

Airport Authority of the City of Lincoln, Nebraska

Independent Auditor's Reports and Financial Statements

June 30, 2025 and 2024



Airport Authority of the City of Lincoln, Nebraska
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June 30, 2025 and 2024

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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, 2025 and 2024, 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, 2025 and 2024, 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 audits 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 January 12, 2026, 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
January 12, 2026**

Management's Discussion and Analysis 2025 and 2024

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, 2025 and 2024, with selected comparative information for the fiscal year ended June 30, 2023. 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

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	
	2024	2023	2022	2024/2023	2023/2022
Enplaned passengers	127,681	131,340	92,865	-2.79%	41.43%
Aircraft operations					
Air carrier	6,685	6,925	5,044	-3.47%	37.29%
Air taxi	6,416	6,574	9,298	-2.40%	-29.30%
General aviation	52,576	50,111	45,125	4.92%	11.05%
Military	9,125	8,868	14,743	2.90%	-39.85%
Total operations	74,802	72,478	74,210	3.21%	-2.33%

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 2024 saw a 2.8% decrease in passenger numbers from 2023, and a 41.4% increase from 2022 to 2023. Calendar year 2023 included 9,226 enplanements from an airline that provided flights to the Airport during the summer of 2023 only. Removing those enplanements from the calculation, LAA showed a 4.6% increase from 2023 to 2024.

Lincoln is currently served by United Airlines. United Airlines provides daily flights to Chicago and Denver. The Airport Authority continues to explore service options with various airlines. Breeze Airways will begin offering twice weekly flights to Orlando in December 2025, and twice weekly flights to Las Vegas/Orange County in April 2026.

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 9 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%-3.5% 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		
	2025	2024	2023
Landing fee (per 1,000 lbs.)	\$ 2.90	\$ 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	\$ 1,070	\$ 1,070

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 \$337,581 for 2025 and \$361,672 for 2024. The operation of such parking facilities generated annual gross receipts of approximately \$1,491,500 and \$1,281,000 in 2025 and 2024, 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 2025, up from \$697,662 in fiscal year 2024 to \$711,000 in fiscal year 2025. Each rental car company pays 10% of gross receipts to the Authority.

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 \$74,571 (to be adjusted annually) to be paid to the Authority, regardless of gross receipts. Revenues for fiscal year 2025 were \$100,464.

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 190,000 square feet. Currently, the Authority has under lease approximately 95% of the 2,330,000 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 \$11,570,000 in 2025, up from \$11,450,000 in 2024, an increase of approximately 1%. Included in the industrial complex income is rent from other governmental agencies. That lease income amounted to \$1,171,418 and \$1,277,510 during fiscal years 2025 and 2024, respectively. This lease income accounted for approximately 10% and 11% of the total income of LNK Enterprise Park. A large construction project with Timpfe Industries in LNK Enterprise Park was recently completed. Large rail-served industrial tracts are available to tenants. Infrastructure improvements to extend NW 38th Street represent the largest recent physical change. Some of the other entities leasing space from the Authority include Duncan Aviation, Skywest Aviation, Plastic Companies, Hexagon Lincoln, Weathercraft, Daitron, Lincoln Industries, Sensory Effects, Tri-Con, the University of Nebraska, State of Nebraska, and Metalworks. The balance of the tenant base in LNK Enterprise Park is stable with no major tenants leaving during the 2025 and 2024 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, 2025, 2024 and 2023, and its activities for the years then ended:

Condensed Balance Sheets

	June 30			Variance			
	2025	2024	2023	2025 / 2024		2024 / 2023	
				Dollars	Percent	Dollars	Percent
Current assets	\$ 32,316,570	\$ 24,950,966	\$ 24,999,754	\$ 7,365,604	29.52%	\$ (48,788)	-0.20%
Restricted cash and investments	10,833,050	6,302,393	24,608,789	4,530,657	71.89%	(18,306,396)	-74.39%
Leases receivable, noncurrent	66,167,057	69,624,967	73,939,216	(3,457,910)	-4.97%	(4,314,249)	-5.83%
Capital assets	155,900,115	160,389,433	156,167,832	(4,489,318)	-2.80%	4,221,601	2.70%
Deferred loss on bond refunding	467,258	525,666	584,073	(58,408)	-11.11%	(58,407)	-10.00%
Total assets and deferred outflows of resources	\$ 265,684,050	\$ 261,793,425	\$ 280,299,664	\$ 3,890,625	1.49%	\$ (18,506,239)	-6.60%
Current liabilities	\$ 9,696,156	\$ 4,066,369	\$ 15,651,100	\$ 5,629,787	138.45%	\$ (11,584,731)	-74.02%
Noncurrent liabilities	78,434,852	84,844,328	90,516,733	(6,409,476)	-7.55%	(5,672,405)	-6.27%
Deferred inflows of resources	70,706,271	74,853,732	78,181,903	(4,147,461)	-5.54%	(3,328,171)	-4.26%
Total liabilities and deferred inflows	158,837,279	163,764,429	184,349,736	(4,927,150)	-3.01%	(20,585,307)	-11.17%
Net investment in capital assets	76,184,912	80,899,788	73,418,004	(4,714,876)	-5.83%	7,481,784	10.19%
Restricted for debt service	5,697,767	261,368	4,931,043	5,436,399	2079.98%	(4,669,675)	-94.70%
Restricted for capital improvements	3,000,000	-	-	3,000,000	100.00%	-	0.00%
Unrestricted	21,964,092	16,867,840	17,600,881	5,096,252	30.21%	(733,041)	-4.16%
Total liabilities, deferred inflows and net position	\$ 265,684,050	\$ 261,793,425	\$ 280,299,664	\$ 3,890,625	1.49%	\$ (18,506,239)	-6.60%

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year Ended June 30			Variance			
	2025	2024	2023	2025 / 2024		2024 / 2023	
				Dollars	Percent	Dollars	Percent
Operating revenue							
Airport revenue	\$ 18,410,827	\$ 17,749,478	\$ 19,627,515	\$ 661,349	3.73%	\$ (1,878,037)	-9.57%
Total operating revenue	18,410,827	17,749,478	19,627,515	661,349	3.73%	(1,878,037)	-9.57%
Operating expenses							
Direct operating expenses	18,629,474	17,134,051	15,920,773	1,495,423	8.73%	1,213,278	7.62%
Indirect operating expenses	5,842,102	8,761,570	7,119,651	(2,919,468)	-33.32%	1,641,919	23.06%
Total operating expenses	24,471,576	25,895,621	23,040,424	(1,424,045)	-5.50%	2,855,197	12.39%
Operating loss	(6,060,749)	(8,146,143)	(3,412,909)	2,085,394	-25.60%	(4,733,234)	138.69%
Net nonoperating revenues (expenses)	9,944,306	8,449,204	4,800,510	1,495,102	17.70%	3,648,694	76.01%
Capital contributions	4,934,218	1,776,007	135,512	3,158,211	177.83%	1,640,495	1210.59%
Change in net position	\$ 8,817,775	\$ 2,079,068	\$ 1,523,113	\$ 6,738,707	324.12%	\$ 555,955	36.50%

The change in net position from 2024 to 2025 increased \$6,738,707, primarily as a result of an increase in the Authority's income from federal grants and property taxes. In comparing fiscal year 2024 to fiscal year 2025, operating revenues increased \$661,349 or 3.73% and operating expenses decreased \$1,424,045 or 5.5%.

Normal depreciation was taken on capital assets during fiscal years 2025 and 2024. As of June 30, 2025, the Authority has construction in process in the amount of \$2,791,579 as compared to \$1,909,354 at June 30, 2024. This increase is mainly a result of the Runway 18/36 design work taking place in 2025.

Landing field revenues are up 30% from 2024 due to more commercial activity and rate increases implemented in January 2025. The current landing fee rate under contract is \$2.90 per 1,000 pounds.

Revenues in LNK Enterprise Park increased by approximately 1% in fiscal year 2025, due mostly to the rate increase being implemented as leases come due.

Federal grant income decreased \$2,542,821 in fiscal year 2025. The decrease was primarily due to CARES Act funding from the County for the payment of minimum revenue guarantee payments in 2024.

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 are 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 an initial 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 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:

Jeri Winkelmann
Director of Administration and Finance
Lincoln Airport Authority
P.O. Box 80407
Lincoln, NE 68501
(402) 458-2400

Airport Authority of the City of Lincoln, Nebraska
Balance Sheets
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 17,538,105	\$ 13,506,506
Accounts receivable, net	1,528,721	1,632,490
Grants receivable	610,927	828,402
Lease receivable	7,238,295	5,847,158
Lease interest receivable	342,106	348,463
Property tax receivable	3,996,525	2,156,342
Prepaid expenses	1,061,891	631,605
	<u>32,316,570</u>	<u>24,950,966</u>
Total Current Assets		
Restricted Cash and Cash Equivalents	10,833,050	6,302,393
Lease Receivable, Net of Current Portion	66,167,057	69,624,967
Capital Assets, At Cost, Net of Accumulated Depreciation	<u>155,900,115</u>	<u>160,389,433</u>
Total Assets	<u>265,216,792</u>	<u>261,267,759</u>
Deferred Outflows of Resources		
Loss on bond refunding	<u>467,258</u>	<u>525,666</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 265,684,050</u>	<u>\$ 261,793,425</u>

Airport Authority of the City of Lincoln, Nebraska
Balance Sheets
June 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,786,228	\$ 3,483,592
Current maturities of long-term debt	5,580,000	-
Current maturities of subscription liability	77,010	73,343
Unearned revenue	658,592	507,665
Interest payable	1,594,326	1,769
Total Current Liabilities	<u>9,696,156</u>	<u>4,066,369</u>
Noncurrent Liabilities		
Long-term debt, net of current portion	77,693,607	84,091,354
Subscription liability, net of current portion	80,861	157,871
Compensated absences, net of current portion	660,384	595,103
Total Noncurrent Liabilities	<u>78,434,852</u>	<u>84,844,328</u>
Total Liabilities	<u>88,131,008</u>	<u>88,910,697</u>
Deferred Inflows of Resources		
Leases	70,706,271	74,853,732
Net Position		
Net investment in capital assets	76,184,912	80,899,788
Restricted for debt service	5,697,767	261,368
Restricted for capital improvements	3,000,000	-
Unrestricted	21,964,092	16,867,840
Total Net Position	<u>106,846,771</u>	<u>98,028,996</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 265,684,050</u>	<u>\$ 261,793,425</u>

Airport Authority of the City of Lincoln, Nebraska
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenues		
Landing field	\$ 660,407	\$ 507,282
Terminal	3,378,144	3,153,200
General aviation	2,641,335	2,474,871
LNK Enterprise Park	11,569,678	11,442,817
Air Park South	161,263	171,308
Total Operating Revenues	18,410,827	17,749,478
Direct Operating Expenses		
Landing field	998,124	1,422,770
Terminal	4,753,007	4,858,177
General aviation	454,941	514,008
LNK Enterprise Park	3,700,320	2,901,617
Air Park South	35,486	49,514
Depreciation and amortization	8,687,596	7,387,965
Total Direct Operating Expenses	18,629,474	17,134,051
Operating Income (Loss) After Direct Expenses and Before Indirect Operating Expenses	(218,647)	615,427
Indirect Operating Expenses		
Public safety	171,121	244,816
Service equipment	736,375	724,461
General and administrative	4,247,664	7,151,762
Depreciation and amortization	686,942	640,531
Total Indirect Operating Expenses	5,842,102	8,761,570
Operating Loss	(6,060,749)	(8,146,143)
Nonoperating Revenues and Expenses		
Investment income	604,503	1,283,636
Interest expense	(1,226,486)	(1,348,992)
Farm income, net of expense	223,706	260,123
Loss on disposal of assets	(84,989)	(107,115)
Federal grants	-	2,781,100
Property tax revenues	10,418,583	5,573,586
Other	8,989	6,866
Total Nonoperating Revenues, net	9,944,306	8,449,204
Income Before Capital Grants	3,883,557	303,061
Capital Contributions		
Non-federal capital contributions	3,125,760	940,827
Federal grants	1,808,458	835,180
Total Capital Grants	4,934,218	1,776,007
Increase in Net Position	8,817,775	2,079,068
Net Position, Beginning of Year	98,028,996	95,949,928
Net Position, End of Year	\$ 106,846,771	\$ 98,028,996

See Notes to Financial Statements

Airport Authority of the City of Lincoln, Nebraska
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Cash received from customers and tenants	\$ 16,602,016	\$ 18,856,079
Cash paid to suppliers	(6,893,369)	(9,861,530)
Cash paid to employees	(7,698,683)	(7,256,998)
Interest paid	(580,270)	(2,024,029)
Net Cash Provided by (Used in) Operating Activities	<u>1,429,694</u>	<u>(286,478)</u>
Cash Flows From Noncapital Financing Activities		
Property tax collections	8,578,400	5,299,280
Noncapital grants received	-	4,209,498
Other receipts	8,989	6,866
Net Cash Provided by Noncapital Financing Activities	<u>8,587,389</u>	<u>9,515,644</u>
Cash Flows From Capital and Related Financing Activities		
Purchase of property and equipment	(6,423,443)	(16,984,380)
Capital grants received	5,164,561	1,478,052
Principal payments on long-term debt	-	(9,575,000)
Interest payments on long-term debt	(1,024,154)	(3,150,775)
Net Cash Used in Capital and Related Financing Activities	<u>(2,283,036)</u>	<u>(28,232,103)</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	-	5,346,524
Farm income	223,706	260,123
Interest received on investments	604,503	1,385,132
Net Cash Provided by Investing Activities	<u>828,209</u>	<u>6,991,779</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,562,256	(12,011,158)
Cash and Cash Equivalents, Beginning of Year	<u>19,808,899</u>	<u>31,820,057</u>
Cash and Cash Equivalents, End of Year	<u>\$ 28,371,155</u>	<u>\$ 19,808,899</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheets		
Cash and cash equivalents	\$ 17,538,105	\$ 13,506,506
Restricted cash and cash equivalents	10,833,050	6,302,393
	<u>\$ 28,371,155</u>	<u>\$ 19,808,899</u>

Airport Authority of the City of Lincoln, Nebraska
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	\$ (6,060,749)	\$ (8,146,143)
Items not requiring (providing) cash		
Depreciation and amortization	9,374,538	8,028,496
Amortization of issuance premiums	(75,354)	(75,356)
Amortization of deferred loss on bond refunding	58,408	58,407
Changes in operating assets and liabilities		
Accounts receivable	103,769	466,910
Leases and lease interest receivable	1,999,787	3,952,852
Prepaid expenses	(430,286)	(220,398)
Accounts payable and accrued expenses	(191,717)	(163,435)
Unearned revenue	150,927	(138,099)
Interest payable	647,832	(721,541)
Deferred leasing arrangements	<u>(4,147,461)</u>	<u>(3,328,171)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,429,694</u>	<u>\$ (286,478)</u>
Supplemental Cash Flows Information		
Capital asset acquisitions included in accounts payable	\$ 292,596	\$ 1,732,962

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. 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, 2025 and 2024, cash equivalents consisted primarily of money market funds.

Investments and Investment Income

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

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, 2025 and 2024.

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.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

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*.

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 if the employee is more likely than not to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned if the employee is more likely than not to realize the benefit as time off or 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. 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.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024 relates to lease payments for fiscal years 2026 and 2025, 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.”

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 2024-2025 fiscal year was \$10,580,800 or \$0.029836 per \$100 of assessed valuation. The total assessed valuation for which the Authority’s property taxes were levied was \$35,463,614,606 for the 2024-2025 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.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025, deposits totaling approximately \$42,000 were in excess of FDIC coverage and were uninsured.

Investments

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

At June 30, 2025 and 2024, the Authority had the following investments and maturities:

	<u>Maturities in Years</u>			Credit Rating Moody's / S&P
	<u>Total</u>	<u>Less Than 1</u>	<u>1 - 5</u>	
June 30, 2025				
Government securities				
money market funds	<u>\$ 10,833,050</u>	<u>\$ 10,833,050</u>	<u>\$ -</u>	Aaa-mf/AAAm
	<u>Maturities in Years</u>			Credit Rating Moody's / S&P
	<u>Total</u>	<u>Less Than 1</u>	<u>1 - 5</u>	
June 30, 2024				
Government securities				
money market funds	<u>\$ 6,302,393</u>	<u>\$ 6,302,293</u>	<u>\$ -</u>	Aaa-mf/AAAm

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, 2025 and 2024, all of the Authority's investments totaling \$10,833,050 and \$6,302,393, 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, 2025 and 2024

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.

Summary of Carrying Values

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

	<u>2025</u>	<u>2024</u>
Deposits	\$ 17,538,105	\$ 13,506,506
Investments	<u>10,833,050</u>	<u>6,302,393</u>
	<u>\$ 28,371,155</u>	<u>\$ 19,808,899</u>

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

Included in the following balance sheet captions:

	<u>2025</u>	<u>2024</u>
Current assets		
Operations and maintenance fund	\$ (123,286)	\$ (380,423)
Airport comp flex fund	4,209	5,219
Revenue fund	146,587	2,523,010
Airport parking fund	33,816	132,677
Capital improvement fund	4,923,989	1,916,692
Cash reserve fund	7,021,929	6,734,885
Airport CNG station fund	1,364	2,937
Air service fund	500,106	-
Operating prepayment fund	3,453,142	-
Tax levy fund	1,576,249	2,571,509
	<u>17,538,105</u>	<u>13,506,506</u>
Total cash and cash equivalents		
Restricted cash and cash equivalents		
Airport bond funds	7,291,436	262,174
Airport bond project fund	3,541,614	6,040,219
	<u>10,833,050</u>	<u>6,302,393</u>
Total restricted cash and cash equivalents		
	<u>\$ 28,371,155</u>	<u>\$ 19,808,899</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. The air service fund was established to hold funds from the tax levy proceeds that have been earmarked for air service incentives to attract new commercial air service to Lincoln. The Authority created the operating prepayment fund to invest large lease prepayments from tenants as well as to temporarily hold tax levy proceeds earmarked for monthly tax-exempt bond payments. The tax levy fund was established to collect and process all tax levy proceeds received from Lancaster County. Funds in the airport bond funds are to be applied solely for the purpose of paying the principal and interest on bonds when due. Funds in the airport bond project fund are comprised entirely of proceeds from the Authority's Series 2021 bond issuance and will be used towards the cost of the terminal modernization and expansion project and the improvement of certain airport access roads.

Investment Return

Investment income was comprised entirely of interest and dividend income for 2025 and 2024.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024:

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

The following is a summary of long-term liability transactions for the Authority for the years ended June 30, 2025 and 2024:

	2025				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Airport bonds	\$ 74,055,000	\$ -	\$ -	\$ 74,055,000	\$ 5,580,000
Issuance premium	10,036,354	-	817,747	9,218,607	-
	84,091,354	-	817,747	83,273,607	5,580,000
Subscription liability	231,214	-	73,343	157,871	77,010
Compensated absences **	991,103	109,281	-	1,100,384	440,000
Total long-term liabilities	<u>\$ 85,313,671</u>	<u>\$ 109,281</u>	<u>\$ 891,090</u>	<u>\$ 84,531,862</u>	<u>\$ 6,097,010</u>
	2024				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Airport bonds	\$ 83,630,000	\$ -	\$ 9,575,000	\$ 74,055,000	\$ -
Issuance premium	10,854,103	-	817,749	10,036,354	-
	94,484,103	-	10,392,749	84,091,354	-
Subscription liability	385,968	-	154,754	231,214	73,343
Compensated absences **	819,416	171,687	-	991,103	396,000
Total long-term liabilities	<u>\$ 95,689,487</u>	<u>\$ 171,687</u>	<u>\$ 10,547,503</u>	<u>\$ 85,313,671</u>	<u>\$ 469,343</u>

** The change in the compensated absences liability is presented as a net amount.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

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 \$96,159,156, with annual payments expected to require approximately 35% of net revenues. Principal and interest for the current year and net operating revenues were approximately \$6,300,000 and \$18,500,000, respectively.

The debt service requirements at June 30, 2025 are as follows:

Year Ending June 30,	Total to be Paid	Principal	Interest
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	7,971,748	5,830,000	2,141,748
2031-2035	36,153,468	29,365,000	6,788,468
2036-2040	13,979,489	12,340,000	1,639,489
2041-2045	4,275,104	3,700,000	575,104
2046-2050	847,424	830,000	17,424
	\$ 96,159,156	\$ 74,055,000	\$ 22,104,156

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, 2025:

Year Ending June 30,	Total to be Paid	Principal	Interest
2026	\$ 84,904	\$ 77,010	\$ 7,894
2027	84,904	80,861	4,043
	\$ 169,808	\$ 157,871	\$ 11,937

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 9% of each participant's annual compensation to the plan. For employees hired before August 1, 2009, the Authority will contribute 12% of the participant's annual compensation to the plan. Employees' contributions to the plan were approximately \$309,000 and \$294,000 for 2025 and 2024, respectively.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

Contributions to the plan by the Authority were approximately \$495,000 and \$472,000 for 2025 and 2024, respectively. No forfeitures were used to offset Authority contributions during 2025. The Plan has a 10-year vesting schedule for Authority contributions.

457 Deferred Compensation Plan and Trust

The Authority also offers employees a deferred compensation plan created in accordance with provisions in IRS Section 457. The deferred compensation plan allows employees to defer a portion of current salary to future years, but the deferred balance is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation under the plan and income attributed to such amounts are placed in a trust which is not under the Authority's custody. Therefore, assets and liabilities related to the deferred compensation plan are not included in the basic financial statements. No contributions were made to this plan by the Authority during 2025 and 2024.

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 \$14,650,000 and \$14,100,000 for the years ended June 30, 2025 and 2024, 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 related to this lease agreement for the years ended June 30, 2025 and 2024.

Airport Authority of the City of Lincoln, Nebraska
Notes to Financial Statements
June 30, 2025 and 2024

Below is a schedule of future payments that are included in the measurement of the lease receivable at June 30, 2025:

<u>Year Ending June 30,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 10,700,592	\$ 7,238,295	\$ 3,462,297
2027	8,443,855	5,274,469	3,169,386
2028	7,980,147	5,067,816	2,912,331
2029	7,607,499	4,943,881	2,663,618
2030	7,049,354	4,630,604	2,418,750
2031-2035	24,952,871	15,436,044	9,516,827
2036-2040	20,254,385	14,420,077	5,834,308
2041-2045	14,796,303	12,246,894	2,549,409
2046-2050	3,086,309	2,466,430	619,879
2051-2055	901,706	545,305	356,401
2056-2060	899,725	698,137	201,588
2061-2065	426,420	384,714	41,706
2066-2070	56,130	52,686	3,444
	<u>\$ 107,155,296</u>	<u>\$ 73,405,352</u>	<u>\$ 33,749,944</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 \$116,000 at June 30, 2025, 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, 2025 and 2024.

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, 2025

	<u>Total</u>	<u>Tax Levy Fund</u>	<u>Airport Bonds Series 2015A</u>	<u>Airport Bonds Series 2015B</u>	<u>Airport Bonds Series 2015C</u>	<u>Airport Bonds Series 2016A</u>	<u>Airport Bonds Series 2019A</u>	<u>Airport Bonds Series 2019B</u>	<u>Airport Bonds Series 2021</u>	<u>Airport Bonds Series 2021 Project</u>
Account Balance, Beginning of Year	\$ 19,808,899	\$ 2,571,509	\$ 8,176	\$ 14,312	\$ 132,180	\$ 25,590	\$ 12,539	\$ 1,641	\$ 67,736	\$ 6,040,219
Receipts										
Operations	16,719,828	-	-	-	-	-	-	-	-	-
Interest	604,503	19,095	7,969	14,080	11,250	25,206	12,372	1,583	47,742	92,828
Tax collections	8,578,400	8,578,400	-	-	-	-	-	-	-	-
Other	232,695	-	-	-	-	-	-	-	-	-
Grants	5,164,561	-	-	-	-	-	-	-	-	-
Total receipts	<u>31,299,987</u>	<u>8,597,495</u>	<u>7,969</u>	<u>14,080</u>	<u>11,250</u>	<u>25,206</u>	<u>12,372</u>	<u>1,583</u>	<u>47,742</u>	<u>92,828</u>
Disbursements										
Operations and maintenance	14,662,087	-	-	-	-	-	-	-	-	-
Property and equipment acquisition	6,423,443	-	-	-	-	-	-	-	-	-
Interest	1,592,864	-	162,966	203,343	8,459	174,770	94,000	4,601	944,725	-
Other	59,337	-	-	-	-	-	-	-	-	-
Total disbursements	<u>22,737,731</u>	<u>-</u>	<u>162,966</u>	<u>203,343</u>	<u>8,459</u>	<u>174,770</u>	<u>94,000</u>	<u>4,601</u>	<u>944,725</u>	<u>-</u>
Transfers, net	<u>-</u>	<u>(9,592,755)</u>	<u>586,440</u>	<u>950,052</u>	<u>389,196</u>	<u>1,444,656</u>	<u>748,416</u>	<u>87,288</u>	<u>4,295,876</u>	<u>(2,591,433)</u>
Account Balance, End of Year	<u>\$ 28,371,155</u>	<u>\$ 1,576,249</u>	<u>\$ 439,619</u>	<u>\$ 775,101</u>	<u>\$ 524,167</u>	<u>\$ 1,320,682</u>	<u>\$ 679,327</u>	<u>\$ 85,911</u>	<u>\$ 3,466,629</u>	<u>\$ 3,541,614</u>
Represented by										
Current Assets										
Cash and cash equivalents	\$ 17,538,105	\$ 1,576,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>17,538,105</u>	<u>1,576,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted Assets										
Cash and cash equivalents	10,833,050	-	439,619	775,101	524,167	1,320,682	679,327	85,911	3,466,629	3,541,614
Investments	-	-	-	-	-	-	-	-	-	-
	<u>10,833,050</u>	<u>-</u>	<u>439,619</u>	<u>775,101</u>	<u>524,167</u>	<u>1,320,682</u>	<u>679,327</u>	<u>85,911</u>	<u>3,466,629</u>	<u>3,541,614</u>
	<u>\$ 28,371,155</u>	<u>\$ 1,576,249</u>	<u>\$ 439,619</u>	<u>\$ 775,101</u>	<u>\$ 524,167</u>	<u>\$ 1,320,682</u>	<u>\$ 679,327</u>	<u>\$ 85,911</u>	<u>\$ 3,466,629</u>	<u>\$ 3,541,614</u>

Airport Authority of the City of Lincoln, Nebraska
Schedule of Cash and Investments and Changes in Account Balances (Cash Basis)
Year Ended June 30, 2025

(Continued)

	Operations and Maintenance Fund	Airport Comp Flex Fund	Revenue Fund	Airport CNG Station Fund	Capital Improvement Fund	Airport Parking Fund	Cash Reserve Fund	Operating Prepayment Fund	PFC Fund	Air Service Fund
Account Balance, Beginning of Year	\$ (380,423)	\$ 5,219	\$ 2,523,010	\$ 2,937	\$ 1,916,692	\$ 132,677	\$ 6,734,885	\$ -	\$ -	\$ -
Receipts										
Operations	-	-	14,685,562	-	-	1,496,946	-	-	537,320	-
Interest	-	-	572	2	37,004	193	287,044	43,199	-	4,364
Other	-	-	232,695	-	-	-	-	-	-	-
Grants	-	-	5,164,561	-	-	-	-	-	-	-
Total receipts	-	-	20,083,390	2	37,004	1,497,139	287,044	43,199	537,320	4,364
Disbursements										
Operations and maintenance	14,452,349	-	209,738	-	-	-	-	-	-	-
Property and equipment acquisition	-	-	-	-	6,423,443	-	-	-	-	-
Other	-	1,010	20,558	1,575	194	36,000	-	-	-	-
Total disbursements	14,452,349	1,010	230,296	1,575	6,423,637	36,000	-	-	-	-
Transfers, net	14,709,486	-	(22,229,517)	-	9,393,930	(1,560,000)	-	3,409,943	(537,320)	495,742
Account Balance, End of Year	<u>\$ (123,286)</u>	<u>\$ 4,209</u>	<u>\$ 146,587</u>	<u>\$ 1,364</u>	<u>\$ 4,923,989</u>	<u>\$ 33,816</u>	<u>\$ 7,021,929</u>	<u>\$ 3,453,142</u>	<u>\$ -</u>	<u>\$ 500,106</u>
Represented by										
Current assets										
Cash and cash equivalents	<u>\$ (123,286)</u>	<u>\$ 4,209</u>	<u>\$ 146,587</u>	<u>\$ 1,364</u>	<u>\$ 4,923,989</u>	<u>\$ 33,816</u>	<u>\$ 7,021,929</u>	<u>\$ 3,453,142</u>	<u>\$ -</u>	<u>\$ 500,106</u>
	<u>(123,286)</u>	<u>4,209</u>	<u>146,587</u>	<u>1,364</u>	<u>4,923,989</u>	<u>33,816</u>	<u>7,021,929</u>	<u>3,453,142</u>	<u>-</u>	<u>500,106</u>
Restricted Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	<u>\$ (123,286)</u>	<u>\$ 4,209</u>	<u>\$ 146,587</u>	<u>\$ 1,364</u>	<u>\$ 4,923,989</u>	<u>\$ 33,816</u>	<u>\$ 7,021,929</u>	<u>\$ 3,453,142</u>	<u>\$ -</u>	<u>\$ 500,106</u>

Airport Authority of the City of Lincoln, Nebraska
Schedules of Operating Revenues
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Landing Field			
Landing Fees			
United Airlines	\$ 388,148	\$ 298,692	\$ 89,456
Flowage Fees			
Duncan Aviation	66,116	44,876	21,240
Silverhawk Aviation	96,851	95,449	1,402
GASB 87 lease revenue adjustment	741	874	(133)
Other	108,551	67,391	41,160
	<u>660,407</u>	<u>507,282</u>	<u>153,125</u>
Total landing field			
Terminal			
Airline Rentals			
United Airlines	323,390	323,390	-
Land Transportation Facilities			
Avis Rent A Car	283,479	245,423	38,056
Budget Rent A Car	30,545	43,977	(13,432)
Enterprise Rent-A-Car	173,409	163,158	10,251
The Hertz Corporation	55,079	98,869	(43,790)
National Car Rental System	168,488	146,235	22,253
Concessions			
Standard Parking	1,491,592	1,281,025	210,567
Interspace	35,825	17,831	17,994
Utility surcharges	15,989	77,487	(61,498)
Air Freight terminal	26,677	27,684	(1,007)
Passenger facility charges	538,639	532,317	6,322
GASB 87 lease revenue adjustment	(417)	441	(858)
Other	235,449	195,363	40,086
	<u>3,378,144</u>	<u>3,153,200</u>	<u>224,944</u>
Total terminal			

Airport Authority of the City of Lincoln, Nebraska
Schedules of Operating Revenues
Years Ended June 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
General Aviation			
U.S. Government	\$ 181,900	\$ 158,282	\$ 23,618
Duncan Aviation, Inc., shop hangar	1,122,281	1,031,003	91,278
Silverhawk Aviation	164,226	159,256	4,970
Hill Aero	65,443	59,624	5,819
Executive T-Hangar	284,065	277,358	6,707
Other T-Hangars	698,869	671,652	27,217
GASB 87 lease revenue adjustment	98,575	102,330	(3,755)
Other	25,976	15,366	10,610
Total general aviation	<u>2,641,335</u>	<u>2,474,871</u>	<u>166,464</u>
LNK Enterprise Park			
LNK Enterprise Park	8,656,741	8,442,391	214,350
Facility usage	154,152	164,387	(10,235)
Storage annex	105,690	103,459	2,231
Enterprise Park aviation	1,189,288	1,184,194	5,094
GASB 87 lease revenue adjustment	1,463,807	1,548,386	(84,579)
Total LNK Enterprise Park	<u>11,569,678</u>	<u>11,442,817</u>	<u>126,861</u>
Air Park South			
Lincoln Air Park South	<u>161,263</u>	<u>171,308</u>	<u>(10,045)</u>
Total operating revenues	<u>\$ 18,410,827</u>	<u>\$ 17,749,478</u>	<u>\$ 661,349</u>

Airport Authority of the City of Lincoln, Nebraska
Schedules of Direct Operating Expenses
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Landing Field			
Salaries	\$ 280,397	\$ 598,547	\$ (318,150)
Employee benefits	157,815	243,873	(86,058)
Repairs and maintenance	229,810	255,097	(25,287)
Contracted services	168,252	174,159	(5,907)
Utilities	81,991	77,911	4,080
Insurance	77,626	71,809	5,817
Professional services	2,245	2,299	(54)
Other	(12)	(925)	913
	<u>998,124</u>	<u>1,422,770</u>	<u>(424,646)</u>
Total landing field			
	<u>998,124</u>	<u>1,422,770</u>	<u>(424,646)</u>
Terminal			
Salaries	2,400,620	2,578,088	(177,468)
Employee benefits	958,821	1,034,771	(75,950)
Repairs and maintenance	213,259	191,104	22,155
Contracted services	85,443	66,779	18,664
Utilities	466,246	434,724	31,522
Insurance	264,125	183,846	80,279
Professional services	337,271	367,698	(30,427)
Bad debt expense	27,222	1,167	26,055
	<u>4,753,007</u>	<u>4,858,177</u>	<u>(105,170)</u>
Total terminal			
	<u>4,753,007</u>	<u>4,858,177</u>	<u>(105,170)</u>
General Aviation			
Salaries	74,452	134,913	(60,461)
Employee benefits	30,446	46,674	(16,228)
Repairs and maintenance	11,130	22,918	(11,788)
Contracted services	36,326	53,793	(17,467)
Utilities	47,598	46,941	657
Insurance	178,905	119,972	58,933
Professional services	4,180	4,598	(418)
Interest expense	71,879	84,199	(12,320)
Bad debt expense	25	-	25
	<u>454,941</u>	<u>514,008</u>	<u>(59,067)</u>
Total general aviation			
	<u>454,941</u>	<u>514,008</u>	<u>(59,067)</u>

Airport Authority of the City of Lincoln, Nebraska
Schedules of Direct Operating Expenses
Years Ended June 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
LNK Enterprise Park			
Salaries	\$ 924,927	\$ 432,309	\$ 492,618
Employee benefits	413,072	235,287	177,785
Repairs and maintenance	43,207	53,700	(10,493)
Contracted services	136,350	177,351	(41,001)
Utilities	256,346	229,332	27,014
Insurance	782,881	510,745	272,136
Professional services	4,180	9,298	(5,118)
Interest expense	1,139,277	1,201,340	(62,063)
Bad debt expense	80	52,255	(52,175)
Total LNK Enterprise Park	<u>3,700,320</u>	<u>2,901,617</u>	<u>798,703</u>
Air Park South			
Salaries	1,297	14,135	(12,838)
Employee benefits	530	4,875	(4,345)
Repairs and maintenance	2,554	3,220	(666)
Contracted services	5,128	6,556	(1,428)
Utilities	18,243	15,255	2,988
Insurance	7,734	5,473	2,261
Total Air Park South	<u>35,486</u>	<u>49,514</u>	<u>(14,028)</u>
	<u>9,941,878</u>	<u>9,746,086</u>	<u>195,792</u>
Depreciation and Amortization Expense			
Landing field	2,396,400	2,381,492	14,908
Terminal	2,047,290	787,115	1,260,175
General aviation	641,143	585,587	55,556
LNK Enterprise Park	3,541,868	3,582,829	(40,961)
Lincoln Air Park South	60,895	50,942	9,953
Total depreciation and amortization expense	<u>8,687,596</u>	<u>7,387,965</u>	<u>1,299,631</u>
Total Direct Operating Expenses	<u>\$ 18,629,474</u>	<u>\$ 17,134,051</u>	<u>\$ 1,495,423</u>

Airport Authority of the City of Lincoln, Nebraska
Schedules of Indirect Operating Expenses
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Public Safety			
Employee benefits	\$ 9,395	\$ 8,914	\$ 481
Repairs and maintenance	33,384	56,333	(22,949)
Contracted services	15,829	63,113	(47,284)
Utilities	3,763	6,182	(2,419)
Insurance	38,076	24,456	13,620
Professional services	52,985	70,000	(17,015)
Other	17,689	15,818	1,871
Total public safety	<u>171,121</u>	<u>244,816</u>	<u>(73,695)</u>
Service Equipment			
Salaries	212,926	204,302	8,624
Employee benefits	113,245	82,436	30,809
Repairs and maintenance	175,145	200,484	(25,339)
Contracted services	20,583	23,161	(2,578)
Utilities	118,769	145,689	(26,920)
Insurance	94,983	68,365	26,618
Professional services	21	24	(3)
Other	703	-	703
Total service equipment	<u>736,375</u>	<u>724,461</u>	<u>11,914</u>
General and Administrative			
Salaries	1,453,956	1,246,487	207,469
Employee benefits	700,941	648,905	52,036
Repairs and maintenance	37,893	44,386	(6,493)
Contracted services	96,522	25,445	71,077
Utilities	88,880	83,078	5,802
Insurance	53,877	34,212	19,665
Professional services	1,583,389	4,593,935	(3,010,546)
Other	232,206	475,314	(243,108)
Total general and administrative	<u>4,247,664</u>	<u>7,151,762</u>	<u>(2,904,098)</u>
Depreciation Expense			
Service equipment	452,499	440,614	11,885
General and administrative	230,369	195,663	34,706
Public safety	4,074	4,254	(180)
Total depreciation expense	<u>686,942</u>	<u>640,531</u>	<u>46,411</u>
Total Indirect Operating Expenses	<u>\$ 5,842,102</u>	<u>\$ 8,761,570</u>	<u>\$ (2,919,468)</u>

Airport Authority of the City of Lincoln, Nebraska
Schedules of Expenses by Natural Classification
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Expenses			
Salaries	\$ 5,348,575	\$ 5,208,781	\$ 139,794
Employee benefits	2,384,265	2,305,735	78,530
Repairs and maintenance	746,382	827,242	(80,860)
Contracted services	564,433	590,357	(25,924)
Utilities	1,081,836	1,039,112	42,724
Insurance	1,498,207	1,018,878	479,329
Professional services	1,984,271	5,047,852	(3,063,581)
Interest expense	2,437,642	2,634,531	(196,889)
Bad debt expense	27,327	53,422	(26,095)
Other	250,586	490,207	(239,621)
Depreciation and amortization expense	9,374,538	8,028,496	1,346,042
Total Expenses	<u>\$ 25,698,062</u>	<u>\$ 27,244,613</u>	<u>\$ (1,546,551)</u>

Airport Authority of the City of Lincoln, Nebraska
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal/Pass- Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Transportation/ Federal Aviation Administration/ Airport Improvement Program	20.106	3-31-0050-058-2020 3-31-0050-066-2023 3-31-0050-67	\$ - - -	\$ 26,829 10,801 1,035,829
			-	1,073,459
Department of Defense/ National Guard Bureau/ Military Construction, National Guard	12.400	W91243-24-2-2101	-	734,999
			\$ -	\$ 1,808,458

Airport Authority of the City of Lincoln, Nebraska
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

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, 2025. 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 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, 2025

	Date Approved	Amount Approved For Use	Cumulative Total - July 1, 2024	Quarter Ended				Year Ended June 30, 2025	Cumulative Total - June 30, 2025
				September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025		
Revenues									
Passenger facility charge revenues received			\$ 3,593,439	\$ 135,710	\$ 137,329	\$ 124,394	\$ 139,635	\$ 537,067	\$ 4,130,506
Interest earned			-	-	-	-	-	-	-
Total passenger facility charge revenue received			<u>\$ 3,593,439</u>	<u>\$ 135,710</u>	<u>\$ 137,329</u>	<u>\$ 124,394</u>	<u>\$ 139,635</u>	<u>\$ 537,067</u>	<u>\$ 4,130,506</u>
Expenditures									
Application 16-01-C-00-LNK	August 1, 2017	\$ 5,411,638	\$ 3,593,439	\$ 135,710	\$ 137,329	\$ 124,394	\$ 139,635	\$ 537,067	\$ 4,130,506
Total passenger facility charge revenue expended		<u>\$ 5,411,638</u>	<u>\$ 3,593,439</u>	<u>\$ 135,710</u>	<u>\$ 137,329</u>	<u>\$ 124,394</u>	<u>\$ 139,635</u>	<u>\$ 537,067</u>	<u>\$ 4,130,506</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, 2025, 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 January 12, 2026.

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
January 12, 2026**

Report on Compliance for the 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 the Major Federal Program

Opinion on the 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 the Authority's major federal program for the year ended June 30, 2025. The Authority's major federal program is 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 its major federal program for the year ended June 30, 2025.

Basis for Opinion on the 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 the 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
January 12, 2026**

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, 2025.

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, 2025.

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 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 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
January 12, 2026

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Airport Authority of the City of Lincoln, Nebraska
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025**

Reference Number	Summary of Finding	Status
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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, 2025**

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 |