

# **Airport Authority of the City of Lincoln, Nebraska**

Independent Auditor's Reports and Financial Statements

June 30, 2020 and 2019



**Airport Authority of the City of  
Lincoln, Nebraska  
June 30, 2020 and 2019**

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## Independent Auditor's Report

Board of Directors  
Airport Authority of the City  
of Lincoln, Nebraska

We have audited the accompanying financial statements of the Airport Authority of the City of Lincoln, Nebraska (the Authority), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority of the City of Lincoln, Nebraska as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, which consists of the schedules of cash and investments and changes in account balances; operating revenues; direct operating expenses; indirect operating expenses; and expenses by natural classification, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedules of cash and investments and changes in account balances; operating revenues; direct operating expenses; indirect operating expenses; and expenses by natural classification are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*BKD, LLP*

Lincoln, Nebraska  
October 14, 2020

## **Management's Discussion and Analysis June 30, 2020 and 2019**

The following discussion and analysis of the financial performance and activity of the Airport Authority of the City of Lincoln, Nebraska (LAA or the Authority) is to provide an introduction and overview that users need to interpret the financial statements of LAA for the fiscal years ended June 30, 2020 and 2019, with selected comparative information for the fiscal year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follows this section.

LAA's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB), using the economic resources measurement focus. LAA operates as a special purpose political subdivision of the State of Nebraska engaged in business-type activities. Tenants and other users of LAA's facilities and services provide the revenues to operate and maintain LAA's facilities. LAA also receives grant funds under the Federal Airport Improvement Program (AIP).

LAA's financial statements consist of three statements - a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of LAA, including resources held by LAA but restricted for specific purposes by creditors, contributors, or enabling legislation.

The balance sheet and the statement of revenues, expenses and changes in net position report information about LAA's resources and its activities. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that revenues and expenses are recorded when they are earned or incurred, regardless of when cash is received or paid.

These two statements report LAA's net position and changes in it. LAA's total net position - the difference between assets and deferred outflows of resources, and liabilities - is one measure of LAA's financial health or financial position. Over time, increases or decreases in LAA's net position are an indicator of whether its financial health is improving or deteriorating.

The statement of cash flows reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The LAA Board of Directors has retained staff to operate and manage the daily affairs and all of the assets of the Lincoln Airport Authority.

## Airport Activity and Financial Highlights

The Airport presently encompasses an area of approximately 5,500 acres and is located approximately five miles northwest of downtown Lincoln, Nebraska (the City). Interstate 80 and U.S. Highway 34 border the Airport. The Airport, classified by the Federal Aviation Administration (FAA) as a primary non-hub airport, is the principal air carrier airport serving the City, Lancaster County and surrounding communities in close proximity to the City. The most current available passenger information is based on a calendar year comparison.

	Calendar Year			Percent Variance	
	2019	2018	2017	2019/2018	2018/2017
Enplaned passengers	164,998	147,971	154,393	11.51%	-4.16%
Aircraft operations					
Air carrier	8,531	7,533	8,898	13.25%	-15.34%
Air taxi	6,249	6,081	5,428	2.76%	12.03%
General aviation	34,784	35,518	36,193	-2.07%	-1.87%
Military	12,850	11,843	10,481	8.50%	12.99%
Total operations	62,414	60,975	61,000	2.36%	-0.04%

Most passengers begin or end their travel in the City rather than connecting for flights to other communities. Airline service continues to be a challenge due to Lincoln’s proximity to Omaha’s Eppley Airfield; Calendar year 2019 saw a 12% increase in passenger numbers from 2018. LAA officials continue to work with consultants and the airlines to stabilize fares and attract new air service to Lincoln. Passenger numbers in 2020 have been severely impacted by the COVID-19 pandemic, beginning in mid-March. Passenger numbers for calendar year 2020 through August are down 63% when compared to 2019.

Prior to the pandemic, Lincoln was served by two air carriers providing daily service. United Airlines provided three to four flights per day to Chicago and two to four flights per day to Denver subject to seasonal adjustments. Delta provided two to three flights per day to Minneapolis and one flight, five to six days per week to Atlanta. Currently, due to the pandemic, Delta is temporarily not providing service to the Lincoln Airport. United has also reduced its capacity and as of early October 2020 is providing three flights per day to Chicago and one flight per day to Denver. The Airport Authority will continue to explore service options with various airlines, including those currently serving Lincoln, especially as we come out of the pandemic and new travel patterns and industry changes emerge.

The Authority reviews and establishes landing fees on an annual basis. In addition to landing fees assessed to commercial air service operators, the Authority adds 7 cents per gallon of fuel sold (flowage fee) to aircraft weighing less than 60,000 pounds. These combined landing and flowage fees account for approximately 3% of operating revenues. The Nebraska Air National Guard operates from a base adjacent to and surrounded by the Airport and utilizes the Airport landing area under a joint-use agreement. The term of the agreement is for 10 years subject to periodic renewal. The Guard continues to provide the aircraft rescue and fire-fighting capabilities on the airfield for both military and civilian operations in exchange for joint use of flying facilities.

Scheduled airlines operate in Lincoln under annual operating and lease agreements. The Airport Authority adjusts rates and charges for airline operations annually. Airline rates and charges for the noted calendar years are as follows:

	<b>Calendar Year</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Landing fee (per 1,000 lbs.)	\$ 2.40	\$ 2.35	\$ 2.30
Terminal lease rates			
Finished space (per year)	\$38.30/sq. ft.	\$37.55/sq. ft.	\$36.81/sq. ft.
Unfinished space (per year)	\$29.36/sq. ft.	\$28.78/sq. ft.	\$28.22/sq. ft.
Loading bridge fees (per month)	\$ 1,070.00	\$ 1,050.00	\$ 1,030.00

In 2016, the Authority entered into a new professional services agreement with SP+, previously known as Standard Parking, to operate the public parking facilities. SP+ received an annual fee of approximately \$268,000 for 2020 and \$264,000 for 2019. The operation of such parking facilities generated annual gross receipts of approximately \$1,120,000 and \$1,440,000 in 2020 and 2019, respectively.

The Authority has nonexclusive agreements with Avis Rent A Car, Budget Rent A Car, Enterprise Rent-A-Car, National Car Rental and The Hertz Corporation to provide rental cars to the public at the airport. Rental car revenues increased by 4% in 2020, from \$677,187 in fiscal year 2019 to \$703,123 in fiscal year 2020.

In addition to parking and rental car agreements, the Authority has entered into agreements with other concessionaires to provide services customarily found in an airport terminal complex, including food service, advertising displays and gift and newsstand services.

The Authority has an agreement with Interspace Advertising, Inc., dba Clear Channel Airports, to operate the terminal advertising displays. The agreement calls for the payment of 30% of gross receipts with minimum annual payments of \$30,000.

Beginning November 1, 2019, the Authority entered into an agreement with Tailwind LNK, LLC to manage, operate, maintain, and promote the restaurant/bar and gift shop operation in the terminal building. The agreement calls for Tailwind to pay the Authority a percentage fee of gross receipts during the contract year according to the following schedule:

- \$750,000 or less – 11%
- \$750,000 but less than \$1,000,000 – 12 %
- \$1,000,000 or more – 13%

The contract also specifies a Minimum Annual Guarantee of \$54,000 (to be adjusted annually) to be paid to the Authority, regardless of gross receipts. The first few month of the contract were very positive, with Tailwind seeing sales higher than the previous concessionaire. However, the dramatic decrease in passengers due to the pandemic of course adversely affected Tailwind’s operation. The Authority has waived the Minimum Annual Guarantee during the pandemic until conditions improve.

General aviation revenue has remained stable in the current year despite changes due to the pandemic. Duncan Aviation and Silverhawk, both fixed-based operators, have continued to show growth in recent years. Silverhawk entered into a thirty year lease with LAA in May 2017 and built a 28,000 square foot hangar, which was completed in June 2018. In addition, Performance Aircraft, a former subtenant of Silverhawk Aviation, entered into a thirty year agreement with LAA in October 2018 for 21,462 square feet of land adjacent to the general aviation ramp to build a 12,000 square foot hangar. Construction on that hangar was completed in October 2019.

The Airport has 172 aircraft storage hangars available for general aviation use and 5 private corporate hangars. The airport continues to see 85-90% occupancy in these individual storage hangars or t-hangars. Other aircraft related industries such as the FAA, Nebraska Department of Transportation and Transportation Security Administration (TSA) additionally occupy space in the general aviation area. Planning discussions have begun on an expansion of the general aviation area to the north within the next five years to be able to accommodate continued demand.

In 2015, the LAA Board, upon recommendation from the Industrial Park Board, changed the name of the Airport's industrial park from Lincoln Air Park West to LNK Enterprise Park. LNK Enterprise Park is a vital component of the Airport. Part of the former U.S. Air Force Base, this industrial complex covers 1,400 acres. The industrial complex has buildings varying in size from 1,000 square feet to 173,000 square feet. Currently, the Authority has under lease approximately 95% of the 2,126,000 square feet available. These leases vary in length from month-to-month to 30 years and include diverse tenants. The Authority also leases to other governmental agencies, on a year-to-year basis, and this income amounts to approximately \$1,300,000 (approximately 14%) per year of the industrial complex income, which totaled approximately \$9,100,000 in 2020, up from \$8,400,000 in 2019, an increase of 8%.

Overall development activity in the industrial complex has started to slow as several projects have been completed over the last few years. The Airport continues the development of the north acreage into four large rail-served industrial tracts. Infrastructure improvements to extend NW 38<sup>th</sup> Street represent the largest physical change. Construction was completed in 2016 on a new 110,000 square foot rail center building which was immediately partially occupied by Hexagon Lincoln and in 2018, the remainder of the building was leased to Metalworks. In April 2019, Lincoln Industries entered into a lease with LAA for the former G.T. Exhaust building.

Some of the other entities leasing space from the Authority include Duncan Aviation, Van Sickle Paint, Plastic Companies, Hexagon Lincoln, Weathercraft, Daitron, Lincoln Industries, Sensory Effects, Tri-Con and UNL. The balance of the tenant base in LNK Enterprise Park is stable with no major tenants leaving during the 2020, 2019 and 2018 fiscal years. The Authority does not anticipate other major vacancies in the near future. Approximately 95% of the space in the Enterprise Park is leased as of October 2020.

Overall even during the pandemic, the Airport Authority's financial outlook remains strong, primarily due to its wide diversification both on the airfield, with a strong general aviation community, and in the industrial park with a wide variety of unrelated industries leasing space. Though the Airport Authority is experiencing significant revenue loss in several revenue line items in the Terminal area due to the decrease in passengers during the pandemic, the receipt of funds through the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, have been used to replace those revenue losses and have allowed the Authority to remain very stable financially.



The following condensed financial statements summarize the financial position of the Authority as of June 30, 2020, 2019 and 2018 and its activities for the years then ended:

**Condensed Balance Sheets**

	<b>June 30</b>			<b>Variance</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020 / 2019</b>		<b>2019 / 2018</b>	
				<b>Dollars</b>	<b>Percent</b>	<b>Dollars</b>	<b>Percent</b>
Current assets	\$ 24,416,293	\$ 16,303,172	\$ 13,653,246	\$ 8,113,121	49.76%	\$ 2,649,926	19.41%
Capital assets	118,070,212	95,545,543	98,411,917	22,524,669	23.57%	(2,866,374)	-2.91%
Restricted cash and cash equivalents	3,013,294	3,539,959	3,839,604	(526,665)	-14.88%	(299,645)	-7.80%
Deferred loss on bond refunding	759,295	817,702	876,110	(58,407)	-7.14%	(58,408)	-6.67%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 146,259,094</b>	<b>\$ 116,206,376</b>	<b>\$ 116,780,877</b>	<b>\$ 30,052,718</b>	<b>25.86%</b>	<b>\$ (574,501)</b>	<b>-0.49%</b>
Current liabilities	\$ 9,870,244	\$ 6,326,976	\$ 4,996,766	\$ 3,543,268	56.00%	\$ 1,330,210	26.62%
Noncurrent liabilities	48,338,134	50,743,118	53,369,046	(2,404,984)	-4.74%	(2,625,928)	-4.92%
<b>Total liabilities</b>	<b>58,208,378</b>	<b>57,070,094</b>	<b>58,365,812</b>	<b>1,138,284</b>	<b>1.99%</b>	<b>(1,295,718)</b>	<b>-2.22%</b>
Net investment in capital assets	65,716,193	44,852,320	45,986,867	20,863,873	46.52%	(1,134,547)	-2.47%
Restricted for debt service	2,205,242	2,712,111	2,465,857	(506,869)	-18.69%	246,254	9.99%
Unrestricted	20,129,281	11,571,851	9,962,341	8,557,430	73.95%	1,609,510	16.16%
<b>Total liabilities and net position</b>	<b>\$ 146,259,094</b>	<b>\$ 116,206,376</b>	<b>\$ 116,780,877</b>	<b>\$ 30,052,718</b>	<b>25.86%</b>	<b>\$ (574,501)</b>	<b>-0.49%</b>

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<b>Year Ended June 30</b>			<b>Variance</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2020 / 2019</b>		<b>2019 / 2018</b>	
				<b>Dollars</b>	<b>Percent</b>	<b>Dollars</b>	<b>Percent</b>
Operating revenue							
Airport revenue	\$ 15,581,362	\$ 15,414,511	\$ 14,729,232	\$ 166,851	1.08%	\$ 685,279	4.65%
<b>Total operating revenue</b>	<b>15,581,362</b>	<b>15,414,511</b>	<b>14,729,232</b>	<b>166,851</b>	<b>1.08%</b>	<b>685,279</b>	<b>4.65%</b>
Operating expenses							
Direct operating expenses	13,462,633	12,449,848	12,915,018	1,012,785	8.13%	(465,170)	-3.60%
Indirect operating expenses	4,180,652	4,912,705	4,462,863	(732,053)	-14.90%	449,842	10.08%
<b>Total operating expenses</b>	<b>17,643,285</b>	<b>17,362,553</b>	<b>17,377,881</b>	<b>280,732</b>	<b>1.62%</b>	<b>(15,328)</b>	<b>-0.09%</b>
Operating loss	(2,061,923)	(1,948,042)	(2,648,649)	(113,881)	-5.85%	700,607	26.45%
Net nonoperating revenues	5,625,411	1,422,023	501,822	4,203,388	295.59%	920,201	183.37%
Capital grants	25,350,946	1,247,236	570,732	24,103,710	1932.57%	676,504	118.53%
<b>Change in net position</b>	<b>\$ 28,914,434</b>	<b>\$ 721,217</b>	<b>\$ (1,576,095)</b>	<b>\$ 28,193,217</b>	<b>3909.12%</b>	<b>\$ 2,297,312</b>	<b>145.76%</b>

The change in net position from 2019 to 2020 increased by \$28,193,217, primarily as a result of a \$4,203,388 increase in net operating revenues and a \$24,103,710 increase in capital grants from 2019 to 2020. In comparing fiscal year 2019 to fiscal year 2020, operating revenues increased by \$166,851 or 1.08%, and operating expenses increased by \$280,732 or 1.62%. The change in net position from 2018 to 2019 increased by \$2,297,312. In comparing fiscal year 2018 to fiscal year 2019, operating revenues were up \$685,279 or 4.65%, and operating expenses decreased \$15,328 or 0.09%. Capital grants also increased \$676,504 from 2018 to 2019.

Normal depreciation was taken on capital assets during fiscal years 2020 and 2019. As of June 30, 2020, the Authority has commitments under construction in the amount of \$12,700,000 as compared to \$6,700,000 at June 30, 2019 and \$1,000,000 at June 30, 2018. The majority of these commitments are being funded by bond proceeds or federal grants.

Landing field revenues are down 10% from 2019. Landing fees from Delta and United are both down 16% from 2019. Effective January 1, 2020, the landing fee rate under contract was increased from \$2.35 per 1,000 pounds to \$2.40 per 1,000 pounds. The decrease in revenues can be attributed to the severe reduction in commercial aviation activity due to the pandemic beginning in mid-March 2020 and continuing through the end of the fiscal year and into the next.

During 2020, terminal area revenues decreased \$468,843 or 12% from 2019 as a result of decreased enplanements from reduced passenger activity due to the COVID-19 pandemic. Under the PFC program, the Authority has the ability to collect PFC fees up to \$4.50 for every enplaned passenger departing from or arriving into the Lincoln airport. The Authority recorded revenues in the amount of \$494,378 and \$666,212 under its PFC program for the 2020 and 2019 fiscal years, respectively. Revenues received from parking at the airport decreased from \$1,442,542 in 2019 to \$1,117,948 in 2020, also due to the reduction in passenger activity related to the pandemic.

Revenues in the General Aviation area decreased by 1% from fiscal year 2019 due to planned tenant changes as well as periodic rental rate adjustments from a variety of tenants.

Revenues in LNK Enterprise Park increased by approximately 8% in fiscal year 2020, mostly due to the Lincoln Industries lease on a previously vacant large facility in April 2019. The Authority received a full twelve months of revenue on this lease in fiscal year 2020, compared to only three months in fiscal year 2019. Also contributing to the increase in LNK Enterprise Park revenues were periodic rental rate adjustments from a variety of tenants, and tenants occupying some previously vacant facilities.

Federal grant income increased \$6,363,590, from \$1,247,236 in fiscal year 2019 to \$7,610,826 in fiscal year 2020. The increase was a direct result of an increased level of work on the Runway 17/35 overlay and lighting rehabilitation project during 2020, and grant monies awarded to LAA under the CARES Act.

Revenues and capital contributions from the Offutt relocation project increased significantly, from \$1,050,654 in fiscal year 2019 to \$23,012,019 in fiscal year 2020. See further discussion of this relocation project in Note 9.

Direct operating expenses increased 8% from fiscal year 2019 to 2020, primarily as a result of LAA charging certain public safety salaries and related costs directly to terminal direct operating expenses in 2020. Public safety indirect operating expenses showed a corresponding decrease. Public safety expenses are those associated with LAA's responsibility to provide a police department, a communications center, and crash, fire and rescue services.

In 2020, service equipment expenses increased by 10%, due in part to maintenance and repairs that had been postponed in prior years as well as significant wear and tear on snow removal equipment due to the abundance of snow and ice during the winter of 2018-2019.

General and administrative expenses increased in 2020 by about 11% due to an increase in salaries and professional services costs as well as significant increases in LAA's marketing and advertising efforts.

During the 2020 fiscal year, the Authority issued \$7,025,000 of tax-exempt Series 2019A Airport Bonds and \$730,000 of taxable Series 2019B Airport Bonds. The proceeds from these bonds, along with certain existing Authority funds, were used to redeem \$745,000 of Series 2011A Airport Bonds, \$3,495,000 of Series 2012A Airport Bonds, \$870,000 of Series 2013A Airport Bonds, \$960,000 of Series 2013B Airport Bonds, \$2,115,000 of Series 2014C Airport Bonds, and \$755,000 of Series 2014D Airport Bonds, all of which were available to be called during the fiscal year. The redemption resulted in a combined cash flow savings of approximately \$1,440,000 and a net present value savings of approximately \$970,000.

The Authority plans to fund ongoing capital improvements from contributed capital (Federal & State Grants) or from moneys available in its Capital Improvement Fund. The following capital improvement projects are being considered acceptable for future federal project application:

1. SRE (Snow Removal Equipment) Sweeper
2. General Aviation Development
3. Runway 18/36 Rehabilitation Design
4. Terminal Ramp Rehabilitation
5. Runway 18/36 Pavement Rehabilitation
6. Runway 14/32 Pavement and Lighting System Rehabilitation
7. Taxiway Rehabilitation – Asphaltic Pavement Sections
8. Runway 17/35 Sealcoat

The Airport Authority remains on a sound financial footing. Modernizing and redeveloping LNK Enterprise Park has afforded the Airport Authority with the ability to recruit new tenants and create new jobs in the Lincoln area. One side effect of this growth is that the Authority's overall debt is at a historically high level, making additional general obligation debt funded growth in LNK Enterprise Park less attractive in the near future. As a result, the Airport is evaluating potential development alternatives, including revenue bonds and increased use of community partnerships to continue the positive economic growth that has occurred over the last 3-5 years while simultaneously protecting the assets and long term fiscal health of the Authority. This financial report is designed to provide the Airport's management, creditors, customers and citizens with a general view of LAA's finances and to demonstrate LAA's accountability for the funds it receives and expends. For additional information about this report or, if you need additional financial information, please contact:

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# Airport Authority of the City of Lincoln, Nebraska

## Balance Sheets June 30, 2020 and 2019

### Assets and Deferred Outflows of Resources

	2020	2019
<b>Current Assets</b>		
Cash and cash equivalents	\$ 18,228,795	\$ 13,229,908
Accounts receivable, net	3,612,424	1,617,194
Grants receivable	2,295,596	1,397,777
Prepaid expenses	279,478	58,293
Total current assets	24,416,293	16,303,172
<b>Restricted Cash and Cash Equivalents</b>	3,013,294	3,539,959
<b>Capital Assets, At Cost, Net of Accumulated Depreciation</b>	118,070,212	95,545,543
Total assets	145,499,799	115,388,674
<b>Deferred Outflows of Resources</b>		
Deferred loss on bond refunding	759,295	817,702
Total assets and deferred outflows of resources	\$ 146,259,094	\$ 116,206,376

### Liabilities and Net Position

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,022,613	\$ 1,851,700
Current maturities of long-term debt	2,010,000	2,485,000
Unearned revenue	1,029,579	1,162,428
Interest payable	808,052	827,848
Total current liabilities	9,870,244	6,326,976
<b>Noncurrent Liabilities</b>		
Long-term debt	45,732,188	47,985,405
Compensated absences	415,863	381,361
Unearned revenue	2,190,083	2,376,352
Total noncurrent liabilities	48,338,134	50,743,118
Total liabilities	58,208,378	57,070,094
<b>Net Position</b>		
Net investment in capital assets	65,716,193	44,852,320
Restricted for debt service	2,205,242	2,712,111
Unrestricted	20,129,281	11,571,851
Total net position	88,050,716	59,136,282
Total liabilities and net position	\$ 146,259,094	\$ 116,206,376

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Landing field	\$ 537,346	\$ 594,425
Terminal	3,391,038	3,859,881
General aviation	2,304,441	2,331,955
LNK Enterprise Park	9,092,556	8,410,579
Air Park South	<u>255,981</u>	<u>217,671</u>
Total operating revenues	<u>15,581,362</u>	<u>15,414,511</u>
<b>Direct Operating Expenses</b>		
Landing field	1,388,399	1,319,257
Terminal	3,073,732	2,045,070
General aviation	400,053	422,894
LNK Enterprise Park	2,534,940	2,534,073
Air Park South	59,962	60,778
Depreciation	<u>6,005,547</u>	<u>6,067,776</u>
Total direct operating expenses	<u>13,462,633</u>	<u>12,449,848</u>
<b>Operating Income After Direct Expenses</b>	<u>2,118,729</u>	<u>2,964,663</u>
<b>Indirect Operating Expenses</b>		
Public safety	606,428	1,693,615
Service equipment	570,117	515,957
General and administrative	2,552,270	2,301,372
Depreciation	<u>451,837</u>	<u>401,761</u>
Total indirect operating expenses	<u>4,180,652</u>	<u>4,912,705</u>
<b>Operating Loss</b>	<u>(2,061,923)</u>	<u>(1,948,042)</u>
<b>Nonoperating Revenues</b>		
Investment income	222,578	210,760
Farm income, net of expense	105,633	117,628
Gain on sale of assets	-	3,805
Offutt relocation	2,831,004	1,050,654
Federal grants	2,440,895	-
Other	<u>25,301</u>	<u>39,176</u>
Total nonoperating revenues	<u>5,625,411</u>	<u>1,422,023</u>
<b>Increase (Decrease) in Net Position Before Capital Grants</b>	<u>3,563,488</u>	<u>(526,019)</u>
<b>Capital Grants</b>		
Offutt relocation	20,181,015	-
Federal grants	<u>5,169,931</u>	<u>1,247,236</u>
Total capital grants	<u>25,350,946</u>	<u>1,247,236</u>
<b>Increase in Net Position</b>	28,914,434	721,217
<b>Net Position, Beginning of Year</b>	<u>59,136,282</u>	<u>58,415,065</u>
<b>Net Position, End of Year</b>	<u>\$ 88,050,716</u>	<u>\$ 59,136,282</u>

**Airport Authority of the City of  
Lincoln, Nebraska  
Statements of Cash Flows  
Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Cash received from providing services	\$ 16,444,002	\$ 15,178,368
Cash paid to suppliers	(4,797,987)	(4,053,388)
Cash paid to employees	(5,020,352)	(4,786,535)
Interest paid	<u>(1,630,098)</u>	<u>(1,677,628)</u>
Net cash provided by operating activities	<u>4,995,565</u>	<u>4,660,817</u>
<b>Noncapital Financing Activities</b>		
Offutt relocation	2,161,282	531,476
Federal grants received	722,024	-
Other receipts	<u>25,301</u>	<u>39,176</u>
Net cash provided by noncapital financing activities	<u>2,908,607</u>	<u>570,652</u>
<b>Capital and Related Financing Activities</b>		
Purchase of property and equipment	(24,651,447)	(2,570,148)
Capital grants received	23,665,948	380,620
Principal payments on long-term debt	(2,485,000)	(2,455,000)
Net funds transferred to bond refunding agent	(289,662)	-
Proceeds from sale of equipment	<u>-</u>	<u>3,805</u>
Net cash used in capital and related financing activities	<u>(3,760,161)</u>	<u>(4,640,723)</u>
<b>Investing Activities</b>		
Farm income	105,633	117,628
Interest received on investments	<u>222,578</u>	<u>210,760</u>
Net cash provided by investing activities	<u>328,211</u>	<u>328,388</u>
<b>Change in Cash and Cash Equivalents</b>	4,472,222	919,134
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>16,769,867</u>	<u>15,850,733</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 21,242,089</u>	<u>\$ 16,769,867</u>
<b>Reconciliation of Cash and Cash Equivalents to Balance Sheets</b>		
Cash and cash equivalents	\$ 18,228,795	\$ 13,229,908
Restricted cash and cash equivalents	<u>3,013,294</u>	<u>3,539,959</u>
	<u>\$ 21,242,089</u>	<u>\$ 16,769,867</u>

# Airport Authority of the City of Lincoln, Nebraska

## Statements of Cash Flows - Continued Years Ended June 30, 2020 and 2019

	2020	2019
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (2,061,923)	\$ (1,948,042)
Items not requiring (providing) cash		
Depreciation	6,457,384	6,469,537
Amortization of issuance premiums	(50,667)	(16,103)
Amortization of deferred loss on bond refunding	58,407	58,408
Bond issuance costs paid directly with bond proceeds	97,112	-
Changes in operating assets and liabilities		
Accounts receivable	820,616	(52,786)
Prepaid expenses	(221,185)	464,147
Accounts payable and accrued expenses	(125,191)	(94,885)
Unearned revenue	40,808	(197,525)
Interest payable	(19,796)	(21,934)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 4,995,565</b>	<b>\$ 4,660,817</b>
<b>Supplemental Cash Flows Information</b>		
Capital asset acquisitions included in accounts payable	\$ 5,371,126	\$ 1,040,520

# **Airport Authority of the City of Lincoln, Nebraska**

## **Notes to Financial Statements**

**June 30, 2020 and 2019**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

The Airport Authority of the City of Lincoln, Nebraska (Authority) was created pursuant to Nebraska State Law on February 25, 1959. The affairs of the Authority are conducted by a Board whose members are elected by citizens of the City.

Operating income is generated primarily from terminal, general aviation and industrial park areas pursuant to lease agreements which are recognized on the operating method. As leasing operations comprise a significant portion of the Authority's revenues, costs and expenses directly related to leasing activities are included in their respective category within operating expenses. The Authority does not receive any property tax revenue.

#### ***Basis of Accounting and Presentation***

The financial statements of the Authority have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from nonexchange transactions (principally federal grants and other contributions) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported balance sheet amounts and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

#### ***Cash Equivalents***

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market funds.

#### ***Investments and Investment Income***

The Authority's investments in government securities money market funds are carried at cost, which approximates fair value. Investment income includes dividend and interest income.



**Airport Authority of the City of  
Lincoln, Nebraska  
Notes to Financial Statements  
June 30, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies -  
Continued**

***Accounts Receivable***

Accounts receivable consist of amounts owed from airlines, rental car companies, tenants and other operators. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are charged off as they are deemed uncollectible. Management does not believe an allowance for doubtful accounts is necessary at June 30, 2020 and 2019.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following useful lives are being used by the Authority:

Buildings and improvements	10 - 40 years
Furniture and equipment	3 - 20 years
Runways	5 - 30 years

***Deferred Outflows of Resources***

The Authority reports increases in net position that relate to future reporting periods as deferred outflows of resources in a separate section of its balance sheet. The Authority's deferred outflows of resources represent costs incurred in connection with the refinancing of various bond issuances, and are being amortized into interest expense over the remaining life of the old bonds or the life of the new bonds, whichever is shorter.

***Grants***

Certain outlays for airport capital improvements involve significant federal funding through the Airport Improvement Program of the Federal Aviation Administration (FAA). Capital and other funding provided under government grants is considered earned as the related approved outlays are incurred. Costs claimed from reimbursement are subject to audit and acceptance by the granting agency.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

#### ***Compensated Absences***

Authority policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, partially, as a cash payment. The Authority also has a deferred compensation program for management employees, which accrues as service is provided. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned up to a certain percentage to the extent the employee is expected to realize the benefit in cash, either upon retirement or death, or as a partial cash payment if the employee has been employed by the Authority for five years or longer. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

#### ***Unearned Revenue***

Unearned revenue consists primarily of rental payments received in advance and lump-sum payments made by tenants, which relate to future year commitments. The Authority recorded unearned revenue of \$3,219,662 and \$3,538,780, as of June 30, 2020 and 2019, respectively.

#### ***Net Position Classification***

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

**Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

**Restricted** – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 2: Deposits, Investments and Investment Income

#### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities having an aggregate value at least equal to the amount of the deposits.

The Authority's cash deposits, including certificates of deposit, are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the \$250,000 FDIC limits are covered by collateral held in a pledge account for the Authority.

#### **Investments**

The Authority may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in repurchase agreements collateralized by U.S. Treasury securities and U.S. government agencies. It may also invest to a limited extent in municipal bonds.

At June 30, 2020 and 2019, the Authority had the following investments:

	<u>Maturities in Years</u>			Credit Rating Moody's / S&P
	Total	Less Than 1	1 - 5	
<b>June 30, 2020</b>				
Government securities				
money market funds	\$ 3,013,294	\$ 3,013,294	\$ -	Aaa-mf/AAAm
	<u>\$ 3,013,294</u>	<u>\$ 3,013,294</u>	<u>\$ -</u>	
	<u>Maturities in Years</u>			Credit Rating Moody's / S&P
	Total	Less Than 1	1 - 5	
<b>June 30, 2019</b>				
Cash held at trustee	\$ 347,084	\$ 347,084	\$ -	N/A
Government securities				
money market funds	3,192,875	3,192,875	-	Aaa-mf/AAAm
	<u>\$ 3,539,959</u>	<u>\$ 3,539,959</u>	<u>\$ -</u>	

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 2: Deposits, Investments and Investment Income - Continued

#### *Investments - Continued*

**Interest Rate Risk** - As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy requires that market conditions and investment securities be monitored to determine the maximum yield that can be obtained while minimizing the impact of rising interest rates. The government securities money market funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

**Credit Risk** - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to limit its investments in municipal bonds to the top two ratings issued by nationally recognized statistical rating authorities.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

**Concentration of Credit Risk** - The Authority's investment policy places no limit on the amount that may be invested in any one issuer. At June 30, 2020 and 2019, \$3,013,294 and \$3,192,875, respectively, of the money market funds are held with one financial depository. In addition, all of the Authority's cash held at trustee at June 30, 2019, was held with this financial depository. This financial depository also serves as the Trustee or Paying Agent for all of the Authority's bonded debt.

#### **Summary of Carrying Values**

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2020</u>	<u>2019</u>
Deposits	\$ 18,228,795	\$ 13,229,908
Investments	<u>3,013,294</u>	<u>3,539,959</u>
	<u>\$ 21,242,089</u>	<u>\$ 16,769,867</u>

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 2: Deposits, Investments and Investment Income - Continued

#### *Summary of Carrying Values - Continued*

Included in the following balance sheet captions:

	2020	2019
Current assets		
Operations and maintenance fund	\$ (138,295)	\$ (3,939)
Employee pay flex	1,868	1,813
Revenue fund	3,707,149	2,114,367
Airport parking fund	1,083,850	1,407,583
Capital improvement fund	3,218,526	3,017,730
Cash reserve fund	6,314,274	6,208,140
Airport CNG station fund	1,447	1,729
Offutt relocation fund	4,039,976	482,485
Total cash and cash equivalents	18,228,795	13,229,908
Restricted cash and cash equivalents		
Airport bond funds	3,013,294	3,539,959
Total restricted cash and cash equivalents	3,013,294	3,539,959
	\$ 21,242,089	\$ 16,769,867

Funds in the capital improvement fund are a result of monies transferred from the revenue fund and the airport parking account, which are to be used for improvements, extensions, betterments, renewals and replacements, payment of principal and interest on any subordinate indebtedness, purchase or redemption of bonds or for any other lawful purpose. The Authority has established a cash reserve fund for the purpose of self-insurance on losses on property damages not covered by insurance and environmental protection costs. Funds in the airport bond funds are to be applied solely for the purpose of paying the principal and interest on bonds when due.

#### **Investment Income**

Investment income was \$222,578 and \$210,760 for the years ended June 30, 2020 and 2019, respectively, and was comprised entirely of interest income.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The Authority's investments in government securities money market funds are carried at amortized cost, and thus are not included within the fair value hierarchy.

### Note 4: Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was:

	2020				Ending Balance
	Beginning Balance	Additions	Less Retirements	Transfers	
Land	\$ 2,350,187	\$ -	\$ -	\$ -	\$ 2,350,187
Buildings	173,149,075	-	-	2,927,057	176,076,132
Furniture and equipment	10,182,270	-	-	1,250,827	11,433,097
Runways	71,489,382	-	-	20,532	71,509,914
Construction in progress	5,723,546	28,982,053	-	(4,198,416)	30,507,183
	<u>262,894,460</u>	<u>28,982,053</u>	<u>-</u>	<u>-</u>	<u>291,876,513</u>
Less accumulated depreciation					
Buildings	100,225,265	4,953,884	-	-	105,179,149
Furniture and equipment	8,729,002	385,314	-	-	9,114,316
Runways	58,394,650	1,118,186	-	-	59,512,836
	<u>167,348,917</u>	<u>6,457,384</u>	<u>-</u>	<u>-</u>	<u>173,806,301</u>
Capital assets, net	<u>\$ 95,545,543</u>	<u>\$ 22,524,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,070,212</u>

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 4: Capital Assets - Continued

	2019				Ending Balance
	Beginning Balance	Additions	Less Retirements	Transfers	
Land	\$ 2,350,187	\$ -	\$ -	\$ -	\$ 2,350,187
Buildings	172,944,620	-	-	204,455	173,149,075
Furniture and equipment	9,791,217	-	11,718	402,771	10,182,270
Runways	71,389,998	-	-	99,384	71,489,382
Construction in progress	2,826,993	3,603,163	-	(706,610)	5,723,546
	<u>259,303,015</u>	<u>3,603,163</u>	<u>11,718</u>	<u>-</u>	<u>262,894,460</u>
Less accumulated depreciation					
Buildings	95,239,394	4,985,871	-	-	100,225,265
Furniture and equipment	8,407,361	333,359	11,718	-	8,729,002
Runways	57,244,343	1,150,307	-	-	58,394,650
	<u>160,891,098</u>	<u>6,469,537</u>	<u>11,718</u>	<u>-</u>	<u>167,348,917</u>
Capital assets, net	<u>\$ 98,411,917</u>	<u>\$ (2,866,374)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,545,543</u>

### Note 5: Long-Term Liabilities

The following is a summary of the terms and provisions of the Authority's long-term debt outstanding at June 30, 2020:

Type of Debt	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2020	Outstanding at June 30, 2019
Airport Bonds						
Series 2010	July 2019	1.25% - 3.80%	\$ 2,435,000	July 2015	\$ -	\$ 230,000
Series 2011A	July 2031	0.55% - 4.00%	1,150,000	Sept. 2016	-	795,000
Series 2012A	July 2042	0.30% - 4.00%	4,200,000	July 2017	-	3,600,000
Series 2013A	July 2033	0.75% - 4.00%	1,265,000	July 2018	-	935,000
Series 2013B	July 2029	0.75% - 3.75%	1,440,000	July 2018	-	1,040,000
Series 2014C	July 2029	2.00% - 3.00%	3,055,000	December 2019	-	2,305,000
Series 2014D	July 2029	2.90% - 4.00%	1,020,000	December 2019	-	815,000
Series 2015A	July 2045	2.00% - 5.00%	10,285,000	July 2025	9,690,000	9,920,000
Series 2015B	July 2045	0.98% - 4.63%	14,010,000	July 2025	12,185,000	12,660,000
Series 2015C	July 2025	3.35%	505,000	Not Callable	505,000	505,000
Series 2016A	July 2033	1.04% - 3.57%	19,375,000	July 2026	16,240,000	17,240,000
Series 2019A	July 2036	4.00%	7,025,000	December 2029	7,025,000	-
Series 2019B	July 2029	1.95% - 2.55%	730,000	Not Callable	730,000	-
					<u>\$ 46,375,000</u>	<u>\$ 50,045,000</u>

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 5: Long-Term Liabilities - Continued

The following is a summary of long-term liability transactions for the Authority for the year ended June 30, 2020:

	2020				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Airport bonds	\$ 50,045,000	\$ 7,755,000	\$ 11,425,000	\$ 46,375,000	\$ 2,010,000
Issuance premium	425,405	992,450	50,667	1,367,188	-
	50,470,405	8,747,450	11,475,667	47,742,188	2,010,000
Compensated absences	636,361	296,178	238,676	693,863	278,000
Unearned revenue	3,538,780	727,429	1,046,547	3,219,662	1,029,579
<b>Total long-term liabilities</b>	<b>\$ 54,645,546</b>	<b>\$ 9,771,057</b>	<b>\$ 12,760,890</b>	<b>\$ 51,655,713</b>	<b>\$ 3,317,579</b>

The following is a summary of long-term liability transactions for the Authority for the year ended June 30, 2019:

	2019				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Airport bonds	\$ 52,500,000	\$ -	\$ 2,455,000	\$ 50,045,000	\$ 2,485,000
Issuance premium	441,508	-	16,103	425,405	-
	52,941,508	-	2,471,103	50,470,405	2,485,000
Compensated absences	622,080	314,663	300,382	636,361	255,000
Unearned revenue	3,279,589	573,840	314,649	3,538,780	1,162,428
<b>Total long-term liabilities</b>	<b>\$ 56,843,177</b>	<b>\$ 888,503</b>	<b>\$ 3,086,134</b>	<b>\$ 54,645,546</b>	<b>\$ 3,902,428</b>

The basic resolutions authorizing the issuance of all the Airport Bonds require compliance with certain covenants and debt service coverage ratios. Management believes the Authority is in compliance with these requirements. The bonds are not general obligations of the City of Lincoln, Nebraska, but are general obligations of the Authority. The bonds are secured by a pledge of all revenues and income derived by the Authority directly or indirectly from the ownership, use, and operation of the Airport. The total principal and interest remaining to be paid on the bonds is \$63,756,566 with annual payments expected to require approximately 23 percent of net revenues. Principal and interest for the current year and net operating revenues were \$4,115,098 and \$15,581,362, respectively.



# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### Note 5: Long-Term Liabilities - Continued

During the 2020 fiscal year, the Authority issued \$7,025,000 of tax-exempt Series 2019A Airport Bonds and \$730,000 of taxable Series 2019B Airport Bonds. The proceeds from these bonds, along with certain existing Authority funds, were used to redeem \$745,000 of Series 2011A Airport Bonds, \$3,495,000 of Series 2012A Airport Bonds, \$870,000 of Series 2013A Airport Bonds, \$960,000 of Series 2013B Airport Bonds, \$2,115,000 of Series 2014C Airport Bonds, and \$755,000 of Series 2014D Airport Bonds, all of which were available to be called during the fiscal year. The redemption resulted in a combined cash flow savings of approximately \$1,440,000 and a net present value savings of approximately \$970,000.

The debt service requirements at June 30, 2020 are as follows:

Year Ending June 30, 2020	Total to be Paid	Principal	Interest
2021	\$ 3,601,640	\$ 2,010,000	\$ 1,591,640
2022	3,884,207	2,345,000	1,539,207
2023	3,881,351	2,405,000	1,476,351
2024	3,867,744	2,460,000	1,407,744
2025	3,874,342	2,540,000	1,334,342
2026-2030	19,440,046	14,165,000	5,275,046
2031-2035	14,693,718	11,835,000	2,858,718
2036-2040	5,390,989	4,085,000	1,305,989
2041-2045	4,275,104	3,700,000	575,104
2046	847,424	830,000	17,424
	<u>\$ 63,756,565</u>	<u>\$ 46,375,000</u>	<u>\$ 17,381,565</u>

### Note 6: Retirement Plans

The Authority has a 414(h) retirement plan commonly known as a governmental money purchase pension plan. Under this plan, employees are required to contribute 6% of their annual compensation and the Authority contributes 12% of each participant's annual compensation to the plan. For employees hired after August 1, 2009, the Authority will contribute 6% of the participant's annual compensation to the plan. Employees' contributions to the plan were approximately \$185,000 and \$173,000 for 2020 and 2019, respectively. Contributions to the plan by the Authority were approximately \$263,000 and \$260,000 for 2020 and 2019, respectively. No forfeitures were used to offset Authority contributions during 2020 and 2019. The Plan has a 10 year vesting schedule for Authority contributions.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2020 and 2019

### **Note 6: Retirement Plans - Continued**

The Authority also offers employees a deferred compensation plan created in accordance with provisions in IRS Section 457. The deferred compensation plan allows employees to defer a portion of current salary to future years, but the deferred balance is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation under the plan and income attributed to such amounts are placed in a trust which is not under the Authority's custody. Therefore, assets and liabilities related to the deferred compensation plan are not included in the basic financial statements.

### **Note 7: Leases**

Substantially all of the Authority's revenues from the terminal, fixed base and industrial park are derived pursuant to lease agreements. The terms of the various leases provide for fixed rentals or rentals contingent upon revenues, with or without a fixed minimum, for the term of the lease. There are also leases that are maintained on a month-to-month basis.

A schedule of approximate minimum future rentals from noncancellable operating leases in each of the five years subsequent to June 30, 2020, is as follows:

2021	\$ 10,763,710
2022	9,004,725
2023	7,361,736
2024	6,698,646
2025	5,962,081

### **Note 8: Commitments**

The Authority participates in federally assisted grant programs related to airport specific and other capital improvements. Federal financial assistance programs are subject to financial and compliance audits. There are no expenditures which were disallowed and no instances of noncompliance considered material to the financial statements at this time.

The Authority has commitments under major construction contracts of approximately \$12,700,000 at June 30, 2020, which are expected to be funded through federal grants or by the use of bond proceeds.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements

June 30, 2020 and 2019

### **Note 9: Offutt Relocation Project**

In April 2019, the Authority entered into an Intergovernmental Support Agreement with the United States of America, acting by and through the Secretary of the Air Force (Air Force), whereby the Air Force will utilize Authority property and facilities during the repair, restoration and modernization of the runway at Offutt Air Force Base. In connection with the Agreement, certain facility additions and other improvements will be made to Authority property to facilitate this temporary relocation. All costs of these additions and improvements will be paid for by the Air Force. Total project costs are estimated to be approximately \$32.5 million, and expected to be incurred through the Authority's fiscal year ended June 30, 2022. The Authority is responsible for the contracting and monitoring of any projects related to the Agreement, and will receive a service provider fee from the Air Force equal to 15% of the total cost of the projects and other services provided to the Air Force. Two percent of this service provider fee was paid to the Authority upon execution of the Agreement, with the remaining 13% to be paid as project costs are invoiced. The initial service provider fee remittance is included in unearned revenue at June 30, 2020 and 2019, and will be recognized as revenue by the Authority in future reporting periods as additional project costs are incurred. Additionally, at June 30, 2020 and 2019, the Authority has recorded a receivable of approximately \$2,816,000 and \$976,000, respectively, from the Air Force for project costs incurred.

### **Note 10: Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illness; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from matters relating to theft of, damage to and destruction of assets and natural disasters, errors and omissions and employee injuries and illness. Settled claims did not exceed the commercial coverage in any of the three preceding years. The Authority is self-insured for claims for theft, damage to and destruction of assets and natural disasters up to \$50,000 per occurrence. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Management of the Authority believes no liability accrual was required at June 30, 2020 and 2019.

### **Note 11: Significant Estimates and Concentrations**

#### ***Revenue Concentration***

Revenues from one tenant comprised approximately 12% and 13% of total operating revenues for the years ended June 30, 2020 and 2019, respectively.

# **Airport Authority of the City of Lincoln, Nebraska**

## **Notes to Financial Statements**

**June 30, 2020 and 2019**

### **Note 12: COVID-19**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Authority. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time. The Authority has been awarded a grant for approximately \$5.6 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to help mitigate the negative impacts related to these economic uncertainties. The Authority recognized approximately \$2.4 million of nonoperating revenue related to this grant during fiscal year 2020. The Authority anticipates recognizing the remaining portion of the grant during fiscal year 2021, when the grant funds can be used by the Authority to offset eligible expenditures.

## **Supplementary Information**

# Airport Authority of the City of Lincoln, Nebraska

## Schedule of Cash and Investments and Changes in Account Balances (Cash Basis) Year Ended June 30, 2020

	Total	Airport Bonds Series 2010	Airport Bonds Series 2011A	Airport Bonds Series 2012A	Airport Bonds Series 2013A	Airport Bonds Series 2013B	Airport Bonds Series 2014C
Account Balance, Beginning of Year	\$ 16,769,867	\$ 235,927	\$ 63,611	\$ 168,728	\$ 81,094	\$ 97,263	\$ 220,088
Receipts							
Operations	16,444,002	-	-	-	-	-	-
Interest	222,578	303	179	673	300	365	515
Other	130,934	-	-	-	-	-	-
Offut relocation	20,812,128	-	-	-	-	-	-
Grants	5,737,126	-	-	-	-	-	-
Total Receipts	<u>43,346,768</u>	<u>303</u>	<u>179</u>	<u>673</u>	<u>300</u>	<u>365</u>	<u>515</u>
Disbursements							
Operations and maintenance	9,818,339	-	-	-	-	-	-
Property and equipment acquisition	24,651,447	-	-	-	-	-	-
Retirement of long-term debt	2,485,000	230,000	50,000	105,000	65,000	80,000	190,000
Interest	1,630,098	4,370	25,820	123,806	30,205	32,128	54,588
Other	289,662	1,860	27,846	53,725	33,067	43,184	-
Total Disbursements	<u>38,874,546</u>	<u>236,230</u>	<u>103,666</u>	<u>282,531</u>	<u>128,272</u>	<u>155,312</u>	<u>244,588</u>
Transfers, net	<u>-</u>	<u>-</u>	<u>39,876</u>	<u>113,130</u>	<u>46,878</u>	<u>57,684</u>	<u>23,985</u>
Account Balance, End of Year	<u>\$ 21,242,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Represented by							
Current Assets							
Cash and cash equivalents	<u>\$ 18,228,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>18,228,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets							
Cash and cash equivalents	<u>3,013,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>3,013,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,242,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# Airport Authority of the City of Lincoln, Nebraska

## Schedule of Cash and Investments and Changes in Account Balances (Cash Basis) - Continued Year Ended June 30, 2020

	Airport Bonds Series 2014D	Airport Bonds Series 2015A	Airport Bonds Series 2015B	Airport Bonds Series 2015C	Airport Bonds Series 2016A	Airport Bonds Series 2019A	Airport Bonds Series 2019B
Account Balance, Beginning of Year	\$ 75,210	\$ 414,164	\$ 724,272	\$ 212,486	\$ 1,247,116	\$ -	\$ -
Receipts							
Operations	-	-	-	-	-	-	-
Interest	182	1,534	2,679	1,940	5,614	236	63
Other	-	-	-	-	-	-	-
Offut relocation	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-
Total Receipts	<u>182</u>	<u>1,534</u>	<u>2,679</u>	<u>1,940</u>	<u>5,614</u>	<u>236</u>	<u>63</u>
Disbursements							
Operations and maintenance	-	-	-	-	-	-	-
Property and equipment acquisition	-	-	-	-	-	-	-
Retirement of long-term debt	60,000	230,000	475,000	-	1,000,000	-	-
Interest	28,565	360,732	484,203	16,917	468,764	-	-
Other	-	-	-	-	-	-	-
Total Disbursements	<u>88,565</u>	<u>590,732</u>	<u>959,203</u>	<u>16,917</u>	<u>1,468,764</u>	<u>-</u>	<u>-</u>
Transfers, net	<u>13,173</u>	<u>585,269</u>	<u>963,625</u>	<u>-</u>	<u>1,465,585</u>	<u>381,370</u>	<u>42,957</u>
Account Balance, End of Year	<u>\$ -</u>	<u>\$ 410,235</u>	<u>\$ 731,373</u>	<u>\$ 197,509</u>	<u>\$ 1,249,551</u>	<u>\$ 381,606</u>	<u>\$ 43,020</u>
Represented by							
Current Assets							
Cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets							
Cash and cash equivalents	<u>-</u>	<u>410,235</u>	<u>731,373</u>	<u>197,509</u>	<u>1,249,551</u>	<u>381,606</u>	<u>43,020</u>
-	<u>-</u>	<u>410,235</u>	<u>731,373</u>	<u>197,509</u>	<u>1,249,551</u>	<u>381,606</u>	<u>43,020</u>
	<u>\$ -</u>	<u>\$ 410,235</u>	<u>\$ 731,373</u>	<u>\$ 197,509</u>	<u>\$ 1,249,551</u>	<u>\$ 381,606</u>	<u>\$ 43,020</u>

# Airport Authority of the City of Lincoln, Nebraska

## Schedule of Cash and Investments and Changes in Account Balances (Cash Basis) - Continued Year Ended June 30, 2020

	Operations and Maintenance Fund	Revenue Fund	Airport CNG Station Fund	Capital Improvement Fund	Airport Parking Fund	Cash Reserve Fund	Airport Comp Flex Fund	Offutt Relocation Fund
Account Balance, Beginning of Year	\$ (3,939)	\$ 2,114,367	\$ 1,729	\$ 3,017,730	\$ 1,407,583	\$ 6,208,140	\$ 1,813	\$ 482,485
Receipts								
Operations	-	15,326,054	-	-	1,117,948	-	-	-
Interest	-	396	-	69,271	89	106,134	55	32,050
Other	-	130,934	-	-	-	-	-	-
Offut relocation	-	-	-	-	-	-	-	20,812,128
Grants	-	-	-	5,737,126	-	-	-	-
Total Receipts	<u>-</u>	<u>15,457,384</u>	<u>-</u>	<u>5,806,397</u>	<u>1,118,037</u>	<u>106,134</u>	<u>55</u>	<u>20,844,178</u>
Disbursements								
Operations and maintenance	9,818,339	-	-	-	-	-	-	-
Property and equipment acquisition	-	-	-	7,364,760	-	-	-	17,286,687
Retirement of long-term debt	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	129,980	-	-	-	-	-	-
Total Disbursements	<u>9,818,339</u>	<u>129,980</u>	<u>-</u>	<u>7,364,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,286,687</u>
Transfers, net	<u>9,683,983</u>	<u>(13,734,622)</u>	<u>(282)</u>	<u>1,759,159</u>	<u>(1,441,770)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Account Balance, End of Year	<u>\$ (138,295)</u>	<u>\$ 3,707,149</u>	<u>\$ 1,447</u>	<u>\$ 3,218,526</u>	<u>\$ 1,083,850</u>	<u>\$ 6,314,274</u>	<u>\$ 1,868</u>	<u>\$ 4,039,976</u>
Represented by								
Current Assets								
Cash and cash equivalents	<u>\$ (138,295)</u>	<u>\$ 3,707,149</u>	<u>\$ 1,447</u>	<u>\$ 3,218,526</u>	<u>\$ 1,083,850</u>	<u>\$ 6,314,274</u>	<u>\$ 1,868</u>	<u>\$ 4,039,976</u>
	<u>(138,295)</u>	<u>3,707,149</u>	<u>1,447</u>	<u>3,218,526</u>	<u>1,083,850</u>	<u>6,314,274</u>	<u>1,868</u>	<u>4,039,976</u>
Restricted Assets								
Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (138,295)</u>	<u>\$ 3,707,149</u>	<u>\$ 1,447</u>	<u>\$ 3,218,526</u>	<u>\$ 1,083,850</u>	<u>\$ 6,314,274</u>	<u>\$ 1,868</u>	<u>\$ 4,039,976</u>



**Airport Authority of the City of  
Lincoln, Nebraska  
Schedule of Operating Revenues  
Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>
<b>Landing Field</b>			
Landing Fees			
Delta Airlines	\$ 135,780	\$ 160,946	\$ (25,166)
United Airlines	211,277	250,616	(39,339)
Flowage Fees			
Duncan Aviation	38,392	40,894	(2,502)
Silverhawk Aviation	78,547	68,567	9,980
Corporate	-	1,353	(1,353)
Other	73,350	72,049	1,301
	<u>537,346</u>	<u>594,425</u>	<u>(57,079)</u>
<b>Terminal</b>			
Airline Rentals			
Delta Airlines	344,766	340,885	3,881
United Airlines	443,936	429,077	14,859
Land Transportation Facilities			
Avis Rent A Car	175,457	178,163	(2,706)
Budget Rent A Car	38,960	42,471	(3,511)
Enterprise Rent-A-Car	184,739	133,885	50,854
The Hertz Corporation	152,652	160,364	(7,712)
National Car Rental System	151,315	162,304	(10,989)
Cab companies	1,250	1,700	(450)
Concessions			
Air Host	1,875	-	1,875
Standard Parking	1,117,948	1,442,542	(324,594)
Interspace	20,192	23,333	(3,141)
Utility surcharges	117,883	138,668	(20,785)
Air Freight terminal	32,400	32,400	-
Passenger facility charges	494,378	666,212	(171,834)
Other	113,287	107,877	5,410
	<u>3,391,038</u>	<u>3,859,881</u>	<u>(468,843)</u>

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Schedule of Operating Revenues - Continued**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>
<b>General Aviation</b>			
U.S. Government	\$ 158,282	\$ 158,023	\$ 259
State of Nebraska	115,269	114,098	1,171
Duncan Aviation, Inc., shop hangar	945,212	912,102	33,110
Silverhawk Aviation	167,740	181,322	(13,582)
Hill Aero	59,624	57,787	1,837
Executive T-Hangar	247,520	247,329	191
Other T-Hangars	595,869	606,852	(10,983)
Other	14,925	54,442	(39,517)
Total general aviation	<u>2,304,441</u>	<u>2,331,955</u>	<u>(27,514)</u>
<b>LNK Enterprise Park</b>			
LNK Enterprise Park	8,439,662	7,692,366	747,296
Storage annex	116,285	107,840	8,445
Enterprise Park aviation	485,354	536,716	(51,362)
Other	51,255	73,657	(22,402)
Total LNK Enterprise Park	<u>9,092,556</u>	<u>8,410,579</u>	<u>681,977</u>
<b>Air Park South</b>			
Lincoln Air Park South	<u>255,981</u>	<u>217,671</u>	<u>38,310</u>
Total operating revenues	<u>\$ 15,581,362</u>	<u>\$ 15,414,511</u>	<u>\$ 166,851</u>

**Airport Authority of the City of  
Lincoln, Nebraska  
Schedule of Direct Operating Expenses  
Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>
<b>Landing Field</b>			
Salaries	\$ 558,600	\$ 510,120	\$ 48,480
Employee benefits	205,540	182,292	23,248
Repairs and maintenance	359,820	291,207	68,613
Contracted services	141,637	205,174	(63,537)
Utilities	66,223	74,596	(8,373)
Insurance	48,791	46,160	2,631
Professional services	5,016	5,139	(123)
Other	2,772	4,569	(1,797)
	<u>1,388,399</u>	<u>1,319,257</u>	<u>69,142</u>
<b>Total landing field</b>			
<b>Terminal</b>			
Salaries	1,371,392	519,549	851,843
Employee benefits	460,835	178,319	282,516
Repairs and maintenance	121,464	138,523	(17,059)
Contracted services	284,481	283,363	1,118
Utilities	360,193	377,419	(17,226)
Insurance	95,609	102,222	(6,613)
Professional services	268,026	264,339	3,687
Interest expense	75,324	76,336	(1,012)
Other	36,408	105,000	(68,592)
	<u>3,073,732</u>	<u>2,045,070</u>	<u>1,028,662</u>
<b>Total terminal</b>			
<b>General Aviation</b>			
Salaries	67,539	56,108	11,431
Employee benefits	29,273	24,780	4,493
Repairs and maintenance	12,771	12,553	218
Contracted services	44,455	37,699	6,756
Utilities	44,474	55,507	(11,033)
Insurance	55,779	56,926	(1,147)
Professional services	5,708	6,193	(485)
Interest expense	140,054	173,128	(33,074)
	<u>400,053</u>	<u>422,894</u>	<u>(22,841)</u>
<b>Total general aviation</b>			

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Schedule of Direct Operating Expenses - Continued**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>
<b>LNK Enterprise Park</b>			
Salaries	\$ 349,177	\$ 349,419	\$ (242)
Employee benefits	177,353	174,655	2,698
Repairs and maintenance	30,287	44,941	(14,654)
Contracted services	117,449	108,015	9,434
Utilities	119,016	148,123	(29,107)
Insurance	234,116	242,061	(7,945)
Professional services	7,766	10,196	(2,430)
Bond issuance costs	97,112	-	97,112
Interest expense	1,402,664	1,448,535	(45,871)
Bad debt expense	-	8,128	(8,128)
	<u>2,534,940</u>	<u>2,534,073</u>	<u>867</u>
<b>Air Park South</b>			
Salaries	22,145	18,964	3,181
Employee benefits	7,048	6,041	1,007
Repairs and maintenance	6,694	8,648	(1,954)
Contracted services	5,424	5,651	(227)
Utilities	15,643	18,405	(2,762)
Insurance	3,008	3,069	(61)
	<u>59,962</u>	<u>60,778</u>	<u>(816)</u>
	<u>7,457,086</u>	<u>6,382,072</u>	<u>1,075,014</u>
<b>Depreciation Expense</b>			
Landing field	1,474,402	1,542,802	(68,400)
Terminal	461,954	454,240	7,714
General aviation	539,655	551,164	(11,509)
LNK Enterprise Park	3,489,335	3,479,369	9,966
Lincoln Air Park South	40,201	40,201	-
	<u>6,005,547</u>	<u>6,067,776</u>	<u>(62,229)</u>
<b>Total Direct Operating Expenses</b>	<u>\$ 13,462,633</u>	<u>\$ 12,449,848</u>	<u>\$ 1,012,785</u>

**Airport Authority of the City of  
Lincoln, Nebraska  
Schedule of Indirect Operating Expenses  
Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>	<b>Increase (Decrease)</b>
<b>Public Safety</b>			
Salaries	\$ 243,481	\$ 1,036,563	\$ (793,082)
Employee benefits	161,629	405,811	(244,182)
Repairs and maintenance	49,545	85,220	(35,675)
Contracted services	17,010	23,066	(6,056)
Utilities	4,928	5,824	(896)
Insurance	38,281	41,592	(3,311)
Professional services	75,066	74,548	518
Other	16,488	20,991	(4,503)
Total public safety	<u>606,428</u>	<u>1,693,615</u>	<u>(1,087,187)</u>
<b>Service Equipment</b>			
Salaries	170,788	131,236	39,552
Employee benefits	76,913	60,209	16,704
Repairs and maintenance	182,747	134,714	48,033
Contracted services	2,435	9,121	(6,686)
Utilities	85,814	118,712	(32,898)
Insurance	51,420	61,965	(10,545)
Total service equipment	<u>570,117</u>	<u>515,957</u>	<u>54,160</u>
<b>General and Administrative</b>			
Salaries	790,085	746,981	43,104
Employee benefits	405,903	399,581	6,322
Repairs and maintenance	33,297	30,579	2,718
Contracted services	8,766	8,577	189
Utilities	51,780	59,335	(7,555)
Insurance	45,760	48,163	(2,403)
Professional services	1,075,237	865,046	210,191
Other	141,442	143,110	(1,668)
Total general and administrative	<u>2,552,270</u>	<u>2,301,372</u>	<u>250,898</u>
<b>Depreciation Expense</b>			
Service equipment	298,706	260,641	38,065
General and administrative	151,732	139,721	12,011
Public safety	1,399	1,399	-
Total depreciation expense	<u>451,837</u>	<u>401,761</u>	<u>50,076</u>
<b>Total Indirect Operating Expenses</b>	<u><u>\$ 4,180,652</u></u>	<u><u>\$ 4,912,705</u></u>	<u><u>\$ (732,053)</u></u>

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Schedule of Expenses by Natural Classification**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>	<b>Increase (Decrease)</b>
<b>Expenses</b>			
Salaries	\$ 3,573,207	\$ 3,368,940	\$ 204,267
Employee benefits	1,524,494	1,431,688	92,806
Repairs and maintenance	796,625	746,385	50,240
Contracted services	621,657	680,666	(59,009)
Utilities	748,071	857,921	(109,850)
Insurance	572,764	602,158	(29,394)
Professional services	1,436,819	1,225,461	211,358
Interest expense	1,618,042	1,697,999	(79,957)
Bad debt expense	-	8,128	(8,128)
Other	197,110	273,670	(76,560)
Bond issuance costs	97,112	-	97,112
Depreciation expense	6,457,384	6,469,537	(12,153)
	<u>6,457,384</u>	<u>6,469,537</u>	<u>(12,153)</u>
<b>Total Expenses</b>	<u>\$ 17,643,285</u>	<u>\$ 17,362,553</u>	<u>\$ 280,732</u>