment notes outstanding	$ 1,937,446	$ 2,555,577

Maturities are as follows:

Fiscal Year		Principal		Interest		Total
2024	$	575,170		51,755	$	626,925
2025		383,997		36,457		420,454
2026		395,305		24,197		419,502
2027		413,005		13,510		426,515
2028		169,969		2,541		172,510
Total	$	1,937,446	$	128,460	$	2,065,906

10. RESTRICTED NET POSITION

Restricted net position was comprised of the following at June 30:

		2023		2022
Restricted for debt service and capital projects (PFC)	$	7,223,200	$	6,075,235
Restricted for prepaid cash reserve (PFC)		491,892		491,892
Restricted for renewal and replacement reserve		200,013		200,013
Restricted for debt service reserve fund		3,357,950		3,386,481
Restricted for debt service		3,360,311		77,420
Restricted for operations and maintenance reserve		5,446,594		4,930,937
Total	$	20,079,960	$	15,161,978

As of June 30, 2023 and 2022, the restricted PFC cash above of $7,715,092 ($7,223,200 and $491,892) and $6,567,127 ($6,075,235 and $491,892), respectively, in addition to the PFC amount included in the debt service reserve above of $876,004 and $7,374, respectively, included in unrestricted cash, for a total of $8,591,096 and $6,574,501, respectively, is presented in the Schedule of Passenger Facility Charges Collected and Expended.

11. RETIREMENT BENEFITS AND RESULTING NET PENSION LIABILITY

Defined Benefit Plan: All full-time employees of the Airport participate in the City of Burlington Employees' Retirement System (the Plan), a cost sharing, single employer defined benefit plan. The Airport follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, with respect to the Plan.

Plan Description: Substantially all employees of the Airport are members of the Plan and are classified as Class B members. Eligible employees must participate in the Plan. The City Council has the authority to amend the benefit terms of the Plan by enacting ordinances and sending them to the Mayor for approval.

The Plan membership for the City includes 838 inactive plan members or beneficiaries currently receiving benefits, 767 inactive plan members entitled to but not yet receiving benefits, and 876 active plan members.

At June 30, 2023, the Airport reported a net pension liability for its proportionate share of the City's total net pension liability per GASB 68. The net pension liability was measured as of June 30, 2022. At June 30, 2023 and 2022, the Airport's proportion was 2.34% and 2.40%, respectively. For more information on the City's plan, see the City of Burlington, Vermont's Annual Comprehensive Financial Report.

Benefits Provided: Class B retirees who have attained the age of 55 or older and completed 5 or more years of creditable service (age and years of creditable service vary depending on agreements) are eligible for benefits based on average final earnable compensation (AFC) during either the highest 5 or 3 non-overlapping 12-months periods depending on hiring dates. For details on agreements and AFC, see the City of Burlington, Vermont's Comprehensive Annual Financial Report.

Contributions: The Airport contributed $237,931 and $263,244 for the fiscal year ending June 30, 2023 and 2022. The Plan uses the direct rate smooth method for funding. The Airport's contributions were based on full time equivalents and wages. Employer and employee contribution rates are governed by the respective collective bargaining agreements. The employer and plan members share the cost of benefits. For the years ending June 30, 2023 and 2022, the Plan members contribute 4.87% and 5.34% of their base pay, respectively.

Summary of Significant Accounting Policies: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plan was used as reported on the City of Burlington, Vermont's Comprehensive Annual Financial Report. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Actuarial assumptions: The net pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Salary increases	3.0 percent per year
Investment rate of return	7.1 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scape MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017, with discount rate updated from 7.20% to 7.10%.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	17.50%	5.00%
US Bonds - Dynamic	7.50%	5.60%
U.S. Large Cap Equity	32.00%	6.70%
U.S. Small Cap Equity	9.00%	6.50%
International Developed Equity	20.50%	8.89%
International Emerging Markets Equity	7.00%	10.80%
Private Equity	0.50%	9.70%
Real Estate	6.00%	7.40%
Long-term Return Assumption		7.10%

Total nominal long-term expected rate of return (ROR) is equal to the sum of the above individual asset class RORs and the expected long-term inflation rate of 2.60%.

Discount Rate: The discount rate used to measure the net pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position was projected to be available to make all future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<u>Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</u>: The following presents the Airport's proportionate share of the net pension liability calculated using the discount rate, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

Fund's net pension liability as of:	1% Decrease (6.10%)	Discount Rate (7.10%)	1% Increase (8.10%)
June 30, 2023	$ 3,599,700	$ 2,719,717	$ 1,981,872
June 30, 2022	$ 2,302,254	$ 1,482,310	$ 791,600

<u>Deferred Outflows and Inflows of Resources</u>: Deferred outflows and inflows or resources consist of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred pension contributions	$ 237,931	$ -
Changes in proportional share of contributions	8,123	34,802
Difference between expected and actual pension experience	56,058	-
Changes in assumptions	80,924	-
Difference between projected and actual investment earnings	411,373	-
Total	$ 794,409	$ 34,802

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the subsequent fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pension are recognized in pension expense in future fiscal years as follows:

Amortization Year	Amount
2024	$ 159,829
2025	105,104
2026	21,345
2027	235,398
	$ 521,676

<u>Pension Plan Fiduciary Net Position</u>: Detailed information about the Plan's fiduciary net position is available in the separately issued City of Burlington, Vermont's Annual Comprehensive Financial Report. No separate stand-alone report is issued for the Plan.

Further disclosures about the retirement Plan are included in the City of Burlington, Vermont's Annual Comprehensive Financial Report.

12. OTHER POST-EMPLOYMENT BENEFITS (OTHER THAN PENSION) – OPEB GASB 75

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

General Information about the OPEB Plan

Plan Description

In addition to providing the pension benefits described, the City provides postemployment healthcare and life insurance benefits for retired employees through the City's plan. The Plan membership for the City includes 433 inactive plan members or beneficiaries currently receiving benefits, and 623 active plan members. The City allows certain retired employees to purchase health insurance through the City at the City's group rates. GASB No. 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided

The City provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria may receive these benefits.

Funding Policy

The OPEB Plan's funding policy is to contribute the employer portion of retiree benefit payments annually.

Contributions

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The OPEB plan is currently funded on a pay-as-you-go basis. The employer and plan members share the cost of benefits. The plan members contribute 5.52% and 5.20% of the monthly premium cost for the years ending June 30, 2023 and 2022, respectively, depending on the plan in which they are enrolled. The Airport contributes the balance of the premium costs.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60% per year. This assumptions is consistent with the Social Security Administration's current best estimate of the ultimate long-term annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.
Rate of annual aggregate payroll growth	2.60% per year
Discount rate	3.65% as of June 30, 2023 (Prior: 3.54%)
Healthcare cost trend rates	6.50% for 2021, reducing by 0.2% each year to an ultimate rate of 4.60% per year rate for 2029 and later.
Participation rate	20% of eligible active members will elect medical coverage at retirement.
Retirees' share of benefit-related costs	Retirees are responsible for a portion of premium rates not covered by the City.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.65% and 3.54% for the year ending June 30, 2023 and 2022, respectively.

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards linking the discount rate to the 20-year AA municipal bond index for unfunded OPEB plans. The discount rate used for the valuation is equal to the published Bond Buyer general obligation 20-year-Bond Municipal Index effective as of June 30, 2023 and 2022.

Total OPEB liability

The Airport’s total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

Changes in the Total OPEB Liability

Detailed information about the changes in total OPEB liability is available in the separately issued City of Burlington, Vermont’s Annual Comprehensive Financial Report.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
June 30, 2023	$241,747	$222,159	$197,355
June 30, 2022	$242,730	$213,927	$189,833

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.6%)	Healthcare Cost Trend Rates (6.5% decreasing to 4.6%)	1% Increase (7.5% decreasing to 5.6%)
June 30, 2023	$201,365	$222,159	$248,173
June 30, 2022	$233,242	$213,927	$304,585

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ending June 30, 2023 and 2022, the Airport recognized an OPEB expense of $23,665 $28,630. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the next 6 years.

Further disclosures about the OPEB plan are included in the City of Burlington, Vermont's Annual Comprehensive Financial Report.

13. DEFERRED COMPENSATION PLAN

The Airport offers its employees a deferred compensation plan (DCP) administered through the City in accordance with Section 457 of the Internal Revenue Code (IRC). The DCP permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or for "unforeseeable emergency" as defined by the IRC. Investments of the DCP are self-directed by employees.

14. RELATED PARTY TRANSACTIONS

It is the City's policy to charge or pay interest based on outstanding balances advanced to or borrowed from the municipal funds of the City. The interest rate is based on the average interest rate which would have been earned in the City's sweep account. Total interfund interest received/(paid), net, during fiscal years 2023 and 2022 was zero.

The City Clerk/Treasurer's office charges all departments for administration and risk management fees. The City Council approves, through the budget process, the annual assessments. For the years ending June 30, 2023 and 2022, administrative and risk management fees paid to the City General Fund were $583,392 and $457,597 respectively.
The Airport contracted with other City departments to provide services. Security from the Police Department was $1,103,874 and $1,246,125 for fiscal years 2023 and 2022, respectively.

15. COMMITMENTS AND CONTINGENCIES

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Airport expects such amounts, if any, to be immaterial.

Construction Commitments – The Airport has a number of ongoing Airport Improvement Program (AIP) projects for construction and land acquisition, as well as several Passenger Facility Program (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway and apron reconstruction, master plan and noise compatibility program planning grants, and building demolition related to previously acquired property and land acquisition. The PFC projects include energy projects, cargo apron reconstruction, escalator and baggage carousel projects and related work.

16. RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Airport manages these risks through a combination of commercial insurance packages and through the City's risk management program.

The City carries commercial insurance to cover its property, casualty, and general liability risks. Commercial property insurance, inland marine, and employment practices insurance coverage is provided by Travelers Indemnity Company and is offered on a guaranteed cost basis with a deductible of $50,000. The City has a large-deductible workers' compensation plan with Travelers Indemnity Company.

The Airport also carries airport owners and operators' general liability insurance with the following limits:

Completed Operations Aggregate	$100 million
Personal Injury and Advertising Injury Aggregate	$50 million
Malpractice Aggregate	$50 million
Each occurrence limit	$100 million
Fire Damage – any one fire	$500,000
Medical Expenses – any one person	$10,000
Hangarkeepers Limit – any one aircraft	$100 million
Hangarkeepers Limit – any one occurrence	$100 million

For health and dental insurance, the City self-insures with appropriate stop-loss coverage in place to cover large claims. The stop-loss limits are as follows:

Health insurance	$130,000 per occurrence with no stop loss coverage
Dental insurance	The benefit from this coverage cannot exceed $1,500 per participant

All of the City's self-insurance programs are administered by a third-party administrator, which processes and pays the claims and then bills the City for the amount of the total claims paid.

The costs associated with these self-insurance plans are budgeted in the City's General Fund and allocated to the Airport based on the following:

Type	Allocation Method
Workers' compensation	50% Experience and 50% Exposure
Health	Number of employees and levels of coverage
Dental	Actual claims and administrative fees paid
Liability	Adjusted operating budgets
Property	Insured value of city structures

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. There were no claims in the years ending June 30, 2023 and 2022.

17. MAJOR CUSTOMERS

A significant portion of the Airport's earnings and revenues are directly or indirectly attributed to the activity of a few major airlines.

The Airport's earnings and revenues could be materially and adversely affected should these major airlines discontinue operations, and should the Airport be unable to replace the airline with similar activity. The level of operations is determined based upon the relative share of enplaned passengers. The following represents major concentrations and their respective airline passenger shares:

American	34%
United	31%
Delta	24%

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events though January 23, 2024, which is the date the financial statements were available to be issued.

19. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has also issued Statement No. 101-Compensated Absences, effective for the Airport for the fiscal year ending June 30, 2025. Management is currently evaluating the impact of implementing this GASB pronouncement.

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023
(Unaudited)

Burlington Employees' Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2023	June 30, 2022	2.34%	$2,719,717	$ 2,659,239	102.27%	64.28%
June 30, 2022	June 30, 2021	2.40%	$1,482,310	$ 2,606,931	56.86%	81.10%
June 30, 2021	June 30, 2020	2.40%	$2,363,918	$ 2,656,886	88.97%	66.37%
June 30, 2020	June 30, 2019	2.20%	$1,834,449	$ 2,538,239	72.27%	70.00%
June 30, 2019	June 30, 2018	2.14%	$1,623,323	$ 2,375,629	68.33%	71.41%
June 30, 2018	June 30, 2017	1.87%	$1,630,284	$ 1,899,810	85.81%	66.77%
June 30, 2017	June 30, 2016	2.95%	$2,631,042	$ 1,795,630	146.52%	63.75%
June 30, 2016	June 30, 2015	3.18%	$2,169,468	$ 1,664,402	130.35%	70.35%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Airport’s financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors’ Report.

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023
(Unaudited)

Burlington Employees' Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	$ 237,931	$ (237,931)	$ -	$ 2,659,239	8.95%
June 30, 2022	$ 263,244	$ (263,244)	$ -	$ 2,615,031	10.07%
June 30, 2021	$ 248,981	$ (248,981)	$ -	$ 2,606,391	9.55%
June 30, 2020	$ 238,269	$ (238,269)	$ -	$ 2,656,886	8.97%
June 30, 2019	$ 216,312	$ (216,312)	$ -	$ 2,538,239	8.52%
June 30, 2018	$ 203,967	$ (203,967)	$ -	$ 2,375,629	8.59%
June 30, 2017	$ 254,514	$ (254,514)	$ -	$ 1,899,810	13.40%
June 30, 2016	$ 270,003	$ (270,003)	$ -	$ 1,795,630	15.04%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Airport's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

City OPEB plan

Fiscal Year	Measurement Date	Proportion of the Total OPEB Liability	Proportionate Share of the Total OPEB Liability	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
June 30, 2023	June 30, 2023	3.93%	$222,159	$2,433,238	9.13%
June 30, 2022	June 30, 2022	3.93%	$213,927	$2,371,577	9.02%
June 30, 2021	June 30, 2021	3.91%	$271,015	$2,362,236	11.47%
June 30, 2020	June 30, 2020	3.91%	$257,184	$2,302,374	11.17%
June 30, 2019	June 30, 2019	2.10%	$112,007	$1,642,196	6.82%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to the Airport's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor, City Council
and Burlington Airport Commission
City of Burlington, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated January 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Marcum LLP

Merrimack, NH
January 23, 2024

MARCUM
ACCOUNTANTS ▲ ADVISORS

REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEUDLE OF PASSENGER FACILITY CHARGES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION PASSENGER FACILITY CHARGE BRANCH

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Council
and Burlington Airport Commission
City of Burlington, Vermont

Opinion on the Passenger Facility Charge Program

We have audited the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), for compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the Guide) issued by the Federal Aviation Administration Passenger Facility Charge Branch, applicable to its Passenger Facility Charge Program that could have a direct and material effect on the Airport's passenger facility charge program for the year ended June 30, 2023. Our responsibility is to express an opinion the Airport's compliance based on our audit procedures.

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended June 30, 2023.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the requirements of the Federal Aviation Administration, Passenger Facility Branch (FAA). Our responsibilities under those standards and the FAA are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

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We are required to be independent of the Airport 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 opinion on the Airport's passenger facility charge program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the Passenger Facility Charge Program.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the FAA, 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 Airport's internal control. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

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

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the FAA's *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges Required by the Federal Aviation Administration, Passenger Facility Charge Branch

We have audited the financial statements of the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), as of and for the year ended June 30, 2023, and have issued our report thereon dated January 23, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying Schedule of Passenger Facility Charges is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration, Passenger Facility Charge Branch and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Passenger Facility Charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

Marcum LLP

Merrimack, NH
January 23, 2024

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED JUNE 30, 2023

Cash balance - July 1, 2022	$	6,574,501
Receipts		
Passenger facility charges collected		2,325,022
Interest earnings		3,402
Total receipts		2,328,424
Disbursements		
Project No. 96-01-I-00-BTV		(19,144)
Project No. 00-03-C-00-BTV		(7,688)
Project No. 10-04-C-00-BTV		(89,675)
Project No. 20-07-C-00-BTV		(39,960)
Project No. 22-08-C-00-BTV		(155,362)
Total disbursements		(311,829)
Increase in cash balance		2,016,595
Cash balance - June 30, 2023	$	8,591,096

See Note 10 for reconciliation of above cash to the restricted accounts presented in the financial statements.

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued:	Unmodified
Internal Control over Financial Reporting:	
• Material weaknesses identified?	___ Yes _✓_ No
• Significant deficiencies identified?	___ Yes _✓_ None reported
Noncompliance material to financial statements noted?	___ Yes _✓_ No

Passenger Facility Charge Program

Internal Control over the Passenger Facility Charge Program:	
• Material weaknesses identified?	___ Yes _✓_ No
• Significant deficiencies identified?	___ Yes _✓_ None reported
Type of Auditors' report issued on compliance:	Unmodified
• Any audit findings disclosed that are required to be reported in accordance with the *Passenger Facility Charges Audit Guide for Public Agencies*?	___ Yes _✓_ No

II. Financial Statement Findings

None reported.

III. Findings and Questioned Costs

None reported.