

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

Independent Auditor's Reports and Financial Statements

June 30, 2021 and 2020



**Airport Authority of the City of  
Lincoln, Nebraska  
June 30, 2021 and 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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  
November 9, 2021

## **Management's Discussion and Analysis June 30, 2021 and 2020**

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, 2021 and 2020, with selected comparative information for the fiscal year ended June 30, 2019. 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	
	2020	2019	2018	2020/2019	2019/2018
Enplaned passengers	103,152	164,998	147,971	-37.48%	11.51%
Aircraft operations					
Air carrier	3,822	8,531	7,533	-55.20%	13.25%
Air taxi	6,833	6,249	6,081	9.35%	2.76%
General aviation	37,129	34,784	35,518	6.74%	-2.07%
Military	11,429	12,850	11,843	-11.06%	8.50%
Total operations	59,213	62,414	60,975	-5.13%	2.36%

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 2020 saw a 37% decrease in passenger numbers from 2019, due to the COVID-19 pandemic, which began drastically affecting passenger traffic in late March 2020. Passenger traffic rebounded somewhat later in 2020, but really started to return in the 2<sup>nd</sup> quarter of 2021. Passenger numbers through August 2021 are 282% higher than for the same time period in 2020, but are 34% below 2019 passenger numbers. LAA officials continue to work with consultants and the airlines to stabilize fares and attract new air service to Lincoln.

Lincoln is served by two air carriers providing daily service. United Airlines provides three to four flights per day to Chicago and two to four flights per day to Denver subject to seasonal adjustments. Delta/Skywest provides two to three flights per day to Minneapolis. Pre-pandemic, Delta provided one flight, five to six days per week to Atlanta, but that flight has not yet returned. 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>2021</b>	<b>2020</b>	<b>2019</b>
Landing fee (per 1,000 lbs.)	\$ 2.40	\$ 2.40	\$ 2.35
Terminal lease rates			
Finished space (per year)	\$38.30/sq. ft.	\$38.30/sq. ft.	\$37.55/sq. ft.
Unfinished space (per year)	\$29.36/sq. ft.	\$29.36/sq. ft.	\$28.78/sq. ft.
Loading bridge fees (per month)	\$ 1,070.00	\$ 1,070.00	\$ 1,050.00

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 \$222,000 for 2021 and \$268,000 for 2020. The operation of such parking facilities generated annual gross receipts of approximately \$355,000 and \$1,120,000 in 2021 and 2020, 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 decreased by 43% in 2021, from \$703,123 in fiscal year 2020 to \$398,394 in fiscal year 2021.

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 adversely affected Tailwind’s operation. The Authority has waived the Minimum Annual Guarantee during the pandemic until conditions improve.

General aviation revenue has continued to remain stable in the current year despite the ongoing pandemic. In April 2021, Silverhawk Aviation (previously a fixed-based operator) sold part of its operation to Ross Aviation. Silverhawk continues to operate charters and is now considered to be a specialized aviation service operation (SASO). Ross Aviation took over the fixed-based operator aspects of the business. In addition, Performance Aircraft continues to operate a flight school and conduct aircraft sales.

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 13%) per year of the industrial complex income, which totaled approximately \$9,800,000 in 2021, up from \$9,100,000 in 2020, an increase of 8%.

Overall development activity in the industrial complex has slowed somewhat in recent years as several projects have been completed. 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.

Some of the other entities leasing space from the Authority include Duncan Aviation, 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 2021, 2020 and 2019 fiscal years. The Authority does not anticipate other major vacancies in the near future. Approximately 97% of the leasable space in the Enterprise Park is leased as of October 2021.

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 experienced significant revenue loss in several revenue line items in the Terminal area due to the decrease in passengers during the pandemic and does continue to experience some moderate revenue loss, the receipt of funds through the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, and the Airport Coronavirus Response Grant Program, as well as the American Rescue Plan Act of 2021 (ARPA), 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, 2021, 2020 and 2019 and its activities for the years then ended:

**Condensed Balance Sheets**

	<b>June 30</b>			<b>Variance</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2021 / 2020</b>		<b>2020 / 2019</b>	
				<b>Dollars</b>	<b>Percent</b>	<b>Dollars</b>	<b>Percent</b>
Current assets	\$ 21,667,232	\$ 24,416,293	\$ 16,303,172	\$ (2,749,061)	-11.26%	\$ 8,113,121	49.76%
Capital assets	121,867,094	118,070,212	95,545,543	3,796,882	3.22%	22,524,669	23.57%
Restricted cash and cash equivalents	3,301,576	3,013,294	3,539,959	288,282	9.57%	(526,665)	-14.88%
Deferred loss on bond refunding	700,888	759,295	817,702	(58,407)	-7.69%	(58,407)	-7.14%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 147,536,790</b>	<b>\$ 146,259,094</b>	<b>\$ 116,206,376</b>	<b>\$ 1,277,696</b>	<b>0.87%</b>	<b>\$ 30,052,718</b>	<b>25.86%</b>
Current liabilities	\$ 7,118,010	\$ 9,870,244	\$ 6,326,976	\$ (2,752,234)	-27.88%	\$ 3,543,268	56.00%
Noncurrent liabilities	45,770,508	48,338,134	50,743,118	(2,567,626)	-5.31%	(2,404,984)	-4.74%
<b>Total liabilities</b>	<b>52,888,518</b>	<b>58,208,378</b>	<b>57,070,094</b>	<b>(5,319,860)</b>	<b>-9.14%</b>	<b>1,138,284</b>	<b>1.99%</b>
Net investment in capital assets	74,664,539	65,716,193	44,852,320	8,948,346	13.62%	20,863,873	46.52%
Restricted for debt service	2,516,373	2,205,242	2,712,111	311,131	14.11%	(506,869)	-18.69%
Unrestricted	17,467,360	20,129,281	11,571,851	(2,661,921)	-13.22%	8,557,430	73.95%
<b>Total liabilities and net position</b>	<b>\$ 147,536,790</b>	<b>\$ 146,259,094</b>	<b>\$ 116,206,376</b>	<b>\$ 1,277,696</b>	<b>0.87%</b>	<b>\$ 30,052,718</b>	<b>25.86%</b>

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

	<b>Year Ended June 30</b>			<b>Variance</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2021 / 2020</b>		<b>2020 / 2019</b>	
				<b>Dollars</b>	<b>Percent</b>	<b>Dollars</b>	<b>Percent</b>
Operating revenue							
Airport revenue	\$ 14,405,165	\$ 15,581,362	\$ 15,414,511	\$ (1,176,197)	-7.55%	\$ 166,851	1.08%
<b>Total operating revenue</b>	<b>14,405,165</b>	<b>15,581,362</b>	<b>15,414,511</b>	<b>(1,176,197)</b>	<b>-7.55%</b>	<b>166,851</b>	<b>1.08%</b>
Operating expenses							
Direct operating expenses	13,929,366	13,462,335	12,449,848	467,031	3.47%	1,012,487	8.13%
Indirect operating expenses	3,969,917	4,180,950	4,912,705	(211,033)	-5.05%	(731,755)	-14.90%
<b>Total operating expenses</b>	<b>17,899,283</b>	<b>17,643,285</b>	<b>17,362,553</b>	<b>255,998</b>	<b>1.45%</b>	<b>280,732</b>	<b>1.62%</b>
Operating loss	(3,494,118)	(2,061,923)	(1,948,042)	(1,432,195)	-69.46%	(113,881)	-5.85%
Net nonoperating revenues	5,705,374	5,625,411	1,422,023	79,963	1.42%	4,203,388	295.59%
Capital grants	4,386,300	25,350,946	1,247,236	(20,964,646)	-82.70%	24,103,710	1932.57%
<b>Change in net position</b>	<b>\$ 6,597,556</b>	<b>\$ 28,914,434</b>	<b>\$ 721,217</b>	<b>\$ (22,316,878)</b>	<b>-77.18%</b>	<b>\$ 28,193,217</b>	<b>3909.12%</b>

The change in net position from 2020 to 2021 decreased \$22,316,878, primarily as a result of a \$20,964,646 decrease in capital grants as several large projects had activity during 2021. In comparing fiscal year 2020 to fiscal year 2021, operating revenues decreased \$1,176,197 or 7.5% and operating expenses increased \$255,998 or 1.5%. 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%.

Normal depreciation was taken on capital assets during fiscal years 2021 and 2020. As of June 30, 2021, the Authority has commitments under construction in the amount of \$53,900,000 as compared to \$12,700,000 at June 30, 2020 and \$6,700,000 at June 30, 2019. The majority of these commitments are being funded by bond proceeds or federal grants.

Landing field revenues are down 37% from 2020. Landing fees from Delta and United are down 93% and 25%, respectively, from 2020. 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. Those rates remained unchanged for calendar year 2021. 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 that fiscal year and into the next.

During 2021, terminal area revenues decreased \$1,530,267 or 45% from 2020 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 \$209,766 and \$494,378 under its PFC program for the 2021 and 2020 fiscal years, respectively. Revenues received from parking at the airport decreased from \$1,117,948 in 2020 to \$355,439 in 2021, also due to the reduction in passenger activity related to the pandemic.

Revenues in the General Aviation area increased slightly from fiscal year 2020 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 2021, due mostly to the leasing of most of the remaining buildings in the park. Also contributing to the increase in LNK Enterprise Park revenues were periodic rental rate adjustments from a variety of tenants.

Federal grant income decreased \$2,021,826, from \$7,610,826 in fiscal year 2020 to \$5,589,000 in fiscal year 2021. The decrease was a result of the substantial completion of the Runway 17/35 overlay and lighting rehabilitation projects during 2021, offset by an increase in grant monies awarded to LAA under the CARES Act and the Airport Coronavirus Response Grant Program.

Revenues and capital contributions from the Offutt relocation project decreased substantially, from \$23,012,019 in fiscal year 2020 to \$4,228,365 in fiscal year 2021. See further discussion of this relocation project in Note 9.

Direct operating expenses increased 4% from fiscal year 2020 to 2021, primarily due to increased productivity as a result of LAA employees returning from pandemic schedules to normal schedules.

In July 2021, the Authority issued \$45,105,000 of tax-exempt Airport Bonds, Series 2021. Including the issuance premium, the Authority received bond proceeds totaling \$56,302,764, which will be used for the purpose of constructing, expanding, modernizing and equipping the airport terminal and the improvement of certain airport access roads. The Series 2021 bonds are due in annual installments, with a final stated maturity of July 1, 2036, and bear interest at rates ranging from 4.0% - 5.0%. Additionally, in June 2021, the Authority's board of directors approved a budget which included a 1.75 cent property tax levy, the proceeds of which will be used to help satisfy the debt service requirements on the Series 2021 bonds. The property tax levy will go into effect in January 2022 and the Authority expects to begin collecting property tax revenues during fiscal year 2022.

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. General Aviation Development
2. Runway 18/36 Rehabilitation Design
3. Terminal Ramp Rehabilitation
4. Runway 18/36 Pavement Rehabilitation
5. Runway 14/32 Pavement and Lighting System Rehabilitation
6. Taxiway Rehabilitation – Asphaltic Pavement Sections
7. Runway 17/35 Sealcoat
8. Aircraft Run-up Pad
9. SRE (Snow Removal Equipment) Storage Building

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, 2021 and 2020

### Assets and Deferred Outflows of Resources

	2021	2020
<b>Current Assets</b>		
Cash and cash equivalents	\$ 18,083,659	\$ 18,228,795
Accounts receivable, net	1,353,397	3,612,424
Grants receivable	1,910,120	2,295,596
Prepaid expenses	320,056	279,478
Total current assets	21,667,232	24,416,293
<b>Restricted Cash and Cash Equivalents</b>	3,301,576	3,013,294
<b>Capital Assets, At Cost, Net of Accumulated Depreciation</b>	121,867,094	118,070,212
Total assets	146,835,902	145,499,799
<b>Deferred Outflows of Resources</b>		
Deferred loss on bond refunding	700,888	759,295
Total assets and deferred outflows of resources	\$ 147,536,790	\$ 146,259,094

### Liabilities and Net Position

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,081,122	\$ 6,022,613
Current maturities of long-term debt	2,345,000	2,010,000
Unearned revenue	906,685	1,029,579
Interest payable	785,203	808,052
Total current liabilities	7,118,010	9,870,244
<b>Noncurrent Liabilities</b>		
Long-term debt	43,311,833	45,732,188
Compensated absences	454,861	415,863
Unearned revenue	2,003,814	2,190,083
Total noncurrent liabilities	45,770,508	48,338,134
Total liabilities	52,888,518	58,208,378
<b>Net Position</b>		
Net investment in capital assets	74,664,539	65,716,193
Restricted for debt service	2,516,373	2,205,242
Unrestricted	17,467,360	20,129,281
Total net position	94,648,272	88,050,716
Total liabilities and net position	\$ 147,536,790	\$ 146,259,094

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues</b>		
Landing field	\$ 340,471	\$ 537,346
Terminal	1,860,771	3,391,038
General aviation	2,313,967	2,303,661
LNK Enterprise Park	9,786,488	9,093,336
Air Park South	<u>103,468</u>	<u>255,981</u>
Total operating revenues	<u>14,405,165</u>	<u>15,581,362</u>
<b>Direct Operating Expenses</b>		
Landing field	1,310,120	1,387,828
Terminal	3,305,817	3,073,434
General aviation	434,255	400,200
LNK Enterprise Park	2,900,422	2,535,315
Air Park South	66,271	60,011
Depreciation	<u>5,912,481</u>	<u>6,005,547</u>
Total direct operating expenses	<u>13,929,366</u>	<u>13,462,335</u>
<b>Operating Income After Direct Expenses</b>	<u>475,799</u>	<u>2,119,027</u>
<b>Indirect Operating Expenses</b>		
Public safety	266,381	606,428
Service equipment	520,518	570,415
General and administrative	2,634,336	2,552,270
Depreciation	<u>548,682</u>	<u>451,837</u>
Total indirect operating expenses	<u>3,969,917</u>	<u>4,180,950</u>
<b>Operating Loss</b>	<u>(3,494,118)</u>	<u>(2,061,923)</u>
<b>Nonoperating Revenues</b>		
Investment income	50,581	222,578
Farm income, net of expense	130,909	105,633
Gain on sale of assets	11,668	-
Offutt relocation	519,779	2,831,004
Federal grants	4,911,286	2,440,895
Other	<u>81,151</u>	<u>25,301</u>
Total nonoperating revenues	<u>5,705,374</u>	<u>5,625,411</u>
<b>Increase in Net Position Before Capital Grants</b>	<u>2,211,256</u>	<u>3,563,488</u>
<b>Capital Grants</b>		
Offutt relocation	3,708,586	20,181,015
Federal grants	<u>677,714</u>	<u>5,169,931</u>
Total capital grants	<u>4,386,300</u>	<u>25,350,946</u>
<b>Increase in Net Position</b>	6,597,556	28,914,434
<b>Net Position, Beginning of Year</b>	<u>88,050,716</u>	<u>59,136,282</u>
<b>Net Position, End of Year</b>	<u>\$ 94,648,272</u>	<u>\$ 88,050,716</u>

**Airport Authority of the City of  
Lincoln, Nebraska  
Statements of Cash Flows  
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Cash received from providing services	\$ 15,157,526	\$ 16,444,002
Cash paid to suppliers	(4,682,210)	(4,797,987)
Cash paid to employees	(5,019,268)	(5,020,352)
Interest paid	(1,591,641)	(1,630,098)
	<u>3,864,407</u>	<u>4,995,565</u>
<b>Noncapital Financing Activities</b>		
Offutt relocation	359,656	2,161,282
Federal grants received	4,890,920	722,024
Other receipts	81,151	25,301
	<u>5,331,727</u>	<u>2,908,607</u>
<b>Capital and Related Financing Activities</b>		
Purchase of property and equipment	(13,382,561)	(24,651,447)
Capital grants received	6,146,415	23,665,948
Principal payments on long-term debt	(2,010,000)	(2,485,000)
Net funds transferred to bond refunding agent	-	(289,662)
Proceeds from sale of equipment	11,668	-
	<u>(9,234,478)</u>	<u>(3,760,161)</u>
<b>Investing Activities</b>		
Farm income	130,909	105,633
Interest received on investments	50,581	222,578
	<u>181,490</u>	<u>328,211</u>
<b>Change in Cash and Cash Equivalents</b>	143,146	4,472,222
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>21,242,089</u>	<u>16,769,867</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 21,385,235</u>	<u>\$ 21,242,089</u>
<b>Reconciliation of Cash and Cash Equivalents to Balance Sheets</b>		
Cash and cash equivalents	\$ 18,083,659	\$ 18,228,795
Restricted cash and cash equivalents	3,301,576	3,013,294
	<u>\$ 21,385,235</u>	<u>\$ 21,242,089</u>

# Airport Authority of the City of Lincoln, Nebraska

## Statements of Cash Flows - Continued Years Ended June 30, 2021 and 2020

	2021	2020
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (3,494,118)	\$ (2,061,923)
Items not requiring (providing) cash		
Depreciation	6,461,163	6,457,384
Amortization of issuance premiums	(75,355)	(50,667)
Amortization of deferred loss on bond refunding	58,407	58,407
Bond issuance costs paid directly with bond proceeds	-	97,112
Changes in operating assets and liabilities		
Accounts receivable	904,754	820,616
Prepaid expenses	(40,578)	(221,185)
Accounts payable and accrued expenses	222,023	(125,191)
Unearned revenue	(149,040)	40,808
Interest payable	(22,849)	(19,796)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,864,407</b>	<b>\$ 4,995,565</b>
<b>Supplemental Cash Flows Information</b>		
Capital asset acquisitions included in accounts payable	\$ 2,246,610	\$ 5,371,126

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

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **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 did not receive any property tax revenue in 2021 or 2020.

#### ***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, 2021 and 2020, 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, 2021 and 2020**

**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, 2021 and 2020.

***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, 2021 and 2020

### 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 \$2,910,499 and \$3,219,662, as of June 30, 2021 and 2020, 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, 2021 and 2020

### 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, 2021 and 2020, the Authority's investments of \$3,301,576 and \$3,013,294, respectively, were comprised entirely of government securities money market funds, which were rated Aaa-mf (Moody's) and AAAM (S&P).

***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, 2021 and 2020, \$3,301,576 and \$3,013,294, respectively, of the money market funds are held with one financial depository. This financial depository also serves as the Trustee or Paying Agent for all of the Authority's bonded debt.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2021 and 2020

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

#### Summary of Carrying Values

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

	<b>2021</b>	<b>2020</b>
Deposits	\$ 18,083,659	\$ 18,228,795
Investments	3,301,576	3,013,294
	<b>\$ 21,385,235</b>	<b>\$ 21,242,089</b>

Included in the following balance sheet captions:

	<b>2021</b>	<b>2020</b>
Current assets		
Operations and maintenance fund	\$ (109,430)	\$ (138,295)
Airport comp flex fund	1,900	1,868
Revenue fund	5,965,145	3,707,149
Airport parking fund	361,147	1,083,850
Capital improvement fund	2,022,326	3,218,526
Cash reserve fund	6,337,161	6,314,274
Airport CNG station fund	1,323	1,447
Offutt relocation fund	3,504,087	4,039,976
Total cash and cash equivalents	18,083,659	18,228,795
Restricted cash and cash equivalents		
Airport bond funds	3,301,576	3,013,294
Total restricted cash and cash equivalents	3,301,576	3,013,294
	<b>\$ 21,385,235</b>	<b>\$ 21,242,089</b>

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 \$50,581 and \$222,578 for the years ended June 30, 2021 and 2020, respectively, and was comprised entirely of interest income.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2021 and 2020

### 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, 2021 and 2020 was:

	2021				Ending Balance
	Beginning Balance	Additions	Less Retirements	Transfers	
Land	\$ 2,350,187	\$ -	\$ -	\$ -	\$ 2,350,187
Buildings	176,076,132	-	-	1,388,708	177,464,840
Furniture and equipment	11,433,097	-	102,308	752,602	12,083,391
Runways	71,509,914	-	-	8,178,372	79,688,286
Construction in progress	30,507,183	10,258,045	-	(10,319,682)	30,445,546
	<u>291,876,513</u>	<u>10,258,045</u>	<u>102,308</u>	<u>-</u>	<u>302,032,250</u>
Less accumulated depreciation					
Buildings	105,179,149	4,793,272	-	-	109,972,421
Furniture and equipment	9,114,316	502,129	102,308	-	9,514,137
Runways	59,512,836	1,165,762	-	-	60,678,598
	<u>173,806,301</u>	<u>6,461,163</u>	<u>102,308</u>	<u>-</u>	<u>180,165,156</u>
Capital assets, net	<u>\$ 118,070,212</u>	<u>\$ 3,796,882</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,867,094</u>

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2021 and 2020

### Note 4: Capital Assets - Continued

	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>

### 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, 2021 and 2020:

Type of Debt	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2021	Outstanding at June 30, 2020
Airport Bonds						
Series 2015A	July 2045	2.00% - 5.00%	\$ 10,285,000	July 2025	\$ 9,460,000	\$ 9,690,000
Series 2015B	July 2045	0.98% - 4.63%	14,010,000	July 2025	11,695,000	12,185,000
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	15,225,000	16,240,000
Series 2019A	July 2036	4.00%	7,025,000	December 2029	6,785,000	7,025,000
Series 2019B	July 2029	1.95% - 2.55%	730,000	Not Callable	695,000	730,000
					<u>\$ 44,365,000</u>	<u>\$ 46,375,000</u>

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2021 and 2020

### 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, 2021:

	2021				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Airport bonds	\$ 46,375,000	\$ -	\$ 2,010,000	\$ 44,365,000	\$ 2,345,000
Issuance premium	1,367,188	-	75,355	1,291,833	-
	47,742,188	-	2,085,355	45,656,833	2,345,000
Compensated absences	693,863	255,555	191,557	757,861	303,000
Unearned revenue	3,219,662	789,747	1,098,910	2,910,499	906,685
Total long-term liabilities	<u>\$ 51,655,713</u>	<u>\$ 1,045,302</u>	<u>\$ 3,375,822</u>	<u>\$ 49,325,193</u>	<u>\$ 3,554,685</u>

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
Total long-term liabilities	<u>\$ 54,645,546</u>	<u>\$ 9,771,057</u>	<u>\$ 12,760,890</u>	<u>\$ 51,655,713</u>	<u>\$ 3,317,579</u>

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 \$60,087,256 with annual payments expected to require approximately 25 percent of net revenues. Principal and interest for the current year and net operating revenues were \$3,601,641 and \$14,405,165, respectively.

# Airport Authority of the City of Lincoln, Nebraska

## Notes to Financial Statements June 30, 2021 and 2020

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

The debt service requirements at June 30, 2021 are as follows:

Year Ending June 30, 2021	Total to be Paid	Principal	Interest
2022	\$ 3,867,289	\$ 2,345,000	\$ 1,522,289
2023	3,864,434	2,405,000	1,459,434
2024	3,850,827	2,460,000	1,390,827
2025	3,857,425	2,540,000	1,317,425
2026	4,362,529	3,115,000	1,247,529
2027-2031	18,344,328	13,555,000	4,789,328
2032-2036	13,182,823	10,755,000	2,427,823
2037-2041	4,490,947	3,340,000	1,150,947
2042-2046	4,266,654	3,850,000	416,654
	<u>\$ 60,087,256</u>	<u>\$ 44,365,000</u>	<u>\$ 15,722,256</u>

### Note 6: Retirement Plans

#### *Retirement Plan and Trust*

The Authority has a 401(a) retirement plan commonly known as a governmental money purchase pension plan, a defined contribution plan covering substantially all employees. The Plan custodian and trustee is Union Bank & Trust Company. 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 \$194,000 and \$185,000 for 2021 and 2020, respectively. Contributions to the plan by the Authority were approximately \$267,000 and \$263,000 for 2021 and 2020, respectively. No forfeitures were used to offset Authority contributions during 2021 and 2020. 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, 2021 and 2020**

**Note 6: Retirement Plans - Continued**

***457 Deferred Compensation Plan and Trust***

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. No contributions were made to this plan by the Authority during 2021 and 2020.

**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, 2021, is as follows:

2022	\$ 11,442,893
2023	8,495,807
2024	7,489,307
2025	6,729,610
2026	5,360,245

**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 \$53,900,000 at June 30, 2021, 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, 2021 and 2020

### **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, 2021 and 2020, and will be recognized as revenue by the Authority in future reporting periods as additional project costs are incurred. Additionally, at June 30, 2021 and 2020, the Authority has recorded a receivable of approximately \$242,000 and \$2,816,000, 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, 2021 and 2020.

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

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

Revenues from one tenant comprised approximately 13% of total operating revenues for the years ended June 30, 2021 and 2020. At June 30, 2021, 22% of accounts receivable were also owed from this tenant.

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

## **Notes to Financial Statements**

**June 30, 2021 and 2020**

### **Note 12: Subsequent Events**

In July 2021, the Authority issued \$45,105,000 of tax-exempt Airport Bonds, Series 2021. Including the issuance premium, the Authority received bond proceeds totaling \$56,302,764, which will be used for the purpose of constructing, expanding, modernizing and equipping the airport terminal and the improvement of certain airport access roads. The Series 2021 bonds are due in annual installments, with a final stated maturity of July 1, 2036, and bear interest at rates ranging from 4.0% - 5.0%. Additionally, in June 2021, the Authority's board of directors approved a budget which included a 1.75 cent property tax levy, the proceeds of which will be used to help satisfy the debt service requirements on the Series 2021 bonds. The property tax levy will go into effect in January 2022 and the Authority expects to begin collecting property tax revenues during fiscal year 2022.

## **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, 2021

	Total	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	\$ 21,242,089	\$ 410,235	\$ 731,373	\$ 197,509	\$ 1,249,551	\$ 381,606	\$ 43,020
Receipts							
Operations	15,157,526	-	-	-	-	-	-
Interest	50,581	8	13	8	20	14	-
Other	212,060	-	-	-	-	-	-
Offut relocation	5,422,515	-	-	-	-	-	-
Grants	5,974,476	-	-	-	-	-	-
Total Receipts	<u>26,817,158</u>	<u>8</u>	<u>13</u>	<u>8</u>	<u>20</u>	<u>14</u>	<u>-</u>
Disbursements							
Operations and maintenance	9,661,784	-	-	-	-	-	-
Property and equipment acquisition	13,382,561	-	-	-	-	-	-
Retirement of long-term debt	2,010,000	230,000	490,000	-	1,015,000	240,000	35,000
Interest	1,591,641	356,137	473,290	16,921	452,677	276,981	15,635
Other	28,026	-	-	-	-	-	-
Total Disbursements	<u>26,674,012</u>	<u>586,137</u>	<u>963,290</u>	<u>16,921</u>	<u>1,467,677</u>	<u>516,981</u>	<u>50,635</u>
Transfers, net	-	592,812	960,612	-	1,475,124	771,072	90,240
Account Balance, End of Year	<u>\$ 21,385,235</u>	<u>\$ 416,918</u>	<u>\$ 728,708</u>	<u>\$ 180,596</u>	<u>\$ 1,257,018</u>	<u>\$ 635,711</u>	<u>\$ 82,625</u>
Represented by							
Current Assets							
Cash and cash equivalents	\$ 18,083,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>18,083,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets							
Cash and cash equivalents	3,301,576	416,918	728,708	180,596	1,257,018	635,711	82,625
	<u>3,301,576</u>	<u>416,918</u>	<u>728,708</u>	<u>180,596</u>	<u>1,257,018</u>	<u>635,711</u>	<u>82,625</u>
	<u>\$ 21,385,235</u>	<u>\$ 416,918</u>	<u>\$ 728,708</u>	<u>\$ 180,596</u>	<u>\$ 1,257,018</u>	<u>\$ 635,711</u>	<u>\$ 82,625</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, 2021

	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	\$ (138,295)	\$ 3,707,149	\$ 1,447	\$ 3,218,526	\$ 1,083,850	\$ 6,314,274	\$ 1,868	\$ 4,039,976
Receipts								
Operations	-	14,797,567	-	-	359,959	-	-	-
Interest	-	439	-	13,289	26	22,887	32	13,845
Other	-	212,060	-	-	-	-	-	-
Offut relocation	-	-	-	-	-	-	-	5,422,515
Grants	-	4,890,920	-	1,083,556	-	-	-	-
Total Receipts	<u>-</u>	<u>19,900,986</u>	<u>-</u>	<u>1,096,845</u>	<u>359,985</u>	<u>22,887</u>	<u>32</u>	<u>5,436,360</u>
Disbursements								
Operations and maintenance	9,661,784	-	-	-	-	-	-	-
Property and equipment acquisition	-	-	-	7,410,312	-	-	-	5,972,249
Retirement of long-term debt	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	(1,584)	19,806	2,124	-	7,680	-	-	-
Total Disbursements	<u>9,660,200</u>	<u>19,806</u>	<u>2,124</u>	<u>7,410,312</u>	<u>7,680</u>	<u>-</u>	<u>-</u>	<u>5,972,249</u>
Transfers, net	<u>9,689,065</u>	<u>(17,623,184)</u>	<u>2,000</u>	<u>5,117,267</u>	<u>(1,075,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Account Balance, End of Year	<u>\$ (109,430)</u>	<u>\$ 5,965,145</u>	<u>\$ 1,323</u>	<u>\$ 2,022,326</u>	<u>\$ 361,147</u>	<u>\$ 6,337,161</u>	<u>\$ 1,900</u>	<u>\$ 3,504,087</u>
Represented by								
Current Assets								
Cash and cash equivalents	<u>\$ (109,430)</u>	<u>\$ 5,965,145</u>	<u>\$ 1,323</u>	<u>\$ 2,022,326</u>	<u>\$ 361,147</u>	<u>\$ 6,337,161</u>	<u>\$ 1,900</u>	<u>\$ 3,504,087</u>
	<u>(109,430)</u>	<u>5,965,145</u>	<u>1,323</u>	<u>2,022,326</u>	<u>361,147</u>	<u>6,337,161</u>	<u>1,900</u>	<u>3,504,087</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>\$ (109,430)</u>	<u>\$ 5,965,145</u>	<u>\$ 1,323</u>	<u>\$ 2,022,326</u>	<u>\$ 361,147</u>	<u>\$ 6,337,161</u>	<u>\$ 1,900</u>	<u>\$ 3,504,087</u>

**Airport Authority of the City of  
Lincoln, Nebraska  
Schedule of Operating Revenues  
Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>
<b>Landing Field</b>			
Landing Fees			
Delta Airlines	\$ 9,274	\$ 135,780	\$ (126,506)
United Airlines	158,538	211,277	(52,739)
Flowage Fees			
Duncan Aviation	45,325	38,392	6,933
Silverhawk Aviation	91,292	78,547	12,745
Other	36,042	73,350	(37,308)
	<u>340,471</u>	<u>537,346</u>	<u>(196,875)</u>
<b>Terminal</b>			
Airline Rentals			
Delta Airlines	174,788	344,766	(169,978)
United Airlines	446,587	443,936	2,651
Land Transportation Facilities			
Avis Rent A Car	158,818	175,457	(16,639)
Budget Rent A Car	24,482	38,960	(14,478)
Enterprise Rent-A-Car	82,033	184,739	(102,706)
The Hertz Corporation	52,829	152,652	(99,823)
National Car Rental System	80,232	151,315	(71,083)
Cab companies	1,500	1,250	250
Concessions			
Air Host	-	1,875	(1,875)
Standard Parking	355,439	1,117,948	(762,509)
Interspace	20,423	20,192	231
Utility surcharges	88,495	117,883	(29,388)
Air Freight terminal	32,400	32,400	-
Passenger facility charges	209,766	494,378	(284,612)
Other	132,979	113,287	19,692
	<u>1,860,771</u>	<u>3,391,038</u>	<u>(1,530,267)</u>

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Schedule of Operating Revenues - Continued**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
<b>General Aviation</b>			
U.S. Government	\$ 158,282	\$ 158,282	\$ -
State of Nebraska	126,327	115,269	11,058
Duncan Aviation, Inc., shop hangar	953,405	945,212	8,193
Silverhawk Aviation	158,039	167,740	(9,701)
Hill Aero	59,624	59,624	-
Executive T-Hangar	250,258	247,520	2,738
Other T-Hangars	585,701	595,869	(10,168)
Other	22,331	14,145	8,186
	<u>2,313,967</u>	<u>2,303,661</u>	<u>10,306</u>
<b>LNK Enterprise Park</b>			
LNK Enterprise Park	8,568,553	8,439,662	128,891
Storage annex	121,675	116,285	5,390
Enterprise Park aviation	761,193	485,354	275,839
Other	335,067	52,035	283,032
	<u>9,786,488</u>	<u>9,093,336</u>	<u>693,152</u>
<b>Air Park South</b>			
Lincoln Air Park South	103,468	255,981	(152,513)
	<u>14,405,165</u>	<u>15,581,362</u>	<u>\$ (1,176,197)</u>
Total operating revenues	<u>\$ 14,405,165</u>	<u>\$ 15,581,362</u>	<u>\$ (1,176,197)</u>



**Airport Authority of the City of  
Lincoln, Nebraska  
Schedule of Direct Operating Expenses  
Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>
<b>Landing Field</b>			
Salaries	\$ 537,076	\$ 558,334	\$ (21,258)
Employee benefits	199,267	205,540	(6,273)
Repairs and maintenance	252,788	359,515	(106,727)
Contracted services	176,752	141,637	35,115
Utilities	72,118	66,223	5,895
Insurance	61,076	48,791	12,285
Professional services	5,016	5,016	-
Other	6,027	2,772	3,255
Total landing field	<u>1,310,120</u>	<u>1,387,828</u>	<u>(77,708)</u>
<b>Terminal</b>			
Salaries	1,475,438	1,371,094	104,344
Employee benefits	597,878	460,835	137,043
Repairs and maintenance	95,955	121,464	(25,509)
Contracted services	353,766	284,481	69,285
Utilities	364,185	360,193	3,992
Insurance	127,807	95,609	32,198
Professional services	199,829	268,026	(68,197)
Interest expense	74,312	75,324	(1,012)
Other	16,647	36,408	(19,761)
Total terminal	<u>3,305,817</u>	<u>3,073,434</u>	<u>232,383</u>
<b>General Aviation</b>			
Salaries	87,921	67,539	20,382
Employee benefits	34,814	29,273	5,541
Repairs and maintenance	19,015	12,771	6,244
Contracted services	50,257	44,602	5,655
Utilities	49,737	44,474	5,263
Insurance	69,820	55,779	14,041
Professional services	4,108	5,708	(1,600)
Interest expense	118,583	140,054	(21,471)
Total general aviation	<u>434,255</u>	<u>400,200</u>	<u>34,055</u>

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Schedule of Direct Operating Expenses - Continued**  
**Years Ended June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>	<b>Increase (Decrease)</b>
<b>LNK Enterprise Park</b>			
Salaries	\$ 421,793	\$ 349,443	\$ 72,350
Employee benefits	201,129	177,353	23,776
Repairs and maintenance	66,810	30,543	36,267
Contracted services	246,313	117,302	129,011
Utilities	300,915	119,016	181,899
Insurance	297,531	234,116	63,415
Professional services	5,016	7,766	(2,750)
Bond issuance costs	-	97,112	(97,112)
Interest expense	1,358,949	1,402,664	(43,715)
Bad debt expense	1,966	-	1,966
	<u>2,900,422</u>	<u>2,535,315</u>	<u>365,107</u>
<b>Air Park South</b>			
Salaries	21,797	22,145	(348)
Employee benefits	6,994	7,048	(54)
Repairs and maintenance	18,854	6,743	12,111
Contracted services	2,357	5,424	(3,067)
Utilities	12,543	15,643	(3,100)
Insurance	3,726	3,008	718
	<u>66,271</u>	<u>60,011</u>	<u>6,260</u>
	<u>8,016,885</u>	<u>7,456,788</u>	<u>560,097</u>
<b>Depreciation Expense</b>			
Landing field	1,476,178	1,474,402	1,776
Terminal	456,203	461,954	(5,751)
General aviation	526,677	539,655	(12,978)
LNK Enterprise Park	3,413,222	3,489,335	(76,113)
Lincoln Air Park South	40,201	40,201	-
	<u>5,912,481</u>	<u>6,005,547</u>	<u>(93,066)</u>
<b>Total Direct Operating Expenses</b>	<u>\$ 13,929,366</u>	<u>\$ 13,462,335</u>	<u>\$ 467,031</u>

**Airport Authority of the City of  
Lincoln, Nebraska  
Schedule of Indirect Operating Expenses  
Years Ended June 30, 2021 and 2020**

	2021	2020	Increase (Decrease)
<b>Public Safety</b>			
Salaries	\$ 88	\$ 243,481	\$ (243,393)
Employee benefits	12,820	161,629	(148,809)
Repairs and maintenance	70,071	49,545	20,526
Contracted services	42,117	17,010	25,107
Utilities	5,824	4,928	896
Insurance	48,143	38,281	9,862
Professional services	77,447	75,066	2,381
Other	9,871	16,488	(6,617)
Total public safety	<u>266,381</u>	<u>606,428</u>	<u>(340,047)</u>
<b>Service Equipment</b>			
Salaries	159,312	171,086	(11,774)
Employee benefits	70,177	76,913	(6,736)
Repairs and maintenance	167,674	182,747	(15,073)
Contracted services	14,927	2,435	12,492
Utilities	31,588	85,814	(54,226)
Insurance	71,942	51,420	20,522
Other	4,898	-	4,898
Total service equipment	<u>520,518</u>	<u>570,415</u>	<u>(49,897)</u>
<b>General and Administrative</b>			
Salaries	863,538	790,085	73,453
Employee benefits	420,835	405,903	14,932
Repairs and maintenance	34,886	33,297	1,589
Contracted services	10,782	8,766	2,016
Utilities	56,695	51,780	4,915
Insurance	55,757	45,760	9,997
Professional services	1,035,784	1,075,237	(39,453)
Other	156,059	141,442	14,617
Total general and administrative	<u>2,634,336</u>	<u>2,552,270</u>	<u>82,066</u>
<b>Depreciation Expense</b>			
Service equipment	398,053	298,706	99,347
General and administrative	149,347	151,732	(2,385)
Public safety	1,282	1,399	(117)
Total depreciation expense	<u>548,682</u>	<u>451,837</u>	<u>96,845</u>
<b>Total Indirect Operating Expenses</b>	<u>\$ 3,969,917</u>	<u>\$ 4,180,950</u>	<u>\$ (211,033)</u>

**Airport Authority of the City of  
Lincoln, Nebraska**  
**Schedule of Expenses by Natural Classification**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
<b>Expenses</b>			
Salaries	\$ 3,566,963	\$ 3,573,207	\$ (6,244)
Employee benefits	1,543,914	1,524,494	19,420
Repairs and maintenance	726,053	796,625	(70,572)
Contracted services	897,271	621,657	275,614
Utilities	893,605	748,071	145,534
Insurance	735,802	572,764	163,038
Professional services	1,327,200	1,436,819	(109,619)
Interest expense	1,551,844	1,618,042	(66,198)
Bad debt expense	1,966	-	1,966
Other	193,502	197,110	(3,608)
Bond issuance costs	-	97,112	(97,112)
Depreciation expense	6,461,163	6,457,384	3,779
	<u>6,461,163</u>	<u>6,457,384</u>	<u>3,779</u>
<b>Total Expenses</b>	<u>\$ 17,899,283</u>	<u>\$ 17,643,285</u>	<u>\$ 255,998</u>