

Airport Authority of the City of Lincoln, Nebraska

Independent Auditor's Reports and Financial Statements

June 30, 2023 and 2022



**Airport Authority of the City of
Lincoln, Nebraska
June 30, 2023 and 2022**

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Airport Authority of the City of Lincoln, Nebraska (the Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 GAAS, 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.

Supplementary 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 schedules of cash and investments and changes in account balances; operating revenues; direct operating expenses; indirect operating expenses; and expenses by natural classification are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion, 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 fairly stated, in all material respects, in relation to the basic financial statements as a whole.

FORVIS,LLP

Lincoln, Nebraska
December 4, 2023

Management's Discussion and Analysis June 30, 2023 and 2022

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, 2023 and 2022, with selected comparative information for the fiscal year ended June 30, 2021. 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 and deferred inflows and outflows of resources 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 5,000 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	
	2022	2021	2020	2022/2021	2021/2020
Enplaned passengers	92,865	85,614	51,350	8.47%	66.73%
Aircraft operations					
Air carrier	5,044	5,512	3,822	-8.49%	44.22%
Air taxi	9,298	8,389	6,833	10.84%	22.77%
General aviation	45,125	41,118	37,129	9.75%	10.74%
Military	14,743	17,592	11,429	-16.19%	53.92%
Total operations	74,210	72,611	59,213	2.20%	22.63%

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 2022 saw a 8.5% increase in passenger numbers from 2021, and a 66.7% increase from 2020 pandemic affected numbers. LAA officials continue to work with consultants and the airlines to stabilize fares and attract new air service to Lincoln.

Lincoln is currently served by United Airlines providing daily service. United Airlines provides daily flights to Chicago and Denver, and in September 2022, added daily flights to Houston. The Airport Authority will continue to explore service options with various airlines, 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:

	Calendar Year		
	2023	2022	2021
Landing fee (per 1,000 lbs.)	\$ 2.40	\$ 2.40	\$ 2.40
Terminal lease rates			
Finished space (per year)	\$38.30/sq. ft.	\$38.30/sq. ft.	\$38.30/sq. ft.
Unfinished space (per year)	\$29.36/sq. ft.	\$29.36/sq. ft.	\$29.36/sq. ft.
Loading bridge fees (per month)	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00

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 \$339,816 for 2023 and \$298,216 for 2022. The operation of such parking facilities generated annual gross receipts of approximately \$1,086,000 and \$837,000 in 2023 and 2022, 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 remained strong in 2023, from \$631,036 in fiscal year 2022 to \$628,712 in fiscal year 2023.

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 \$20,000.

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 months 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 as passenger activity still lags behind pre-pandemic numbers.

General aviation revenue has continued to remain stable in the current year. 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 July 2022, Atlantic Aviation and Ross Aviation completed a business merger and operate under the Atlantic Aviation brand name. In addition, Performance Aircraft (dba Ignite Flight Academy) 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.

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 2,180,000 square feet available. These leases vary in length from month-to-month to 30 years and include diverse tenants. The industrial complex income totaled approximately \$13,400,000 in 2023, down from \$13,800,000 in 2022, a decrease of 3%, mainly due to the temporary presence of the United States Air Force (USAF) relocation from Omaha.

Some of the other entities leasing space from the Authority include Duncan Aviation, Plastic Companies Inc., 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 2023 and 2022 fiscal years. The Authority does not anticipate other major vacancies in the near future.

Overall even during the pandemic, the Airport Authority's financial outlook remained 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), primarily through 2021, 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, 2023, 2022 and 2021, and its activities for the years then ended:

Condensed Balance Sheets

	June 30			Variance			
	2023	2022	2021	2023 / 2022		2022 / 2021	
				Dollars	Percent	Dollars	Percent
Current assets	\$ 24,999,754	\$ 25,890,527	\$ 21,667,232	\$ (890,773)	-3.44%	\$ 4,223,295	19.49%
Restricted cash and investments	24,608,789	50,589,651	3,301,576	(25,980,862)	-51.36%	47,288,075	1432.29%
Leases receivable, noncurrent	73,939,216	69,043,532	-	4,895,684	7.09%	69,043,532	100.00%
Capital assets	156,167,832	131,593,201	121,867,094	24,574,631	18.67%	9,726,107	7.98%
Deferred loss on bond refunding	584,073	642,480	700,888	(58,407)	-9.09%	(58,408)	-8.33%
Total assets and deferred outflows of resources	\$ 280,299,664	\$ 277,759,391	\$ 147,536,790	\$ 2,540,273	0.91%	\$ 130,222,601	88.26%
Current liabilities	\$ 15,651,100	\$ 13,347,240	\$ 7,118,010	\$ 2,303,860	17.26%	\$ 6,229,230	87.51%
Noncurrent liabilities	90,516,733	95,739,048	45,770,508	(5,222,315)	-5.45%	49,968,540	109.17%
Deferred inflows of resources	78,181,903	74,246,288	-	3,935,615	5.30%	74,246,288	100.00%
Total liabilities and deferred inflows	184,349,736	183,332,576	52,888,518	1,017,160	0.55%	130,444,058	246.64%
Net investment in capital assets	73,418,004	72,118,584	74,664,539	1,299,420	1.80%	(2,545,955)	-3.41%
Restricted for debt service	4,931,043	3,650,775	2,516,373	1,280,268	35.07%	1,134,402	45.08%
Unrestricted	17,600,881	18,657,456	17,467,360	(1,056,575)	-5.66%	1,190,096	6.81%
Total liabilities, deferred inflows and net position	\$ 280,299,664	\$ 277,759,391	\$ 147,536,790	\$ 2,540,273	0.91%	\$ 130,222,601	88.26%

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30			Variance			
	2023	2022	2021	2023 / 2022		2022 / 2021	
				Dollars	Percent	Dollars	Percent
Operating revenue							
Airport revenue	\$ 19,627,515	\$ 19,393,966	\$ 14,405,165	\$ 233,549	1.20%	\$ 4,988,801	34.63%
Total operating revenue	19,627,515	19,393,966	14,405,165	233,549	1.20%	4,988,801	34.63%
Operating expenses							
Direct operating expenses	15,920,773	15,768,518	13,929,366	152,255	0.97%	1,839,152	13.20%
Indirect operating expenses	7,119,651	4,439,835	3,969,917	2,679,816	60.36%	469,918	11.84%
Total operating expenses	23,040,424	20,208,353	17,899,283	2,832,071	14.01%	2,309,070	12.90%
Operating loss	(3,412,909)	(814,387)	(3,494,118)	(2,598,522)	319.08%	2,679,731	-76.69%
Net nonoperating revenues (expenses)	4,800,510	(6,611,528)	5,705,374	11,412,038	-172.61%	(12,316,902)	-215.88%
Capital grants	135,512	7,204,458	4,386,300	(7,068,946)	-98.12%	2,818,158	64.25%
Change in net position	\$ 1,523,113	\$ (221,457)	\$ 6,597,556	\$ 1,744,570	-787.77%	\$ (6,819,013)	-103.36%

The change in net position from 2022 to 2023 increased \$1,744,570, primarily as a result of an increase in the Authority's income from investments and property taxes, and the fiscal year 2022 removal and write-off (\$7,200,000) of the hangar utilized by the USAF during their temporary tenancy at the airport. The initial contract with the USAF included compensation to the third-party contractor for deconstruction of this hangar upon their exit and termination of the contract. In comparing fiscal year 2022 to fiscal year 2023, operating revenues increased \$233,549 or 1.20% and operating expenses increased \$2,832,071 or 14.01%.

Normal depreciation was taken on capital assets during fiscal years 2023 and 2022. As of June 30, 2023, the Authority has construction in process in the amount of \$48,728,816 as compared to \$43,068,869 at June 30, 2022. The majority of this construction is being funded by bond proceeds or federal grants.

Landing field revenues are down 4% from 2022. Landing fees from United are up 21% from 2022. 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 years 2023 and 2022.

During 2023, terminal area revenues increased \$464,472 or 19% from 2022 as a result of increased enplanements as passenger activity has continued to increase post-pandemic. Under the PFC program, the Authority collects PFC fees of \$4.50 for every enplaned passenger departing from or arriving into the Lincoln airport. The Authority recorded revenues in the amount of \$463,596 and \$390,519 under its PFC program for the 2023 and 2022 fiscal years, respectively. Revenues received from parking at the airport increased from \$836,900 in 2022 to \$1,085,567 in 2023, also due to the resumption of passenger activity related to easing of the pandemic restrictions.

Revenues in LNK Enterprise Park decreased by approximately 3% in fiscal year 2023, due mostly to the temporary facility use activity related to the Offutt relocation.

Federal grant income decreased \$5,753,738 from \$6,817,648 in fiscal year 2022 to \$1,063,910 in fiscal year 2023. The decrease was primarily a result of the substantial completion of the Taxiway A and Taxiway K Rehabilitation projects during 2022, and a decrease in grant monies awarded to LAA under the CARES Act and the Airport Coronavirus Response Grant Program.

In July 2021, the Authority issued \$45,105,000 of tax-exempt Airport Bonds, Series 2021. Including the issuance premium, the Authority received net bond proceeds totaling \$56,000,458, 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 went into effect in January 2022 and the Authority recognized property tax revenues of \$4,770,488 and \$2,005,582 in 2023 and 2022, respectively.

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, 2023 and 2022

Assets and Deferred Outflows of Resources

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 12,659,288	\$ 14,557,521
Accounts receivable, net	2,099,400	1,630,818
Grants receivable	1,958,845	3,493,551
Lease receivable	5,622,647	4,752,459
Lease interest receivable	366,331	348,051
Property tax receivable	1,882,036	779,259
Prepaid expenses	411,207	328,868
Total current assets	24,999,754	25,890,527
Restricted Cash and Cash Equivalents	19,160,769	12,466,889
Restricted Investments	5,448,020	38,122,762
Lease Receivable, net of Current Portion	73,939,216	69,043,532
Capital Assets, At Cost, Net of Accumulated Depreciation	156,167,832	131,593,201
Total assets	279,715,591	277,116,911
Deferred Outflows of Resources		
Loss on bond refunding	584,073	642,480
Total assets and deferred outflows of resources	\$ 280,299,664	\$ 277,759,391

Liabilities, Deferred Inflows of Resources and Net Position

Current Liabilities		
Accounts payable and accrued expenses	\$ 8,377,882	\$ 6,045,599
Current maturities of long-term debt	4,690,000	3,495,000
Current maturities of subscription liability	154,754	-
Unearned revenue	645,764	908,499
Interest payable	1,782,700	2,898,142
Total current liabilities	15,651,100	13,347,240
Noncurrent Liabilities		
Long-term debt, net of current portion	89,794,103	95,301,850
Subscription liability, net of current portion	231,214	-
Compensated absences	491,416	437,198
Total noncurrent liabilities	90,516,733	95,739,048
Total liabilities	106,167,833	109,086,288
Deferred Inflows of Resources		
Leases	78,181,903	74,246,288
Net Position		
Net investment in capital assets	73,418,004	72,118,584
Restricted for debt service	4,931,043	3,650,775
Unrestricted	17,600,881	18,657,456
Total net position	95,949,928	94,426,815
Total liabilities, deferred inflows of resources and net position	\$ 280,299,664	\$ 277,759,391

**Airport Authority of the City of
Lincoln, Nebraska**
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Landing field	\$ 522,224	\$ 542,020
Terminal	2,929,548	2,465,076
General aviation	2,580,933	2,422,758
LNK Enterprise Park	13,407,569	13,809,018
Air Park South	187,241	155,094
Total operating revenues	<u>19,627,515</u>	<u>19,393,966</u>
Direct Operating Expenses		
Landing field	1,369,703	1,133,953
Terminal	4,081,099	4,037,128
General aviation	425,202	449,803
LNK Enterprise Park	3,292,359	3,872,935
Air Park South	59,851	46,089
Depreciation and amortization	6,692,559	6,228,610
Total direct operating expenses	<u>15,920,773</u>	<u>15,768,518</u>
Operating Income After Direct Expenses and Before Indirect Operating Expenses	<u>3,706,742</u>	<u>3,625,448</u>
Indirect Operating Expenses		
Public safety	261,611	197,924
Service equipment	697,083	624,344
General and administrative	5,553,622	3,005,367
Depreciation and amortization	607,335	612,200
Total indirect operating expenses	<u>7,119,651</u>	<u>4,439,835</u>
Operating Loss	<u>(3,412,909)</u>	<u>(814,387)</u>
Nonoperating Revenues and Expenses		
Investment income (loss)	1,149,440	(30,278)
Interest expense	(1,448,667)	(1,473,387)
Bond issuance costs	-	(302,306)
Farm income, net of expense	211,353	160,954
Loss on disposal of assets	(985,739)	(7,222,219)
Offutt relocation	157,974	205,563
Federal grants	928,398	-
Property tax revenues	4,770,488	2,005,582
Other	17,263	44,563
Total nonoperating expenses, net	<u>4,800,510</u>	<u>(6,611,528)</u>
Income (Loss) Before Capital Grants	<u>1,387,601</u>	<u>(7,425,915)</u>
Capital Grants		
Offutt relocation	-	386,810
Federal grants	135,512	6,817,648
Total capital grants	<u>135,512</u>	<u>7,204,458</u>
Increase (Decrease) in Net Position	1,523,113	(221,457)
Net Position, Beginning of Year	<u>94,426,815</u>	<u>94,648,272</u>
Net Position, End of Year	<u>\$ 95,949,928</u>	<u>\$ 94,426,815</u>

**Airport Authority of the City of
Lincoln, Nebraska
Statements of Cash Flows
Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from customers and tenants	\$ 17,049,899	\$ 17,235,889
Cash paid to suppliers	(7,011,749)	(6,626,788)
Cash paid to employees	(6,073,519)	(5,516,803)
Interest paid	(1,400,995)	(1,539,206)
	<u>2,563,636</u>	<u>3,553,092</u>
Cash Flows From Noncapital Financing Activities		
Offutt relocation	157,974	205,563
Property tax collections	3,667,711	1,226,323
Other receipts	17,263	44,563
	<u>3,842,948</u>	<u>1,476,449</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of property and equipment	(30,487,667)	(20,913,740)
Proceeds from disposal of property and equipment	-	238,975
Proceeds from issuance of debt	-	56,000,458
Capital grants received	1,613,176	5,621,027
Principal payments on long-term debt	(3,495,000)	(2,345,000)
Interest payments on long-term debt	(3,276,981)	-
	<u>(35,646,472)</u>	<u>38,601,720</u>
Cash Flows From Investing Activities		
Purchases of investments	-	(38,251,276)
Proceeds from sale of investments	32,805,176	-
Farm income	211,353	160,954
Interest received on investments	1,019,006	98,236
	<u>34,035,535</u>	<u>(37,992,086)</u>
Net Increase in Cash and Cash Equivalents	4,795,647	5,639,175
Cash and Cash Equivalents, Beginning of Year	<u>27,024,410</u>	<u>21,385,235</u>
Cash and Cash Equivalents, End of Year	<u>\$ 31,820,057</u>	<u>\$ 27,024,410</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheets		
Cash and cash equivalents	\$ 12,659,288	\$ 14,557,521
Restricted cash and cash equivalents	19,160,769	12,466,889
	<u>\$ 31,820,057</u>	<u>\$ 27,024,410</u>

Airport Authority of the City of Lincoln, Nebraska

Statements of Cash Flows - Continued Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Operating Loss to Net Cash Provided by		
Operating Activities		
Operating loss	\$ (3,412,909)	\$ (814,387)
Items not requiring (providing) cash		
Depreciation and amortization	7,299,894	6,840,810
Amortization of issuance premiums	(75,354)	(75,354)
Amortization of deferred loss on bond refunding	58,407	58,408
Changes in operating assets and liabilities		
Accounts receivable	(468,582)	(277,421)
Leases and lease interest receivable	(5,784,152)	5,373,284
Prepaid expenses	(82,339)	(8,812)
Accounts payable and accrued expenses	1,385,312	(167,557)
Unearned revenue	(262,735)	18,838
Interest payable	(29,521)	(102,841)
Deferred leasing arrangements	3,935,615	(7,291,876)
Net Cash Provided by Operating Activities	\$ 2,563,636	\$ 3,553,092
Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	\$ 6,360,130	\$ 5,360,981
Capital assets acquired through subscription arrangements	\$ 385,968	\$ -

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements

June 30, 2023 and 2022

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.

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, 2023 and 2022, 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. The Authority's investments in U.S. Treasury securities are carried at fair value. Investment income includes dividend and interest income.

**Airport Authority of the City of
Lincoln, Nebraska
Notes to Financial Statements
June 30, 2023 and 2022**

**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, 2023 and 2022.

Leases Receivable

The Authority is a lessor for noncancellable leases for land and facility use, and rent of buildings and other facilities on Authority property and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

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

Deferred Inflows and Outflows of Resources

The Authority reports increases in net assets 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. Deferred inflows of resources represent acquisitions of net assets that apply to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflows of resources represent deferrals related to leases in accordance with GASB Statement No. 87, *Leases*.

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.

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 by tenants, which relate to future year commitments. All unearned revenue recorded by the Authority at June 30, 2023 and 2022 relates to lease payments for fiscal years 2024 and 2023, respectively.

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

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

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 and amortization, 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.”

Property Taxes

Property taxes are levied by the Authority on or before October 15 of each year and are payable in two installments on April 1 and August 1 of the following year. Lancaster County bills and collects property taxes and remits to the Authority monthly. Revenue for property taxes is recognized based on the amount levied within the Authority’s fiscal year.

The tax levy for the 2022-2023 fiscal year was \$4,771,368 or \$0.017126 per \$100 of assessed valuation. The total assessed valuation for which the Authority’s property taxes were levied was \$27,860,581,228 for the 2022-2023 fiscal year.

Change in Accounting Principle

During the fiscal year, the Authority adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), effective July 1, 2021. Adoption of this standard required the Authority to evaluate certain contracts and agreements and record a subscription liability and a related subscription right-to-use asset for any contracts meeting the definition of a subscription-based information technology arrangement (SBITA) under GASB 96. The adoption of GASB 96 did not result in a restatement of beginning net position within the Authority’s financial statements.

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 2: Deposits, Investments and Investment Return

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 either uninsured or covered by collateral held in a pledge account for the Authority. At June 30, 2023, deposits totaling approximately \$2,900,000 were in excess of FDIC coverage and were uninsured.

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, 2023 and 2022, the Authority had the following investments and maturities:

	Maturities in Years			Credit Rating Moody's / S&P
	Total	Less Than 1	1 - 5	
June 30, 2023				
Government securities				
money market funds	\$ 19,160,769	\$ 19,160,769	\$ -	Aaa-mf/AAAm
U.S. Treasury securities	5,448,020	5,448,020	-	Aaa
	\$ 24,608,789	\$ 24,608,789	\$ -	
	Maturities in Years			Credit Rating Moody's / S&P
	Total	Less Than 1	1 - 5	
June 30, 2022				
Government securities				
money market funds	\$ 12,466,889	\$ 12,466,889	\$ -	Aaa-mf/AAAm
U.S. Treasury securities	38,122,762	32,776,239	5,346,523	Aaa
	\$ 50,589,651	\$ 45,243,128	\$ 5,346,523	

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements

June 30, 2023 and 2022

Note 2: Deposits, Investments and Investment Return - 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, 2023 and 2022, all of the Authority's investments totaling \$24,608,789 and \$50,589,651, respectively, 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.

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 cost and thus are not included within the fair value hierarchy. The Authority's investments in U.S. Treasury securities are measured at fair value on a recurring basis, and are classified within Level 1 of the fair value hierarchy.

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 2: Deposits, Investments and Investment Return - Continued

Summary of Carrying Values

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

	2023	2022
Deposits	\$ 12,659,288	\$ 14,557,521
Investments	24,608,789	50,589,651
	\$ 37,268,077	\$ 65,147,172

Included in the following balance sheet captions:

	2023	2022
Current assets		
Operations and maintenance fund	\$ (224,004)	\$ (212,644)
Airport comp flex fund	(39)	1,899
Revenue fund	497,685	4,553,936
Airport parking fund	119,371	857,418
Capital improvement fund	2,733,130	2,938,601
Cash reserve fund	6,429,229	6,348,278
Airport CNG station fund	1,197	977
Offutt relocation fund	1,715	12,715
Tax levy fund	3,101,004	56,341
Total cash and cash equivalents	12,659,288	14,557,521
Restricted cash and cash equivalents		
Airport bond funds	6,712,489	6,548,917
Airport bond project fund	12,448,280	5,917,972
Total restricted cash and cash equivalents	19,160,769	12,466,889
Restricted investments		
Airport bond project fund	5,448,020	38,122,762
	\$ 37,268,077	\$ 65,147,172

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 2: Deposits, Investments and Investment Return - Continued

Summary of Carrying Values - Continued

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. Funds in the airport bond project fund are comprised entirely of proceeds from the Authority's Series 2021 bond issuance and will be used towards the cost of the terminal modernization and expansion project and the improvement of certain airport access roads.

Investment Return

Investment income (loss) was comprised of the following for 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 1,025,800	\$ 98,236
Net increase (decrease) in fair value of investments	<u>123,640</u>	<u>(128,514)</u>
	<u>\$ 1,149,440</u>	<u>\$ (30,278)</u>

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 3: Capital Assets

Capital asset activity for the years ended June 30, 2023 and 2022 was:

	2023				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 2,350,187	\$ -	\$ -	\$ -	\$ 2,350,187
Buildings	180,684,404	-	-	8,476,927	189,161,331
Furniture and equipment	12,346,618	-	229,262	1,306,528	13,423,884
Runways	80,046,661	-	-	16,045,454	96,092,115
Subscription assets	-	385,968	-	-	385,968
Construction in progress	43,068,869	31,488,856	-	(25,828,909)	48,728,816
	<u>318,496,739</u>	<u>31,874,824</u>	<u>229,262</u>	<u>-</u>	<u>350,142,301</u>
Less accumulated depreciation and amortization					
Buildings	114,806,945	4,989,188	-	-	119,796,133
Furniture and equipment	9,971,460	567,336	228,963	-	10,309,833
Runways	62,125,133	1,685,475	-	-	63,810,608
Subscription assets	-	57,895	-	-	57,895
	<u>186,903,538</u>	<u>7,299,894</u>	<u>228,963</u>	<u>-</u>	<u>193,974,469</u>
Capital assets, net	<u>\$ 131,593,201</u>	<u>\$ 24,574,930</u>	<u>\$ 299</u>	<u>\$ -</u>	<u>\$ 156,167,832</u>
	2022				
	Beginning Balance	Additions	Less Retirements	Transfers	Ending Balance
Land	\$ 2,350,187	\$ -	\$ -	\$ -	\$ 2,350,187
Buildings	177,464,840	-	-	3,219,564	180,684,404
Furniture and equipment	12,083,391	-	162,886	426,113	12,346,618
Runways	79,688,286	-	-	358,375	80,046,661
Construction in progress	30,445,546	24,028,111	7,400,736	(4,004,052)	43,068,869
	<u>302,032,250</u>	<u>24,028,111</u>	<u>7,563,622</u>	<u>-</u>	<u>318,496,739</u>
Less accumulated depreciation					
Buildings	109,972,421	4,834,524	-	-	114,806,945
Furniture and equipment	9,514,137	559,751	102,428	-	9,971,460
Runways	60,678,598	1,446,535	-	-	62,125,133
	<u>180,165,156</u>	<u>6,840,810</u>	<u>102,428</u>	<u>-</u>	<u>186,903,538</u>
Capital assets, net	<u>\$ 121,867,094</u>	<u>\$ 17,187,301</u>	<u>\$ 7,461,194</u>	<u>\$ -</u>	<u>\$ 131,593,201</u>

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 4: Long-Term Liabilities

The following is a summary of the terms and provisions of the Authority's long-term debt outstanding at June 30, 2023 and 2022:

Type of Debt	Maturity	Interest Rates	Original Issue Amount	Date Callable	Outstanding at June 30, 2023	Outstanding at June 30, 2022
Airport Bonds						
Series 2015A	July 2045	2.00% - 5.00%	\$ 10,285,000	July 2025	\$ 8,970,000	\$ 9,220,000
Series 2015B	July 2045	0.98% - 4.63%	14,010,000	July 2025	10,685,000	11,200,000
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	13,140,000	14,190,000
Series 2019A	July 2036	4.00%	7,025,000	December 2029	5,775,000	6,285,000
Series 2019B	July 2029	1.95% - 2.55%	730,000	Not Callable	540,000	620,000
Series 2021	July 2036	4.00% - 5.00%	45,105,000	July 2031	44,015,000	45,105,000
					<u>\$ 83,630,000</u>	<u>\$ 87,125,000</u>

The following is a summary of long-term liability transactions for the Authority for the years ended June 30, 2023 and 2022:

	2023				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Airport bonds	\$ 87,125,000	\$ -	\$ 3,495,000	\$ 83,630,000	\$ 4,690,000
Issuance premium	11,671,850	-	817,747	10,854,103	-
	<u>98,796,850</u>	<u>-</u>	<u>4,312,747</u>	<u>94,484,103</u>	<u>4,690,000</u>
Subscription liability	-	385,968	-	385,968	154,754
Compensated absences	728,198	390,685	299,467	819,416	328,000
Total long-term liabilities	<u>\$ 99,525,048</u>	<u>\$ 776,653</u>	<u>\$ 4,612,214</u>	<u>\$ 95,689,487</u>	<u>\$ 5,172,754</u>
	2022				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Airport bonds	\$ 44,365,000	\$ 45,105,000	\$ 2,345,000	\$ 87,125,000	\$ 3,495,000
Issuance premium	1,291,833	11,197,764	817,747	11,671,850	-
	<u>45,656,833</u>	<u>56,302,764</u>	<u>3,162,747</u>	<u>98,796,850</u>	<u>3,495,000</u>
Compensated absences	757,861	353,743	383,406	728,198	291,000
Total long-term liabilities	<u>\$ 46,414,694</u>	<u>\$ 56,656,507</u>	<u>\$ 3,546,153</u>	<u>\$ 99,525,048</u>	<u>\$ 3,786,000</u>

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 4: Long-Term Liabilities - Continued

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 \$112,486,769, with annual payments expected to require approximately 20 percent of net revenues. Principal and interest for the current year and net operating revenues were \$3,495,000 and \$4,677,976, respectively.

The debt service requirements at June 30, 2023 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 8,160,195	\$ 4,690,000	\$ 3,470,195
2025	8,167,418	4,885,000	3,282,418
2026	8,655,354	5,580,000	3,075,354
2027	8,128,740	5,275,000	2,853,740
2028	8,130,154	5,505,000	2,625,154
2029-2033	38,606,349	29,190,000	9,416,349
2034-2038	25,811,848	22,705,000	3,106,848
2039-2043	4,273,052	3,400,000	873,052
2044-2048	2,553,659	2,400,000	153,659
	<u>\$ 112,486,769</u>	<u>\$ 83,630,000</u>	<u>\$ 28,856,769</u>

Subscription Liability

The Authority has a subscription-based information technology arrangement (SBITA), the terms of which expire in 2027. Payments are fixed throughout the term of the SBITA. The following is a schedule by year of payments under the SBITA as of June 30, 2023:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 169,807	\$ 154,754	\$ 15,053
2025	84,904	73,343	11,561
2026	84,904	77,010	7,894
2027	84,904	80,861	4,043
	<u>\$ 424,519</u>	<u>\$ 385,968</u>	<u>\$ 38,551</u>

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements

June 30, 2023 and 2022

Note 5: 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 \$255,000 and \$206,000 for 2023 and 2022, respectively. Contributions to the plan by the Authority were approximately \$419,000 and \$355,000 for 2023 and 2022, respectively. No forfeitures were used to offset Authority contributions during 2023. The Plan has a 10-year vesting schedule for Authority contributions.

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 2023 and 2022.

Note 6: Leases

A substantial portion of the Authority's revenues from the terminal, fixed based and industrial park are derived pursuant to lease agreements which expire in varying terms through 2069. 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. For purposes of the Authority's calculation of its lease receivable, only leases with terms greater than 12 months and for which lease payments are fixed under the respective agreement were included in the calculation. A majority of the Authority's lease agreements also contain provisions allowing the lessee to extend the term of the agreement for specified renewal periods. Based on historical experience and current facts and circumstances, Authority management has evaluated these renewal periods and included them within the lease term, for purposes of the determination of the lease receivable, where appropriate. During these renewal periods, the respective lease agreement also provides for future lease payments that will be negotiated between the lessee and Authority management prior to commencement of the renewal period, with an increase not to exceed a percentage specified in the agreement. In these instances, potential future lease payment increases were not included in the determination of the lease receivable balance and will be recognized as variable lease revenues in future periods. Revenue recognized under the lease contracts referenced above totaled approximately \$14,770,000 and \$14,560,000 for the years ended June 30, 2023 and 2022, respectively, and includes both lease revenue and interest.

Airport Authority of the City of Lincoln, Nebraska

Notes to Financial Statements June 30, 2023 and 2022

Note 6: Leases - Continued

The Authority has one lease agreement with an air carrier which meets the definition of a regulated lease as defined in GASB 87. This agreement provides for the exclusive use of certain areas of the airport terminal, including ticketing, office and operations, cargo dock and processing, passenger holding, and baggage claim. The initial terms of the lease agreement provided for fixed payments through December 31, 2021. The revised lease agreement is currently on a month-to-month basis and provides for monthly lease payments based on an allocation formula utilizing enplanements. The Authority recorded revenues of approximately \$393,000 and \$315,000 related to this lease agreement for the years ended June 30, 2023 and 2022, respectively.

Below is a schedule of future payments that are included in the measurement of the lease receivable at June 30, 2023:

Year Ending June 30,	Total to be Paid	Principal	Interest
2024	\$ 9,457,626	\$ 5,622,647	\$ 3,834,979
2025	8,989,575	5,436,801	3,552,774
2026	7,990,979	4,688,925	3,302,054
2027	7,856,236	4,788,291	3,067,945
2028	7,433,148	4,598,435	2,834,713
2029-2033	29,986,665	18,996,157	10,990,508
2034-2038	21,717,938	14,634,555	7,083,383
2039-2043	16,117,480	12,494,723	3,622,757
2044-2048	7,441,190	6,438,857	1,002,333
2049-2053	899,982	491,933	408,049
2054-2058	904,323	636,078	268,245
2059-2063	734,478	640,743	93,735
2064-2068	103,157	92,278	10,879
2068-2073	1,449	1,440	9
	<u>\$ 119,634,226</u>	<u>\$ 79,561,863</u>	<u>\$ 40,072,363</u>

Note 7: 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 \$11,900,000 at June 30, 2023, 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, 2023 and 2022

Note 8: 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 utilized 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 were made to Authority property to facilitate this temporary relocation. All costs of these additions and improvements were paid for by the Air Force. Total project costs were estimated to be approximately \$32.5 million, and were substantially all incurred through the Authority's fiscal year ended June 30, 2022. The Authority was responsible for the contracting and monitoring of any projects related to the Agreement, and received 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% paid as project costs were invoiced. For one of the hangars constructed under the Agreement, the initial contract for this hangar included compensation to the third-party contractor for deconstruction of the hangar upon termination of the contract with the Air Force. This contractual requirement resulted in a loss of approximately \$7.3 million to the Authority during the year ended June 30, 2022. The Authority's performance obligations under this agreement with the Air Force were substantially complete as of June 30, 2023.

Note 9: 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, 2023 and 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, 2023

	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	Airport Bonds Series 2021	Airport Bonds Series 2021 Project
Account Balance, Beginning of Year	\$ 65,087,400	\$ 424,516	\$ 742,135	\$ 163,686	\$ 1,262,317	\$ 635,700	\$ 86,892	\$ 3,233,671	\$ 43,980,962
Receipts									
Operations	20,020,893	-	-	-	-	-	-	-	-
Interest	1,020,919	5,897	10,478	4,134	19,035	9,156	1,176	52,308	802,856
Tax collections	3,678,123	-	-	-	-	-	-	-	-
Total Receipts	<u>24,719,935</u>	<u>5,897</u>	<u>10,478</u>	<u>4,134</u>	<u>19,035</u>	<u>9,156</u>	<u>1,176</u>	<u>52,308</u>	<u>802,856</u>
Disbursements									
Operations and maintenance	13,486,391	-	-	-	-	-	-	-	-
Property and equipment acquisition	30,827,718	-	-	-	-	-	-	-	-
Retirement of long-term debt	3,495,000	250,000	515,000	-	1,050,000	510,000	80,000	1,090,000	-
Interest	4,677,976	345,282	446,875	16,918	413,072	241,200	13,005	3,201,624	-
Other	52,173	-	-	-	-	-	-	-	-
Total Disbursements	<u>52,539,258</u>	<u>595,282</u>	<u>961,875</u>	<u>16,918</u>	<u>1,463,072</u>	<u>751,200</u>	<u>93,005</u>	<u>4,291,624</u>	<u>-</u>
Transfers, net	-	596,532	964,476	-	1,481,928	756,000	87,228	4,348,200	(26,887,518)
Account Balance, End of Year	<u>\$ 37,268,077</u>	<u>\$ 431,663</u>	<u>\$ 755,214</u>	<u>\$ 150,902</u>	<u>\$ 1,300,208</u>	<u>\$ 649,656</u>	<u>\$ 82,291</u>	<u>\$ 3,342,555</u>	<u>\$ 17,896,300</u>
Represented by									
Current Assets									
Cash and cash equivalents	\$ 12,659,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>12,659,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets									
Cash and cash equivalents	19,160,769	431,663	755,214	150,902	1,300,208	649,656	82,291	3,342,555	12,448,280
Investments	5,448,020	-	-	-	-	-	-	-	5,448,020
	<u>24,608,789</u>	<u>431,663</u>	<u>755,214</u>	<u>150,902</u>	<u>1,300,208</u>	<u>649,656</u>	<u>82,291</u>	<u>3,342,555</u>	<u>17,896,300</u>
	<u>\$ 37,268,077</u>	<u>\$ 431,663</u>	<u>\$ 755,214</u>	<u>\$ 150,902</u>	<u>\$ 1,300,208</u>	<u>\$ 649,656</u>	<u>\$ 82,291</u>	<u>\$ 3,342,555</u>	<u>\$ 17,896,300</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, 2023

	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	Passenger Facility Charge (PFC) Fund	Tax Levy Fund
Account Balance, Beginning of Year	\$ (212,644)	\$ 4,553,936	\$ 977	\$ 2,938,601	\$ 857,418	\$ 6,348,278	\$ 1,899	\$ 12,715	\$ -	\$ 56,341
Receipts										
Operations	-	18,492,393	-	-	1,092,723	-	-	-	435,777	-
Interest	-	1,644	-	16,198	512	80,951	-	34	-	16,540
Tax collections	-	-	-	-	-	-	-	-	-	3,678,123
Bond issuance proceeds	-	-	-	-	-	-	-	-	-	-
Total Receipts	-	18,494,037	-	16,198	1,093,235	80,951	-	34	435,777	3,694,663
Disbursements										
Operations and maintenance	13,486,391	-	-	-	-	-	-	-	-	-
Property and equipment acquisition	-	-	-	30,365,464	-	-	-	462,254	-	-
Retirement of long-term debt	-	-	-	-	-	-	-	-	-	-
Interest	-	1,502,575	-	(2,307,575)	805,000	-	-	-	-	-
Other	-	20,090	3,780	83	26,282	-	1,938	-	-	-
Total Disbursements	13,486,391	1,522,665	3,780	28,057,972	831,282	-	1,938	462,254	-	-
Transfers, net	13,475,031	(21,027,623)	4,000	27,836,303	(1,000,000)	-	-	451,220	(435,777)	(650,000)
Account Balance, End of Year	\$ (224,004)	\$ 497,685	\$ 1,197	\$ 2,733,130	\$ 119,371	\$ 6,429,229	\$ (39)	\$ 1,715	\$ -	\$ 3,101,004
Represented by										
Current Assets										
Cash and cash equivalents	\$ (224,004)	\$ 497,685	\$ 1,197	\$ 2,733,130	\$ 119,371	\$ 6,429,229	\$ (39)	\$ 1,715	\$ -	\$ 3,101,004
	(224,004)	497,685	1,197	2,733,130	119,371	6,429,229	(39)	1,715	-	3,101,004
Restricted Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	\$ (224,004)	\$ 497,685	\$ 1,197	\$ 2,733,130	\$ 119,371	\$ 6,429,229	\$ (39)	\$ 1,715	\$ -	\$ 3,101,004

**Airport Authority of the City of
Lincoln, Nebraska
Schedule of Operating Revenues
Years Ended June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)
Landing Field			
Landing Fees			
Delta Airlines	\$ -	\$ 6,539	\$ (6,539)
United Airlines	343,889	285,095	58,794
Flowage Fees			
Duncan Aviation	54,619	53,777	842
Silverhawk Aviation	96,916	115,985	(19,069)
GASB 87 lease revenue adjustment	122	2,002	(1,880)
Other	26,678	78,622	(51,944)
	<u>522,224</u>	<u>542,020</u>	<u>(19,796)</u>
Terminal			
Airline Rentals			
Delta Airlines	-	12,216	(12,216)
United Airlines	393,468	314,910	78,558
Land Transportation Facilities			
Avis Rent A Car	191,508	243,427	(51,919)
Budget Rent A Car	41,868	42,167	(299)
Enterprise Rent-A-Car	155,947	129,661	26,286
The Hertz Corporation	85,928	95,470	(9,542)
National Car Rental System	153,461	120,311	33,150
Cab companies	-	1,400	(1,400)
Concessions			
Standard Parking	1,085,567	836,900	248,667
Interspace	20,522	11,185	9,337
Utility surcharges	116,135	104,987	11,148
Air Freight terminal	24,192	26,558	(2,366)
Passenger facility charges	463,596	390,519	73,077
GASB 87 lease revenue adjustment	(366)	538	(904)
Other	197,722	134,827	62,895
	<u>2,929,548</u>	<u>2,465,076</u>	<u>464,472</u>

**Airport Authority of the City of
Lincoln, Nebraska
Schedule of Operating Revenues - Continued
Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
General Aviation			
U.S. Government	\$ 158,282	\$ 158,282	\$ -
State of Nebraska	118,651	118,651	-
Duncan Aviation, Inc., shop hangar	984,135	954,559	29,576
Silverhawk Aviation	158,647	158,039	608
Hill Aero	59,624	59,624	-
Executive T-Hangar	290,045	258,835	31,210
Other T-Hangars	654,899	539,199	115,700
GASB 87 lease revenue adjustment	130,359	169,614	(39,255)
Other	<u>26,291</u>	<u>5,955</u>	<u>20,336</u>
Total general aviation	<u>2,580,933</u>	<u>2,422,758</u>	<u>158,175</u>
LNK Enterprise Park			
LNK Enterprise Park	8,651,311	8,827,022	(175,711)
Facility usage	1,898,383	1,980,248	(81,865)
Storage annex	114,237	134,545	(20,308)
Enterprise Park aviation	1,022,220	800,157	222,063
GASB 87 lease revenue adjustment	1,721,418	1,743,442	(22,024)
Other	<u>-</u>	<u>323,604</u>	<u>(323,604)</u>
Total LNK Enterprise Park	<u>13,407,569</u>	<u>13,809,018</u>	<u>(401,449)</u>
Air Park South			
Lincoln Air Park South	<u>187,241</u>	<u>155,094</u>	<u>32,147</u>
Total operating revenues	<u>\$ 19,627,515</u>	<u>\$ 19,393,966</u>	<u>\$ 233,549</u>

**Airport Authority of the City of
Lincoln, Nebraska
Schedule of Direct Operating Expenses
Years Ended June 30, 2023 and 2022**

	2023	2022	Increase (Decrease)
Landing Field			
Salaries	\$ 416,871	\$ 417,789	\$ (918)
Employee benefits	177,072	181,492	(4,420)
Repairs and maintenance	406,932	240,411	166,521
Contracted services	227,419	145,666	81,753
Utilities	81,766	88,418	(6,652)
Insurance	56,166	50,518	5,648
Professional services	2,299	3,762	(1,463)
Other	1,178	5,897	(4,719)
Total landing field	<u>1,369,703</u>	<u>1,133,953</u>	<u>235,750</u>
Terminal			
Salaries	1,910,038	1,725,091	184,947
Employee benefits	789,220	717,882	71,338
Repairs and maintenance	200,077	142,603	57,474
Contracted services	199,029	430,748	(231,719)
Utilities	485,725	569,666	(83,941)
Insurance	148,616	128,198	20,418
Professional services	339,816	298,216	41,600
Bad debt expense	8,578	24,724	(16,146)
Total terminal	<u>4,081,099</u>	<u>4,037,128</u>	<u>43,971</u>
General Aviation			
Salaries	85,275	53,738	31,537
Employee benefits	31,578	26,758	4,820
Repairs and maintenance	12,831	14,897	(2,066)
Contracted services	46,529	78,933	(32,404)
Utilities	49,341	56,204	(6,863)
Insurance	96,866	79,869	16,997
Professional services	6,598	29,891	(23,293)
Interest expense	95,959	107,383	(11,424)
Bad debt expense	225	2,130	(1,905)
Total general aviation	<u>425,202</u>	<u>449,803</u>	<u>(24,601)</u>

**Airport Authority of the City of
Lincoln, Nebraska**
Schedule of Direct Operating Expenses - Continued
Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)
LNK Enterprise Park			
Salaries	\$ 484,230	\$ 485,602	\$ (1,372)
Employee benefits	273,922	232,558	41,364
Repairs and maintenance	42,930	106,844	(63,914)
Contracted services	178,619	693,608	(514,989)
Utilities	587,659	693,704	(106,045)
Insurance	400,548	340,814	59,734
Professional services	7,165	5,016	2,149
Interest expense	1,258,568	1,312,036	(53,468)
Bad debt expense	58,718	2,753	55,965
	<u>3,292,359</u>	<u>3,872,935</u>	<u>(580,576)</u>
Air Park South			
Salaries	18,212	14,790	3,422
Employee benefits	6,770	3,391	3,379
Repairs and maintenance	7,056	5,311	1,745
Contracted services	3,968	1,492	2,476
Utilities	16,650	17,261	(611)
Insurance	4,434	3,844	590
Bad debt expense	2,761	-	2,761
	<u>59,851</u>	<u>46,089</u>	<u>13,762</u>
	<u>9,228,214</u>	<u>9,539,908</u>	<u>(311,694)</u>
Depreciation and Amortization Expense			
Landing field	1,979,643	1,750,492	229,151
Terminal	513,508	463,802	49,706
General aviation	561,986	540,350	21,636
LNK Enterprise Park	3,597,751	3,433,765	163,986
Lincoln Air Park South	39,671	40,201	(530)
	<u>6,692,559</u>	<u>6,228,610</u>	<u>463,949</u>
Total depreciation and amortization expense	<u>6,692,559</u>	<u>6,228,610</u>	<u>463,949</u>
Total Direct Operating Expenses	<u>\$ 15,920,773</u>	<u>\$ 15,768,518</u>	<u>\$ 152,255</u>

**Airport Authority of the City of
Lincoln, Nebraska**
Schedule of Indirect Operating Expenses
Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)
Public Safety			
Salaries	\$ (6,059)	\$ 4,681	\$ (10,740)
Employee benefits	11,391	7,165	4,226
Repairs and maintenance	114,259	43,963	70,296
Contracted services	19,343	13,563	5,780
Utilities	5,376	5,376	-
Insurance	21,486	27,725	(6,239)
Professional services	63,276	70,908	(7,632)
Other	32,539	24,543	7,996
Total public safety	<u>261,611</u>	<u>197,924</u>	<u>63,687</u>
Service Equipment			
Salaries	182,831	171,817	11,014
Employee benefits	79,152	70,515	8,637
Repairs and maintenance	218,512	155,030	63,482
Contracted services	11,387	10,988	399
Utilities	142,338	156,000	(13,662)
Insurance	62,637	59,994	2,643
Professional services	9	-	9
Other	217	-	217
Total service equipment	<u>697,083</u>	<u>624,344</u>	<u>72,739</u>
General and Administrative			
Salaries	1,131,610	929,685	201,925
Employee benefits	577,899	487,452	90,447
Repairs and maintenance	63,833	31,975	31,858
Contracted services	6,884	35,670	(28,786)
Utilities	67,945	64,800	3,145
Insurance	36,287	43,402	(7,115)
Professional services	3,321,153	1,153,478	2,167,675
Other	348,011	258,905	89,106
Total general and administrative	<u>5,553,622</u>	<u>3,005,367</u>	<u>2,548,255</u>
Depreciation Expense			
Service equipment	415,159	429,004	(13,845)
General and administrative	188,102	178,180	9,922
Public safety	4,074	5,016	(942)
Total depreciation expense	<u>607,335</u>	<u>612,200</u>	<u>(4,865)</u>
Total Indirect Operating Expenses	<u>\$ 7,119,651</u>	<u>\$ 4,439,835</u>	<u>\$ 2,679,816</u>

**Airport Authority of the City of
Lincoln, Nebraska**
Schedule of Expenses by Natural Classification
Years Ended June 30, 2023 and 2022

	2023	2022	Increase (Decrease)
Expenses			
Salaries	\$ 4,223,008	\$ 3,803,193	\$ 419,815
Employee benefits	1,947,004	1,727,213	219,791
Repairs and maintenance	1,066,430	741,034	325,396
Contracted services	693,178	1,410,668	(717,490)
Utilities	1,436,800	1,651,429	(214,629)
Insurance	827,040	734,364	92,676
Professional services	3,740,316	1,561,271	2,179,045
Interest expense	2,803,194	2,892,806	(89,612)
Bad debt expense	70,282	29,607	40,675
Other	381,945	289,345	92,600
Bond issuance costs	-	302,306	(302,306)
Depreciation and amortization expense	7,299,894	6,840,810	459,084
Total Expenses	\$ 24,489,091	\$ 21,984,046	\$ 2,505,045