

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

## **Independent Auditor's Reports and Financial Statements**

June 30, 2024 and 2023



**Airport Authority of the City of Lincoln, Nebraska**  
**Contents**  
**June 30, 2024 and 2023**

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***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, 2024 and 2023, 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, 2024 and 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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; expenses by natural classification; the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the schedule of passenger facility charge revenues and expenditures required by the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration 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; expenses by natural classification; the schedule of expenditures of federal awards; and the schedule of passenger facility charge revenues and expenditures are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

**Forvis Mazars, LLP**

Lincoln, Nebraska  
November 18, 2024

## Management's Discussion and Analysis 2024 and 2023

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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, 2024 and 2023, with selected comparative information for the fiscal year ended June 30, 2022. 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 and deferred inflows of resources - 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

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The Airport 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	
	2023	2022	2021	2023/2022	2022/2021
Enplaned passengers	131,340	92,865	85,614	41.43%	8.47%
Aircraft operations					
Air carrier	6,925	5,044	5,512	37.29%	-8.49%
Air taxi	6,574	9,298	8,389	-29.30%	10.84%
General aviation	50,111	45,125	41,118	11.05%	9.75%
Military	8,868	14,743	17,592	-39.85%	-16.19%
Total operations	72,478	74,210	72,611	-2.33%	2.20%

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 2023 saw a 41.4% increase in passenger numbers from 2022, and a 8.5% increase from 2021 to 2022. LAA officials continue to work with consultants and the airlines to attract new air service to Lincoln.

Lincoln is currently served by United Airlines. United Airlines provides daily flights to Chicago and Denver. The Airport Authority will continue to explore service options with various airlines.

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		
	2024	2023	2022
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

The Authority has a professional services agreement with SP+, previously known as Standard Parking, to operate the public parking facilities at the airport. SP+ received an annual fee of \$361,672 for 2024 and \$339,816 for 2023. The operation of such parking facilities generated annual gross receipts of approximately \$1,281,000 and \$1,086,000 in 2024 and 2023, 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 2024, from \$628,712 in fiscal year 2023 to \$697,662 in fiscal year 2024.

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.

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.

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 hangars available for general aviation use and 5 private corporate hangars. The airport continues to see 85-90% occupancy in these individual hangars or t-hangars. Additionally, other aircraft related industries such as the FAA, Nebraska Department of Transportation and Transportation Security Administration (TSA) 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 \$11,450,000 in 2024, down from \$13,400,000 in 2023, a decrease of 15%, mainly due to the temporary presence of the United States Air Force (USAF) relocation from Omaha in 2023.

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 University of Nebraska-Lincoln (UNL). Timpote has begun construction of a large manufacturing facility that is anticipated to be in use in early 2025. The balance of the tenant base in LNK Enterprise Park is stable with no major tenants leaving during the 2024 and 2023 fiscal years. The Authority does not anticipate other major vacancies in the near future.

The Airport Authority's financial outlook is strong, primarily due to its wide diversification on the airfield, with a strong general aviation community, and in the industrial park with a wide variety of unrelated industries leasing space.

The following condensed financial statements summarize the financial position of the Authority as of June 30, 2024, 2023 and 2022, and its activities for the years then ended:

**Condensed Balance Sheets**

	June 30			Variance			
	2024	2023	2022	2024 / 2023		2023 / 2022	
				Dollars	Percent	Dollars	Percent
Current assets	\$ 24,950,966	\$ 24,999,754	\$ 25,890,527	\$ (48,788)	-0.20%	\$ (890,773)	-3.44%
Restricted cash and investments	6,302,393	24,608,789	50,589,651	(18,306,396)	-74.39%	(25,980,862)	-51.36%
Leases receivable, noncurrent	69,624,967	73,939,216	69,043,532	(4,314,249)	-5.83%	4,895,684	7.09%
Capital assets	160,389,433	156,167,832	131,593,201	4,221,601	2.70%	24,574,631	18.67%
Deferred loss on bond refunding	525,666	584,073	642,480	(58,407)	-10.00%	(58,407)	-9.09%
Total assets and deferred outflows of resources	<u>\$261,793,425</u>	<u>\$ 280,299,664</u>	<u>\$ 277,759,391</u>	<u>\$ (18,506,239)</u>	<u>-6.60%</u>	<u>\$ 2,540,273</u>	<u>0.91%</u>
Current liabilities	\$ 4,066,369	\$ 15,651,100	\$ 13,347,240	\$ (11,584,731)	-74.02%	\$ 2,303,860	17.26%
Noncurrent liabilities	84,844,328	90,516,733	95,739,048	(5,672,405)	-6.27%	(5,222,315)	-5.45%
Deferred inflows of resources	74,853,732	78,181,903	74,246,288	(3,328,171)	-4.26%	3,935,615	5.30%
Total liabilities and deferred inflows	163,764,429	184,349,736	183,332,576	(20,585,307)	-11.17%	1,017,160	0.55%
Net investment in capital assets	80,899,788	73,418,004	72,118,584	7,481,784	10.19%	1,299,420	1.80%
Restricted for debt service	261,368	4,931,043	3,650,775	(4,669,675)	-94.70%	1,280,268	35.07%
Unrestricted	16,867,840	17,600,881	18,657,456	(733,041)	-4.16%	(1,056,575)	-5.66%
Total liabilities, deferred inflows and net position	<u>\$261,793,425</u>	<u>\$ 280,299,664</u>	<u>\$ 277,759,391</u>	<u>\$ (18,506,239)</u>	<u>-6.60%</u>	<u>\$ 2,540,273</u>	<u>0.91%</u>

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

	Year Ended June 30			Variance			
	2024	2023	2022	2024 / 2023		2023 / 2022	
				Dollars	Percent	Dollars	Percent
Operating revenue							
Airport revenue	\$ 17,749,478	\$ 19,627,515	\$ 19,393,966	\$ (1,878,037)	-9.57%	\$ 233,549	1.20%
Total operating revenue	17,749,478	19,627,515	19,393,966	(1,878,037)	-9.57%	233,549	1.20%
Operating expenses							
Direct operating expenses	17,134,051	15,920,773	15,768,518	1,213,278	7.62%	152,255	0.97%
Indirect operating expenses	8,761,570	7,119,651	4,439,835	1,641,919	23.06%	2,679,816	60.36%
Total operating expenses	25,895,621	23,040,424	20,208,353	2,855,197	12.39%	2,832,071	14.01%
Operating loss	(8,146,143)	(3,412,909)	(814,387)	(4,733,234)	138.69%	(2,598,522)	319.08%
Net nonoperating revenues (expenses)	8,449,204	4,800,510	(6,611,528)	3,648,694	76.01%	11,412,038	-172.61%
Capital contributions	1,776,007	135,512	7,204,458	1,640,495	1210.59%	(7,068,946)	-98.12%
Change in net position	\$ 2,079,068	\$ 1,523,113	\$ (221,457)	\$ 555,955	36.50%	\$ 1,744,570	-787.77%

The change in net position from 2023 to 2024 increased \$555,955, primarily as a result of an increase in the Authority's income from federal grants and property taxes. In comparing fiscal year 2023 to fiscal year 2024, operating revenues decreased \$1,878,037 or 9.6% and operating expenses increased \$2,855,197 or 12.4%.

Normal depreciation was taken on capital assets during fiscal years 2024 and 2023. As of June 30, 2024, the Authority has construction in process in the amount of \$1,909,354 as compared to \$48,728,816 at June 30, 2023. This decrease is a direct result of the terminal improvements being placed into service in 2024.

Landing field revenues are down 2.8% from 2023 due to less commercial activity. The current landing fee rate under contract is \$2.40 per 1,000 pounds.

Revenues in LNK Enterprise Park decreased by approximately 14% in fiscal year 2024, due mostly to the temporary facility use activity related to the Offutt relocation in 2023.

Federal grant income increased \$2,552,370 in fiscal year 2024. The increase was primarily due to CARES Act funding from the County for the payment of minimum revenue guarantee payments.

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 is being used for the constructing, expanding, modernizing and equipping of 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 are being used to 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 \$5,573,586 in 2023 and 2024, 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 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. Aircraft Run-up Pad
8. 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, 2024 and 2023**

**Assets and Deferred Outflows of Resources**

	<u>2024</u>	<u>2023</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 13,506,506	\$ 12,659,288
Accounts receivable, net	1,632,490	2,099,400
Grants receivable	828,402	1,958,845
Lease receivable	5,847,158	5,622,647
Lease interest receivable	348,463	366,331
Property tax receivable	2,156,342	1,882,036
Prepaid expenses	631,605	411,207
Total current assets	<u>24,950,966</u>	<u>24,999,754</u>
<b>Restricted Cash and Cash Equivalents</b>	6,302,393	19,160,769
<b>Restricted Investments</b>	-	5,448,020
<b>Lease Receivable, net of Current Portion</b>	69,624,967	73,939,216
<b>Capital Assets, At Cost, Net of Accumulated Depreciation</b>	<u>160,389,433</u>	<u>156,167,832</u>
Total assets	<u>261,267,759</u>	<u>279,715,591</u>
<b>Deferred Outflows of Resources</b>		
Loss on bond refunding	525,666	584,073
Total assets and deferred outflows of resources	<u>\$ 261,793,425</u>	<u>\$ 280,299,664</u>

**Liabilities, Deferred Inflows of Resources and Net Position**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,483,592	\$ 8,377,882
Current maturities of long-term debt	-	4,690,000
Current maturities of subscription liability	73,343	154,754
Unearned revenue	507,665	645,764
Interest payable	1,769	1,782,700
Total current liabilities	<u>4,066,369</u>	<u>15,651,100</u>
<b>Noncurrent Liabilities</b>		
Long-term debt, net of current portion	84,091,354	89,794,103
Subscription liability, net of current portion	157,871	231,214
Compensated absences, net of current portion	595,103	491,416
Total noncurrent liabilities	<u>84,844,328</u>	<u>90,516,733</u>
Total liabilities	<u>88,910,697</u>	<u>106,167,833</u>
<b>Deferred Inflows of Resources</b>		
Leases	<u>74,853,732</u>	<u>78,181,903</u>
<b>Net Position</b>		
Net investment in capital assets	80,899,788	73,418,004
Restricted for debt service	261,368	4,931,043
Unrestricted	<u>16,867,840</u>	<u>17,600,881</u>
Total net position	<u>98,028,996</u>	<u>95,949,928</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 261,793,425</u>	<u>\$ 280,299,664</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Revenues</b>		
Landing field	\$ 507,282	\$ 522,224
Terminal	3,153,200	2,929,548
General aviation	2,474,871	2,580,933
LNK Enterprise Park	11,442,817	13,407,569
Air Park South	171,308	187,241
Total operating revenues	<u>17,749,478</u>	<u>19,627,515</u>
<b>Direct Operating Expenses</b>		
Landing field	1,422,770	1,369,703
Terminal	4,858,177	4,081,099
General aviation	514,008	425,202
LNK Enterprise Park	2,901,617	3,292,359
Air Park South	49,514	59,851
Depreciation and amortization	7,387,965	6,692,559
Total direct operating expenses	<u>17,134,051</u>	<u>15,920,773</u>
<b>Operating Income After Direct Expenses and Before Indirect Operating Expenses</b>	<u>615,427</u>	<u>3,706,742</u>
<b>Indirect Operating Expenses</b>		
Public safety	244,816	261,611
Service equipment	724,461	697,083
General and administrative	7,151,762	5,553,622
Depreciation and amortization	640,531	607,335
Total indirect operating expenses	<u>8,761,570</u>	<u>7,119,651</u>
<b>Operating Loss</b>	<u>(8,146,143)</u>	<u>(3,412,909)</u>
<b>Nonoperating Revenues and Expenses</b>		
Investment income	1,283,636	1,149,440
Interest expense	(1,348,992)	(1,448,667)
Farm income, net of expense	260,123	211,353
Loss on disposal of assets	(107,115)	(985,739)
Offutt relocation	-	157,974
Federal grants	2,781,100	928,398
Property tax revenues	5,573,586	4,770,488
Other	6,866	17,263
Total nonoperating revenues, net	<u>8,449,204</u>	<u>4,800,510</u>
<b>Income (Loss) Before Capital Grants</b>	<u>303,061</u>	<u>1,387,601</u>
<b>Capital contributions</b>		
Non-federal capital contributions	940,827	-
Federal grants	835,180	135,512
Total capital grants	<u>1,776,007</u>	<u>135,512</u>
<b>Increase in Net Position</b>	<u>2,079,068</u>	<u>1,523,113</u>
<b>Net Position, Beginning of Year</b>	<u>95,949,928</u>	<u>94,426,815</u>
<b>Net Position, End of Year</b>	<u>\$ 98,028,996</u>	<u>\$ 95,949,928</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from customers and tenants	\$ 18,856,079	\$ 17,049,899
Cash paid to suppliers	(9,861,530)	(7,011,749)
Cash paid to employees	(7,256,998)	(6,073,519)
Interest paid	(2,024,029)	(1,400,995)
	<u>(286,478)</u>	<u>2,563,636</u>
Net cash provided by (used in) operating activities		
<b>Cash Flows From Noncapital Financing Activities</b>		
Offutt relocation	-	157,974
Property tax collections	5,299,280	3,667,711
Noncapital grants received	4,209,498	-
Other receipts	6,866	17,263
	<u>9,515,644</u>	<u>3,842,948</u>
Net cash provided by noncapital financing activities		
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of property and equipment	(16,984,380)	(30,487,667)
Capital grants received	1,478,052	1,613,176
Principal payments on long-term debt	(9,575,000)	(3,495,000)
Interest payments on long-term debt	(3,150,775)	(3,276,981)
	<u>(28,232,103)</u>	<u>(35,646,472)</u>
Net cash used in capital and related financing activities		
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	5,346,524	32,805,176
Farm income	260,123	211,353
Interest received on investments	1,385,132	1,019,006
	<u>6,991,779</u>	<u>34,035,535</u>
Net cash provided by investing activities		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(12,011,158)	4,795,647
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>31,820,057</u>	<u>27,024,410</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 19,808,899</u>	<u>\$ 31,820,057</u>
<b>Reconciliation of Cash and Cash Equivalents to Balance Sheets</b>		
Cash and cash equivalents	\$ 13,506,506	\$ 12,659,288
Restricted cash and cash equivalents	<u>6,302,393</u>	<u>19,160,769</u>
	<u>\$ 19,808,899</u>	<u>\$ 31,820,057</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Statements of Cash Flows - Continued**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by</b>		
<b>(Used in) Operating Activities</b>		
Operating loss	\$ (8,146,143)	\$ (3,412,909)
Items not requiring (providing) cash		
Depreciation and amortization	8,028,496	7,299,894
Amortization of issuance premiums	(75,356)	(75,354)
Amortization of deferred loss on bond refunding	58,407	58,407
Changes in operating assets and liabilities		
Accounts receivable	466,910	(468,582)
Leases and lease interest receivable	3,952,852	(5,784,152)
Prepaid expenses	(220,398)	(82,339)
Accounts payable and accrued expenses	(163,435)	1,385,312
Unearned revenue	(138,099)	(262,735)
Interest payable	(721,541)	(29,521)
Deferred leasing arrangements	<u>(3,328,171)</u>	<u>3,935,615</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (286,478)</u>	<u>\$ 2,563,636</u>
<b>Supplemental Cash Flows Information</b>		
Capital asset acquisitions included in accounts payable	\$ 1,732,962	\$ 6,360,130
Capital assets acquired through subscription arrangements	\$ -	\$ 385,968

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**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, 2024 and 2023, 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, 2024 and 2023**

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***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, 2024 and 2023.

***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.

***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*.

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***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 from tenants, which relate to future year commitments. All unearned revenue recorded by the Authority at June 30, 2024 and 2023 relates to lease payments for fiscal years 2025 and 2024, 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 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.”

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***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 2023-2024 fiscal year was \$5,716,991 or \$0.016750 per \$100 of assessed valuation. The total assessed valuation for which the Authority's property taxes were levied was \$34,131,455,666 for the 2023-2024 fiscal year.

**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, 2024, deposits totaling approximately \$28,000 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.

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

At June 30, 2024 and 2023, the Authority had the following investments and maturities:

	<u>Maturities in Years</u>			<b>Credit Rating Moody's / S&amp;P</b>
	<b>Total</b>	<b>Less Than 1</b>	<b>1 - 5</b>	
<b>June 30, 2024</b>				
Government securities				
money market funds	\$ 6,302,393	\$ 6,302,293	\$ -	Aaa-mf/AAAm
	<u>\$ 6,302,393</u>	<u>\$ 6,302,293</u>	<u>\$ -</u>	
 <u>Maturities in Years</u>				
	<b>Total</b>	<b>Less Than 1</b>	<b>1 - 5</b>	<b>Credit Rating Moody's / S&amp;P</b>
<b>June 30, 2023</b>				
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
	<u>\$ 24,608,789</u>	<u>\$ 24,608,789</u>	<u>\$ -</u>	

**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, 2024 and 2023, all of the Authority's investments totaling \$6,302,393 and \$24,608,789, 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.

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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***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.

***Summary of Carrying Values***

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

	<u>2024</u>	<u>2023</u>
Deposits	\$ 13,506,506	\$ 12,659,288
Investments	<u>6,302,393</u>	<u>24,608,789</u>
	<u>\$ 19,808,899</u>	<u>\$ 37,268,077</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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Included in the following balance sheet captions:

	<u>2024</u>	<u>2023</u>
Current assets		
Operations and maintenance fund	\$ (380,423)	\$ (224,004)
Airport comp flex fund	5,219	(39)
Revenue fund	2,523,010	497,685
Airport parking fund	132,677	119,371
Capital improvement fund	1,916,692	2,733,130
Cash reserve fund	6,734,885	6,429,229
Airport CNG station fund	2,937	1,197
Offutt relocation fund	-	1,715
Tax levy fund	<u>2,571,509</u>	<u>3,101,004</u>
Total cash and cash equivalents	<u>13,506,506</u>	<u>12,659,288</u>
Restricted cash and cash equivalents		
Airport bond funds	262,174	6,712,489
Airport bond project fund	<u>6,040,219</u>	<u>12,448,280</u>
Total restricted cash and cash equivalents	<u>6,302,393</u>	<u>19,160,769</u>
Restricted investments		
Airport bond project fund	<u>-</u>	<u>5,448,020</u>
	<u>\$ 19,808,899</u>	<u>\$ 37,268,077</u>

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.

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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**Investment Return**

Investment income was comprised of the following for 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 1,283,636	\$ 1,025,800
Net increase in fair value of investments	-	123,640
	<u>\$ 1,283,636</u>	<u>\$ 1,149,440</u>

**Note 3. Capital Assets**

Capital asset activity for the years ended June 30, 2024 and 2023 was:

	<u>2024</u>				
	<u>Beginning</u>		<u>Less</u>		<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u>
Land	\$ 2,350,187	\$ -	\$ -	\$ -	\$ 2,350,187
Buildings	189,161,331	-	6,962,283	58,371,946	240,570,994
Furniture and equipment	13,423,884	-	18,133	654,674	14,060,425
Runways	96,092,115	-	-	132,927	96,225,042
Subscription assets	385,968	-	-	-	385,968
Construction in progress	48,728,816	12,489,611	149,526	(59,159,547)	1,909,354
	<u>350,142,301</u>	<u>12,489,611</u>	<u>7,129,942</u>	<u>-</u>	<u>355,501,970</u>
Less accumulated depreciation and amortization					
Buildings	119,796,133	5,259,097	6,872,295	-	118,182,935
Furniture and equipment	10,309,833	612,207	18,133	-	10,903,907
Runways	63,810,608	2,079,998	-	-	65,890,606
Subscription assets	57,895	77,194	-	-	135,089
	<u>193,974,469</u>	<u>8,028,496</u>	<u>6,890,428</u>	<u>-</u>	<u>195,112,537</u>
Capital assets, net	<u>\$156,167,832</u>	<u>\$ 4,461,115</u>	<u>\$ 239,514</u>	<u>\$ -</u>	<u>\$ 160,389,433</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

	<b>2023</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Less Retirements</b>	<b>Transfers</b>	<b>Ending Balance</b>
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					
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>

**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, 2024 and 2023:

<b>Type of Debt</b>	<b>Maturity</b>	<b>Interest Rates</b>	<b>Original Issue Amount</b>	<b>Date Callable</b>	<b>Outstanding at June 30, 2024</b>	<b>Outstanding at June 30, 2023</b>
Airport Bonds						
Series 2015A	July 2045	2.00% - 5.00%	\$ 10,285,000	July 2025	\$ 8,450,000	\$ 8,970,000
Series 2015B	July 2045	0.98% - 4.63%	14,010,000	July 2025	9,620,000	10,685,000
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	10,955,000	13,140,000
Series 2019A	July 2036	4.00%	7,025,000	December 2029	4,700,000	5,775,000
Series 2019B	July 2029	1.95% - 2.55%	730,000	Not Callable	385,000	540,000
Series 2021	July 2036	4.00% - 5.00%	45,105,000	July 2031	39,440,000	44,015,000
					<u>\$74,055,000</u>	<u>\$ 83,630,000</u>



**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

The following is a summary of long-term liability transactions for the Authority for the years ended June 30, 2024 and 2023:

	<b>2024</b>				
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Airport bonds	\$ 83,630,000	\$ -	\$ 9,575,000	\$ 74,055,000	\$ -
Issuance premium	10,854,103	-	817,749	10,036,354	-
	<u>94,484,103</u>	<u>-</u>	<u>10,392,749</u>	<u>84,091,354</u>	<u>-</u>
Subscription liability	385,968	-	154,754	231,214	73,343
Compensated absences	819,416	512,792	341,105	991,103	396,000
Total long-term liabilities	<u>\$ 95,689,487</u>	<u>\$ 512,792</u>	<u>\$ 10,888,608</u>	<u>\$ 85,313,671</u>	<u>\$ 469,343</u>
	<b>2023</b>				
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
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>

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 \$97,752,020, with annual payments expected to require approximately 40 percent of net revenues. Principal and interest for the current year and net operating revenues were approximately \$5,175,000 and \$17,750,000, respectively.

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

The debt service requirements at June 30, 2024 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 1,592,864	\$ -	\$ 1,592,864
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	8,017,675	5,630,000	2,387,675
2030-2034	38,069,244	29,955,000	8,114,244
2035-2039	19,181,688	16,930,000	2,251,688
2040-2044	4,277,236	3,550,000	727,236
2045-2049	1,699,065	1,630,000	69,065
	<u>\$ 97,752,020</u>	<u>\$ 74,055,000</u>	<u>\$ 23,697,020</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, 2024:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 84,904	\$ 73,343	\$ 11,561
2026	84,904	77,010	7,894
2027	84,904	80,861	4,043
	<u>\$ 254,712</u>	<u>\$ 231,214</u>	<u>\$ 23,498</u>

**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 \$294,000 and \$255,000 for 2024 and 2023, respectively. Contributions to the plan by the Authority were approximately \$472,000 and \$419,000 for 2024 and 2023, respectively. No forfeitures were used to offset Authority contributions during 2024. 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, 2024 and 2023**

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***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 2024 and 2023.

**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 \$14,100,000 and \$14,770,000 for the years ended June 30, 2024 and 2023, respectively, and includes both lease revenue and interest.

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 \$323,000 and \$393,000 related to this lease agreement for the years ended June 30, 2024 and 2023, respectively.

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

Below is a schedule of future payments that are included in the measurement of the lease receivable at June 30, 2024:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	\$ 9,458,136	\$ 5,847,158	\$ 3,610,978
2026	8,358,265	5,015,554	3,342,711
2027	8,184,607	5,087,153	3,097,454
2028	7,726,905	4,875,109	2,851,796
2029	7,358,355	4,745,041	2,613,314
2030-2034	27,388,504	17,300,029	10,088,475
2035-2039	21,116,508	14,772,737	6,343,771
2040-2044	14,955,494	11,941,773	3,013,721
2045-2049	4,851,598	4,113,467	738,131
2050-2054	900,841	517,951	382,890
2055-2059	905,217	669,506	235,711
2060-2064	577,384	512,877	64,507
2065-2069	80,423	73,770	6,653
	<u>\$ 111,862,237</u>	<u>\$ 75,472,125</u>	<u>\$ 36,390,112</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 \$2,600,000 at June 30, 2024, which are expected to be funded through federal grants or by the use of bond proceeds.

**Note 8. 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, 2024 and 2023.

## **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, 2024**

	<b>Total</b>	<b>Airport Bonds Series 2015A</b>	<b>Airport Bonds Series 2015B</b>	<b>Airport Bonds Series 2015C</b>	<b>Airport Bonds Series 2016A</b>	<b>Airport Bonds Series 2019A</b>	<b>Airport Bonds Series 2019B</b>	<b>Airport Bonds Series 2021</b>	<b>Airport Bonds Series 2021 Project</b>
Account Balance, Beginning of Year	\$ 37,268,077	\$ 431,663	\$ 755,214	\$ 150,902	\$ 1,300,208	\$ 649,656	\$ 82,291	\$ 3,342,555	\$ 17,896,300
Receipts									
Operations	20,750,115	-	-	-	-	-	-	-	-
Interest	1,385,132	9,597	16,822	6,655	30,135	14,715	1,921	79,617	726,881
Tax collections	5,299,280	-	-	-	-	-	-	-	-
Other	3,053,762	-	-	-	-	-	-	-	-
Total Receipts	<u>30,488,289</u>	<u>9,597</u>	<u>16,822</u>	<u>6,655</u>	<u>30,135</u>	<u>14,715</u>	<u>1,921</u>	<u>79,617</u>	<u>726,881</u>
Disbursements									
Operations and maintenance	16,192,208	-	-	-	-	-	-	-	-
Property and equipment acquisition	16,984,380	-	-	-	-	-	-	-	-
Retirement of long-term debt	9,575,000	520,000	1,065,000	-	2,185,000	1,075,000	155,000	4,575,000	-
Interest	5,159,749	504,648	643,532	25,377	578,017	325,500	16,875	3,065,800	-
Other	36,130	-	-	-	-	-	-	-	-
Total Disbursements	<u>47,947,467</u>	<u>1,024,648</u>	<u>1,708,532</u>	<u>25,377</u>	<u>2,763,017</u>	<u>1,400,500</u>	<u>171,875</u>	<u>7,640,800</u>	<u>-</u>
Transfers, net	<u>-</u>	<u>591,564</u>	<u>950,808</u>	<u>-</u>	<u>1,458,264</u>	<u>748,668</u>	<u>89,304</u>	<u>4,286,364</u>	<u>(12,582,962)</u>
Account Balance, End of Year	<u>\$ 19,808,899</u>	<u>\$ 8,176</u>	<u>\$ 14,312</u>	<u>\$ 132,180</u>	<u>\$ 25,590</u>	<u>\$ 12,539</u>	<u>\$ 1,641</u>	<u>\$ 67,736</u>	<u>\$ 6,040,219</u>
Represented by									
Current Assets									
Cash and cash equivalents	\$ 13,506,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>13,506,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets									
Cash and cash equivalents	6,302,393	8,176	14,312	132,180	25,590	12,539	1,641	67,736	6,040,219
Investments	-	-	-	-	-	-	-	-	-
	<u>6,302,393</u>	<u>8,176</u>	<u>14,312</u>	<u>132,180</u>	<u>25,590</u>	<u>12,539</u>	<u>1,641</u>	<u>67,736</u>	<u>6,040,219</u>
	<u>\$ 19,808,899</u>	<u>\$ 8,176</u>	<u>\$ 14,312</u>	<u>\$ 132,180</u>	<u>\$ 25,590</u>	<u>\$ 12,539</u>	<u>\$ 1,641</u>	<u>\$ 67,736</u>	<u>\$ 6,040,219</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, 2024**

	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	\$ (224,004)	\$ 497,685	\$ 1,197	\$ 2,733,130	\$ 119,371	\$6,429,229	\$ (39)	\$ 1,715	\$ -	\$ 3,101,004
Receipts										
Operations	-	18,923,943	-	-	1,295,696	-	-	-	530,476	-
Interest	-	931	2	130,274	292	305,656	-	5	-	61,629
Tax collections	-	-	-	-	-	-	-	-	-	5,299,280
Other	-	3,000,000	-	48,504	-	-	5,258	-	-	-
Total Receipts	-	21,924,874	2	178,778	1,295,988	305,656	5,258	5	530,476	5,360,909
Disbursements										
Operations and maintenance	14,208,477	1,983,731	-	-	-	-	-	-	-	-
Property and equipment acquisition	-	-	-	16,984,380	-	-	-	-	-	-
Retirement of long-term debt	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Other	-	-	3,262	186	32,682	-	-	-	-	-
Total Disbursements	14,208,477	1,983,731	3,262	16,984,566	32,682	-	-	-	-	-
Transfers, net	14,052,058	(17,915,818)	5,000	15,989,350	(1,250,000)	-	-	(1,720)	(530,476)	(5,890,404)
Account Balance, End of Year	\$ (380,423)	\$ 2,523,010	\$ 2,937	\$ 1,916,692	\$ 132,677	\$6,734,885	\$ 5,219	\$ -	\$ -	\$ 2,571,509
Represented by										
Current Assets										
Cash and cash equivalents	\$ (380,423)	\$ 2,523,010	\$ 2,937	\$ 1,916,692	\$ 132,677	\$6,734,885	\$ 5,219	\$ -	\$ -	\$ 2,571,509
	(380,423)	2,523,010	2,937	1,916,692	132,677	6,734,885	5,219	-	-	2,571,509
Restricted Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	\$ (380,423)	\$ 2,523,010	\$ 2,937	\$ 1,916,692	\$ 132,677	\$6,734,885	\$ 5,219	\$ -	\$ -	\$ 2,571,509

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Operating Revenues**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>
<b>Landing Field</b>			
Landing Fees			
United Airlines	\$ 298,692	\$ 343,889	\$ (45,197)
Flowage Fees			
Duncan Aviation	44,876	54,619	(9,743)
Silverhawk Aviation	95,449	96,916	(1,467)
GASB 87 lease revenue adjustment	874	122	752
Other	67,391	26,678	40,713
	<u>507,282</u>	<u>522,224</u>	<u>(14,942)</u>
<b>Terminal</b>			
Airline Rentals			
United Airlines	323,390	393,468	(70,078)
Land Transportation Facilities			
Avis Rent A Car	245,423	191,508	53,915
Budget Rent A Car	43,977	41,868	2,109
Enterprise Rent-A-Car	163,158	155,947	7,211
The Hertz Corporation	98,869	85,928	12,941
National Car Rental System	146,235	153,461	(7,226)
Concessions			
Standard Parking	1,281,025	1,085,567	195,458
Interspace	17,831	20,522	(2,691)
Utility surcharges	77,487	116,135	(38,648)
Air Freight terminal	27,684	24,192	3,492
Passenger facility charges	532,317	463,596	68,721
GASB 87 lease revenue adjustment	441	(366)	807
Other	195,363	197,722	(2,359)
	<u>3,153,200</u>	<u>2,929,548</u>	<u>223,652</u>



**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Operating Revenues - Continued**  
**Years Ended June 30, 2024 and 2023**

	2024	2023	Increase (Decrease)
<b>General Aviation</b>			
U.S. Government	\$ 158,282	\$ 158,282	\$ -
State of Nebraska	-	118,651	(118,651)
Duncan Aviation, Inc., shop hangar	1,031,003	984,135	46,868
Silverhawk Aviation	159,256	158,647	609
Hill Aero	59,624	59,624	-
Executive T-Hangar	277,358	290,045	(12,687)
Other T-Hangars	671,652	654,899	16,753
GASB 87 lease revenue adjustment	102,330	130,359	(28,029)
Other	15,366	26,291	(10,925)
	<u>2,474,871</u>	<u>2,580,933</u>	<u>(106,062)</u>
<b>LNK Enterprise Park</b>			
LNK Enterprise Park	8,442,391	8,651,311	(208,920)
Facility usage	164,387	1,898,383	(1,733,996)
Storage annex	103,459	114,237	(10,778)
Enterprise Park aviation	1,184,194	1,022,220	161,974
GASB 87 lease revenue adjustment	1,548,386	1,721,418	(173,032)
	<u>11,442,817</u>	<u>13,407,569</u>	<u>(1,964,752)</u>
<b>Air Park South</b>			
Lincoln Air Park South	171,308	187,241	(15,933)
	<u>171,308</u>	<u>187,241</u>	<u>(15,933)</u>
<b>Total operating revenues</b>	<u>\$ 17,749,478</u>	<u>\$ 19,627,515</u>	<u>\$ (1,878,037)</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Direct Operating Expenses**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>
<b>Landing Field</b>			
Salaries	\$ 598,547	\$ 416,871	\$ 181,676
Employee benefits	243,873	177,072	66,801
Repairs and maintenance	255,097	406,932	(151,835)
Contracted services	174,159	227,419	(53,260)
Utilities	77,911	81,766	(3,855)
Insurance	71,809	56,166	15,643
Professional services	2,299	2,299	-
Other	(925)	1,178	(2,103)
	<u>1,422,770</u>	<u>1,369,703</u>	<u>53,067</u>
<b>Terminal</b>			
Salaries	2,578,088	1,910,038	668,050
Employee benefits	1,034,771	789,220	245,551
Repairs and maintenance	191,104	200,077	(8,973)
Contracted services	66,779	199,029	(132,250)
Utilities	434,724	485,725	(51,001)
Insurance	183,846	148,616	35,230
Professional services	367,698	339,816	27,882
Bad debt expense	1,167	8,578	(7,411)
	<u>4,858,177</u>	<u>4,081,099</u>	<u>777,078</u>
<b>General Aviation</b>			
Salaries	134,913	85,275	49,638
Employee benefits	46,674	31,578	15,096
Repairs and maintenance	22,918	12,831	10,087
Contracted services	53,793	46,529	7,264
Utilities	46,941	49,341	(2,400)
Insurance	119,972	96,866	23,106
Professional services	4,598	6,598	(2,000)
Interest expense	84,199	95,959	(11,760)
Bad debt expense	-	225	(225)
	<u>514,008</u>	<u>425,202</u>	<u>88,806</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Direct Operating Expenses - Continued**  
**Years Ended June 30, 2024 and 2023**

	2024	2023	Increase (Decrease)
<b>LNK Enterprise Park</b>			
Salaries	\$ 432,309	\$ 484,230	\$ (51,921)
Employee benefits	235,287	273,922	(38,635)
Repairs and maintenance	53,700	42,930	10,770
Contracted services	177,351	178,619	(1,268)
Utilities	229,332	587,659	(358,327)
Insurance	510,745	400,548	110,197
Professional services	9,298	7,165	2,133
Interest expense	1,201,340	1,258,568	(57,228)
Bad debt expense	52,255	58,718	(6,463)
	<u>2,901,617</u>	<u>3,292,359</u>	<u>(390,742)</u>
<b>Air Park South</b>			
Salaries	14,135	18,212	(4,077)
Employee benefits	4,875	6,770	(1,895)
Repairs and maintenance	3,220	7,056	(3,836)
Contracted services	6,556	3,968	2,588
Utilities	15,255	16,650	(1,395)
Insurance	5,473	4,434	1,039
Bad debt expense	-	2,761	(2,761)
	<u>49,514</u>	<u>59,851</u>	<u>(10,337)</u>
	<u>9,746,086</u>	<u>9,228,214</u>	<u>517,872</u>
<b>Depreciation and Amortization Expense</b>			
Landing field	2,381,492	1,979,643	401,849
Terminal	787,115	513,508	273,607
General aviation	585,587	561,986	23,601
LNK Enterprise Park	3,582,829	3,597,751	(14,922)
Lincoln Air Park South	50,942	39,671	11,271
	<u>7,387,965</u>	<u>6,692,559</u>	<u>695,406</u>
<b>Total Direct Operating Expenses</b>	<u>\$ 17,134,051</u>	<u>\$ 15,920,773</u>	<u>\$ 1,213,278</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Indirect Operating Expenses**  
**Years Ended June 30, 2024 and 2023**

	2024	2023	Increase (Decrease)
<b>Public Safety</b>			
Salaries	\$ -	\$ (6,059)	\$ 6,059
Employee benefits	8,914	11,391	(2,477)
Repairs and maintenance	56,333	114,259	(57,926)
Contracted services	63,113	19,343	43,770
Utilities	6,182	5,376	806
Insurance	24,456	21,486	2,970
Professional services	70,000	63,276	6,724
Other	15,818	32,539	(16,721)
Total public safety	<u>244,816</u>	<u>261,611</u>	<u>(16,795)</u>
<b>Service Equipment</b>			
Salaries	204,302	182,831	21,471
Employee benefits	82,436	79,152	3,284
Repairs and maintenance	200,484	218,512	(18,028)
Contracted services	23,161	11,387	11,774
Utilities	145,689	142,338	3,351
Insurance	68,365	62,637	5,728
Professional services	24	9	15
Other	-	217	(217)
Total service equipment	<u>724,461</u>	<u>697,083</u>	<u>27,378</u>
<b>General and Administrative</b>			
Salaries	1,246,487	1,131,610	114,877
Employee benefits	648,905	577,899	71,006
Repairs and maintenance	44,386	63,833	(19,447)
Contracted services	25,445	6,884	18,561
Utilities	83,078	67,945	15,133
Insurance	34,212	36,287	(2,075)
Professional services	4,593,935	3,321,153	1,272,782
Other	475,314	348,011	127,303
Total general and administrative	<u>7,151,762</u>	<u>5,553,622</u>	<u>1,598,140</u>
<b>Depreciation Expense</b>			
Service equipment	440,614	415,159	25,455
General and administrative	195,663	188,102	7,561
Public safety	4,254	4,074	180
Total depreciation expense	<u>640,531</u>	<u>607,335</u>	<u>33,196</u>
<b>Total Indirect Operating Expenses</b>	<u>\$ 8,761,570</u>	<u>\$ 7,119,651</u>	<u>\$ 1,641,919</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Expenses by Natural Classification**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>
<b>Expenses</b>			
Salaries	\$ 5,208,781	\$ 4,223,008	\$ 985,773
Employee benefits	2,305,735	1,947,004	358,731
Repairs and maintenance	827,242	1,066,430	(239,188)
Contracted services	590,357	693,178	(102,821)
Utilities	1,039,112	1,436,800	(397,688)
Insurance	1,018,878	827,040	191,838
Professional services	5,047,852	3,740,316	1,307,536
Interest expense	2,634,531	2,803,194	(168,663)
Bad debt expense	53,422	70,282	(16,860)
Other	490,207	381,945	108,262
Depreciation and amortization expense	8,028,496	7,299,894	728,602
<b>Total Expenses</b>	<b>\$ 27,244,613</b>	<b>\$ 24,489,091</b>	<b>\$ 2,755,522</b>

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Federal/Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Treasury COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		\$ -	\$ 2,031,100
Department of Transportation/ Federal Aviation Administration/ Airport Improvement Program	20.106	3-31-0050-058-2020	-	79,831
		3-31-0050-066-2023	-	364,704
		3-31-0050-67	-	390,645
Payments for Small Community Air Service Development	20.930	69A34518400060032	-	750,000
			-	1,585,180
			<u>\$ -</u>	<u>\$ 3,616,280</u>

**Airport Authority of the City of Lincoln, Nebraska**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Airport Authority of the City of Lincoln, Nebraska (the Authority) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Airport Authority of the City of Lincoln, Nebraska**  
**Schedule of Passenger Facility Charge Revenues and Expenditures**  
**Year Ended June 30, 2024**

	Date Approved	Amount Approved For Use	Cumulative Total - July 1, 2023	Quarter Ended				Year Ended June 30, 2024	Cumulative Total - June 30, 2024
				September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024		
<b>Revenues</b>									
Passenger facility charge revenues received			\$ 3,062,963	\$ 124,706	\$ 168,567	\$ 107,350	\$ 129,853	\$ 530,476	\$ 3,593,439
Interest earned			-	-	-	-	-	-	-
Total passenger facility charge revenue received			<u>\$ 3,062,963</u>	<u>\$ 124,706</u>	<u>\$ 168,567</u>	<u>\$ 107,350</u>	<u>\$ 129,853</u>	<u>\$ 530,476</u>	<u>\$ 3,593,439</u>
<b>Expenditures</b>									
Application 16-01-C-00-LNK	August 1, 2017	\$ 5,411,638	\$ 3,062,963	\$ 124,706	\$ 168,567	\$ 107,350	\$ 129,853	\$ 530,476	\$ 3,593,439
Total passenger facility charge revenue expended		<u>\$ 5,411,638</u>	<u>\$ 3,062,963</u>	<u>\$ 124,706</u>	<u>\$ 168,567</u>	<u>\$ 107,350</u>	<u>\$ 129,853</u>	<u>\$ 530,476</u>	<u>\$ 3,593,439</u>

**Notes to Schedule:**

1. Revenues and expenditures on approved projects in the schedule above agree to the Passenger Facility Charge Quarterly Status Reports (PFC Reports) submitted by the Authority to the Federal Aviation Administration (FAA).



## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Airport Authority of the City of Lincoln, Nebraska (the Authority), which comprise the Authority's balance sheet as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2024.

#### ***Report on Internal Control Over Financial Reporting***

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

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

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

### ***Report on Compliance and Other Matters***

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

### ***Purpose of This Report***

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

**Forvis Mazars, LLP**

Lincoln, Nebraska  
November 18, 2024

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

We have audited the Airport Authority of the City of Lincoln, Nebraska's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport Authority of the City of Lincoln, Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

##### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Forvis Mazars, LLP**

Lincoln, Nebraska  
November 18, 2024

## **Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

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

#### **Report on Compliance for the Passenger Facility Charge Program**

##### ***Opinion on the Passenger Facility Charge Program***

We have audited the Airport Authority of the City of Lincoln, Nebraska's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) that could have a direct and material effect on the Authority's passenger facility charge program for the year ended June 30, 2024.

In our opinion, the Airport Authority of the City of Lincoln, Nebraska complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2024.

##### ***Basis for Opinion on the Passenger Facility Charge Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's passenger facility charge program.

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

**Forvis Mazars, LLP**

Lincoln, Nebraska  
November 18, 2024



**Airport Authority of the City of Lincoln, Nebraska  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2024**

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**Section I - Summary of Auditor's Results**

*Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
 Unmodified       Qualified       Adverse       Disclaimer
  
2. Internal control over financial reporting:  
 Significant deficiency(ies) identified?       Yes       None Reported  
 Material weakness(es) identified?       Yes       No
  
3. Noncompliance material to the financial statements noted?  
 Yes       No

*Federal Awards*

4. Internal control over major federal awards programs:  
 Significant deficiency(ies) identified?       Yes       None Reported  
 Material weakness(es) identified?       Yes       No
  
5. Type of auditor's report issued on compliance for the major federal program:  
 Unmodified       Qualified       Adverse       Disclaimer
  
6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?       Yes       No

7. Identification of major federal programs:

<b>Assistance Listing Number</b>	<b>Name of Federal Program</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds
20.930	Payments for Small Community Air Service Development

**Airport Authority of the City of Lincoln, Nebraska  
Schedule of Findings and Questioned Costs - Continued  
Year Ended June 30, 2024**

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8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
9. Auditee qualified as a low-risk auditee?  Yes  No

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Airport Authority of the City of Lincoln, Nebraska  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2024**

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<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.

**Airport Authority of the City of Lincoln, Nebraska  
 Passenger Facility Charge Audit Summary  
 Year Ended June 30, 2024**

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**Summary of Auditor's Results**

- |                                                                                                                                                      |                                                |                                    |                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------|-----------------------------------------|
| 1. Type of report issued on PFC financial statements.                                                                                                | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |                                         |
| 2. Type of report on PFC compliance.                                                                                                                 | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified |                                         |
| 3. Quarterly revenue and expenditures reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.          | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 4. PFC revenue and interest is accurately reported on FAA Form 5100-127.                                                                             | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 5. The Public Agency maintains a separate financial accounting record for each application.                                                          | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for the allowable costs of the project.                 | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports.                                                                          | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA.                                                                | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 10. Quarterly reports were transmitted (or available via website) to remitting carriers.                                                             | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8.                                                                                | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 12. Project design and implementation is carried out in accordance with Assurance 9.                                                                 | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 13. Program administration is carried out in accordance with Assurance 10.                                                                           | <input checked="" type="checkbox"/> Yes        | <input type="checkbox"/> No        |                                         |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.      | <input type="checkbox"/> Yes                   | <input type="checkbox"/> No        | <input checked="" type="checkbox"/> N/A |