

Duluth Airport Authority 2021 1st Quarter Financial Update

May 18th, 2021



Duluth Airport Authority
DAA Board Packet Budget vs. Actual Summary
From Jan 2020 to Adjust 2020

Financial Row	Prior Year Actual (Jan 2019 - Adjust 2019)	Current Year Actual (Jan 2020 - Adjust 2020)	Budget Amount (Jan 2020 - Adjust 2020)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2020 - Adjust 2020)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	3,418,645	1,925,842	3,061,031	62.91%	(1,492,803)	(1,135,189)	3,061,031
Non-Passenger Aeronautical Revenue	1,606,641	1,454,040	1,534,533	94.75%	(152,601)	(80,493)	1,534,533
Passenger Airline Aeronautical Revenue	1,467,133	1,321,809	1,493,899	88.48%	(145,323)	(172,090)	1,493,899
Total - Income	6,492,418	4,701,691	6,089,462	77.21%	(1,790,727)	(1,387,771)	6,089,462
Gross Profit	6,492,418	4,701,691	6,089,462	77.21%	(1,790,727)	(1,387,771)	6,089,462
Expense							
Miscellaneous Expenses	40,263	37,238	33,540	111.03%	(3,026)	3,698	33,540
Personnel Compensation & Benefits	2,219,961	2,238,775	2,408,510	92.95%	18,813	(169,735)	2,408,510
Services and Charges	1,684,506	1,688,643	1,843,702	91.59%	4,138	(155,059)	1,843,702
Supplies	562,182	503,695	606,835	83.00%	(58,487)	(103,140)	606,835
Total - Expense	4,506,912	4,468,351	4,892,587	91.33%	(38,562)	(424,237)	4,892,587
Net Ordinary Income	1,985,506	233,341	1,196,875	19.50%	(1,752,165)	(963,534)	1,196,875
Other Income and Expenses							
Other Income							
Non-Operating Revenue	685,466	325,183	610,880	53.23%	(360,283)	(285,697)	610,880
Total - Other Income	685,466	325,183	610,880	53.23%	(360,283)	(285,697)	610,880
Other Expense							
Non-Operating Expense	303,978	274,455	354,455	77.43%	(29,523)	(80,000)	354,455
Total - Other Expense	303,978	274,455	354,455	77.43%	(29,523)	(80,000)	354,455
Net Other Income	381,488	50,728	256,425	19.78%	(330,760)	(205,697)	256,425
Net Income Exclusive of Project Expenses, Depreciation & Amortization	2,366,994	284,068	1,453,300	19.55%	(2,082,925)	(1,169,232)	1,453,300
Projects/Grants	13,570,891	12,555,596	2,956,410	424.69%	(1,015,295)	9,599,186	2,956,410
Depreciation & Amortization	(10,076,599)	(11,102,803)	(10,236,194)	108.47%	(1,026,204)	(866,609)	(10,236,194)
Net Income	5,861,285	1,736,861	(5,826,484)	-29.81%	(4,124,424)	7,563,345	(5,826,484)

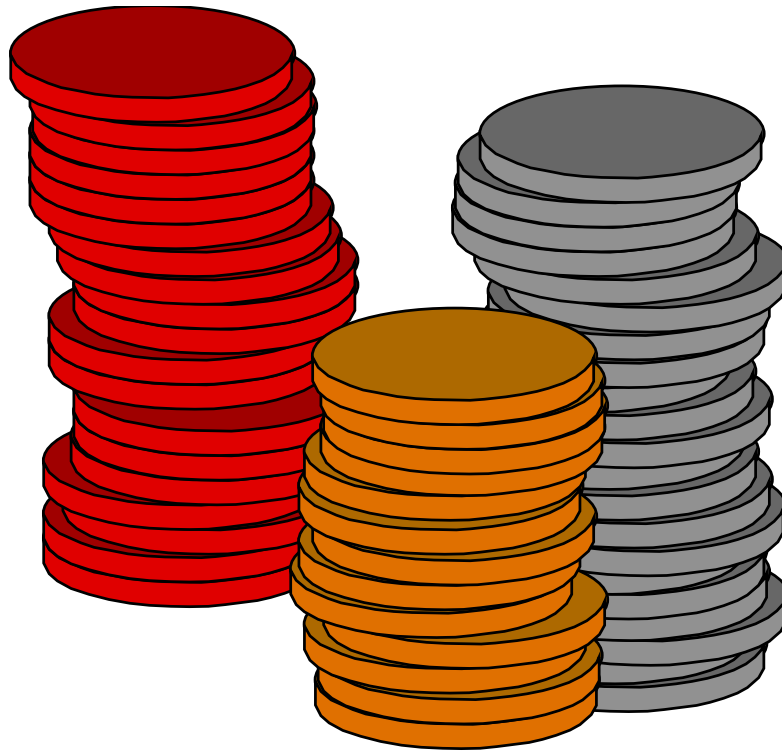
- This report is based on an allocated budget, which is seasonally adjusted. At year-end DAA had a negative variance budget vs actual of over 1.1M.
- CARES Funds requests through the period of December were 3.9M which produces a positive variance of over 2.7M.
- The largest variance from budget in revenues comes from a reduction in concession revenues due to COVID and decreased passengers. Revenue is over 1.3M under budget. Revenue is likely still overstated due to the recording of Minimum Annual Guarantees for concessionaires. Rental car unpaid minimum annual guarantees were in the amount of \$203k. Reducing this revenue out puts revenue at over \$1.5M under budget.
- The from budget in expenses comes decreased services and charges as well as personnel costs and supplies. Essential spending was implemented which helped in the decrease of expenses. There were decreased overtime as well as delays in hiring which also contributed to the reduced spending. Expenses are about 424k under budget.
- Non-operating income is down due to decreased PFC collections while expenses are down due budgeted line of credit interest which hasn't been utilized for a total negative variance of just over 205k.

Duluth Airport Authority
DAA Board Packet Budget vs. Actual Summary
Jan - March 2021

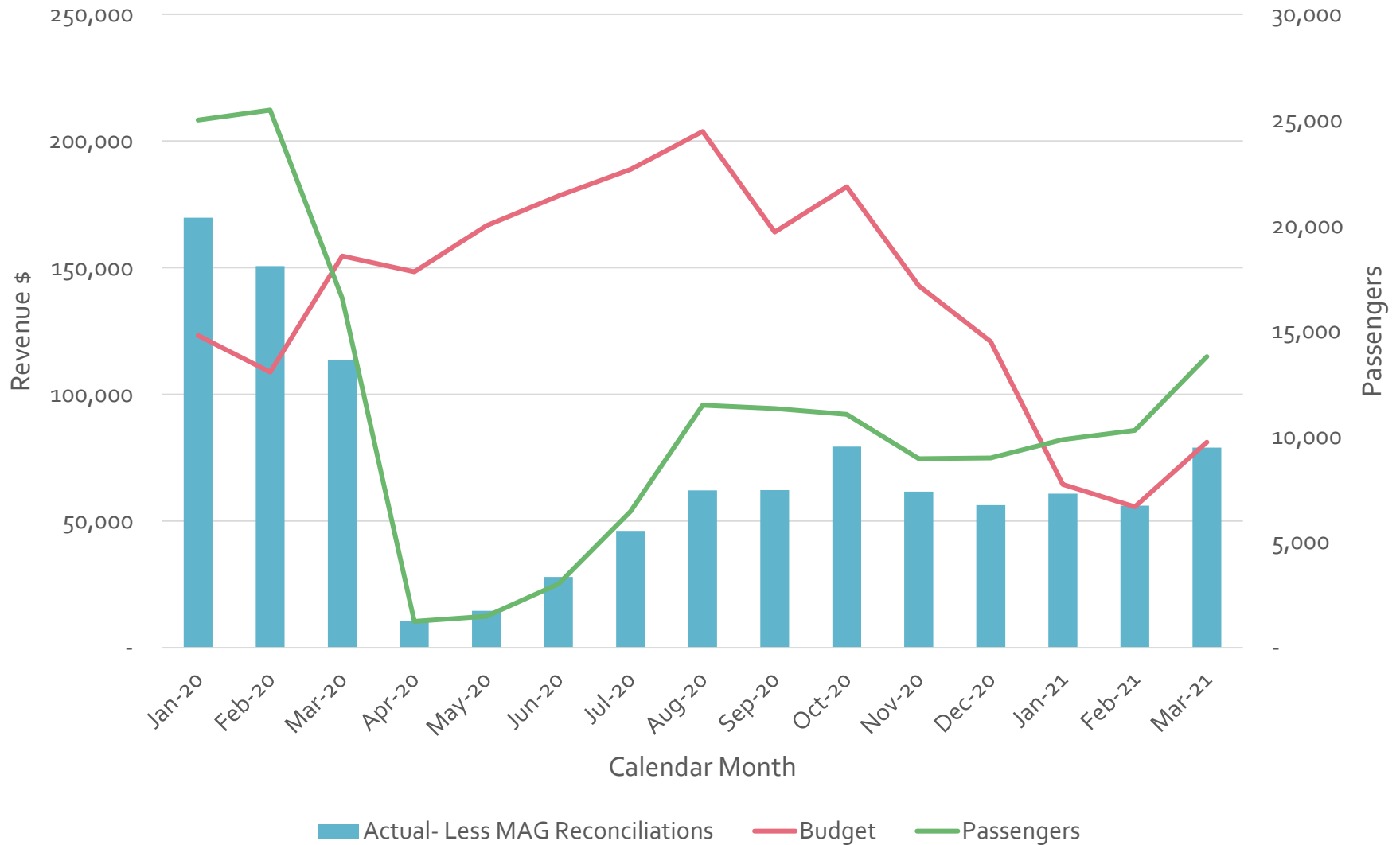
Unaudited							
Financial Row	Prior Year Actual (Jan 2020 - Mar 2020)	Current Year Actual (Jan 2021 - Mar 2021)	Budget Amount (Jan 2021 - Mar 2021)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2021 - Adjust 2021)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	732,063	798,249	492,261	162.16%	66,185	305,988	1,865,240
Non-Passenger Aeronautical Revenue	368,241	353,503	352,908	100.17%	(14,738)	595	1,455,426
Passenger Airline Aeronautical Revenue	354,346	335,018	312,629	107.16%	(19,328)	22,389	1,281,878
Total - Income	1,454,650	1,486,770	1,157,798	128.41%	32,120	328,972	4,602,544
Gross Profit	1,454,650	1,486,770	1,157,798	128.41%	32,120	328,972	4,602,544
Expense							
Miscellaneous Expenses	16,866	9,680	8,060	120.11%	(7,186)	1,620	32,660
Personnel Compensation & Benefits	512,914	493,448	569,233	86.69%	(19,466)	(75,785)	2,460,392
Services and Charges	489,782	474,049	501,329	94.56%	(15,733)	(27,279)	1,877,099
Supplies	183,983	263,539	148,512	177.45%	79,556	115,027	574,230
Total - Expense	1,203,545	1,240,716	1,227,133	101.11%	37,171	13,583	4,944,381
Net Ordinary Income	251,105	246,054	(69,336)	-354.87%	(5,051)	315,390	(341,838)
Other Income and Expenses							
Other Income							
Non-Operating Revenue	170,272	97,336	85,046	114.45%	(72,936)	12,289	365,939
Total - Other Income	170,272	97,336	85,046	114.45%	(72,936)	12,289	365,939
Other Expense							
Non-Operating Expense	68,614	62,161	82,161	75.66%	(6,453)	(20,000)	328,644
Total - Other Expense	68,614	62,161	82,161	75.66%	(6,453)	(20,000)	328,644
Net Other Income	101,658	35,175	2,885	1,219.08%	(66,484)	32,289	37,295
Net Income Exclusive of Project Expenses, Depreciation & Amortization	352,764	281,229	(66,450)	-423.22%	(71,535)	347,679	(304,543)
Projects/Grants	(3,154,534)	(2,500,916)	2,222,000	-112.55%	653,618	(4,722,916)	8,888,000
Depreciation & Amortization	(2,789,150)	0	(2,513,843)	0.00%	2,789,150	2,513,843	(10,055,370)
Net Income	(5,590,920)	(2,219,688)	(358,293)	619.52%	3,371,233	(1,861,395)	(1,471,913)

- This report is based on an allocated budget, which is seasonally adjusted. At this time the DAA is at a positive variance budget vs actual of over 347k.
- The positive variance is inflated due to the MAG reconciliation for the parking lot of \$330,923.82. Taking this out we would have a positive variance of nearly \$17k.
- No CARES or CRSSA expense reimbursements have been requested in 2021.
- The results of this report are expected to change slightly with audit adjustments as well as delayed revenue and expense postings.
- The largest variance from budget in revenues comes the parking concession while other concessions are very close to budget. Non-passenger aeronautical revenue is only ~\$600 off from budget and passenger airline aeronautical revenue is over budget due to increased landing fees of \$22k.
- The largest variance from budget in expenses come from the boiler replacement project, this will be rectified when capitalized to be removed from operating expenses in future financial updates. Expenses are over \$13k over budget.
- Non-operating income is close to budget with PFCs coming in higher than expected, while expenses are down due budgeted line of credit interest which hasn't been utilized for a total positive variance vs budget of over \$32k.

Revenues



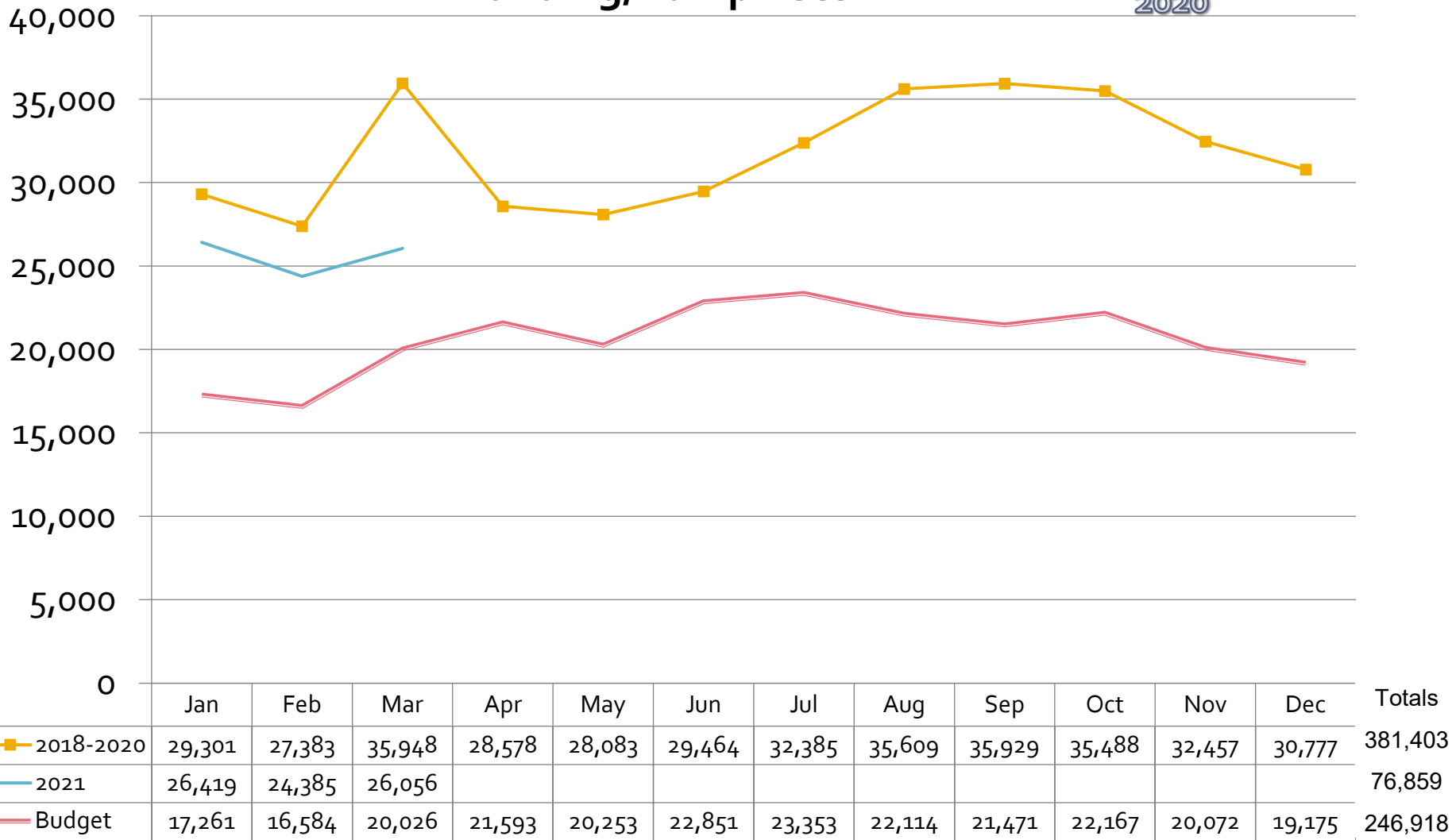
Non-Aeronautical Revenue Concessions Excluding MAG Reconciliations





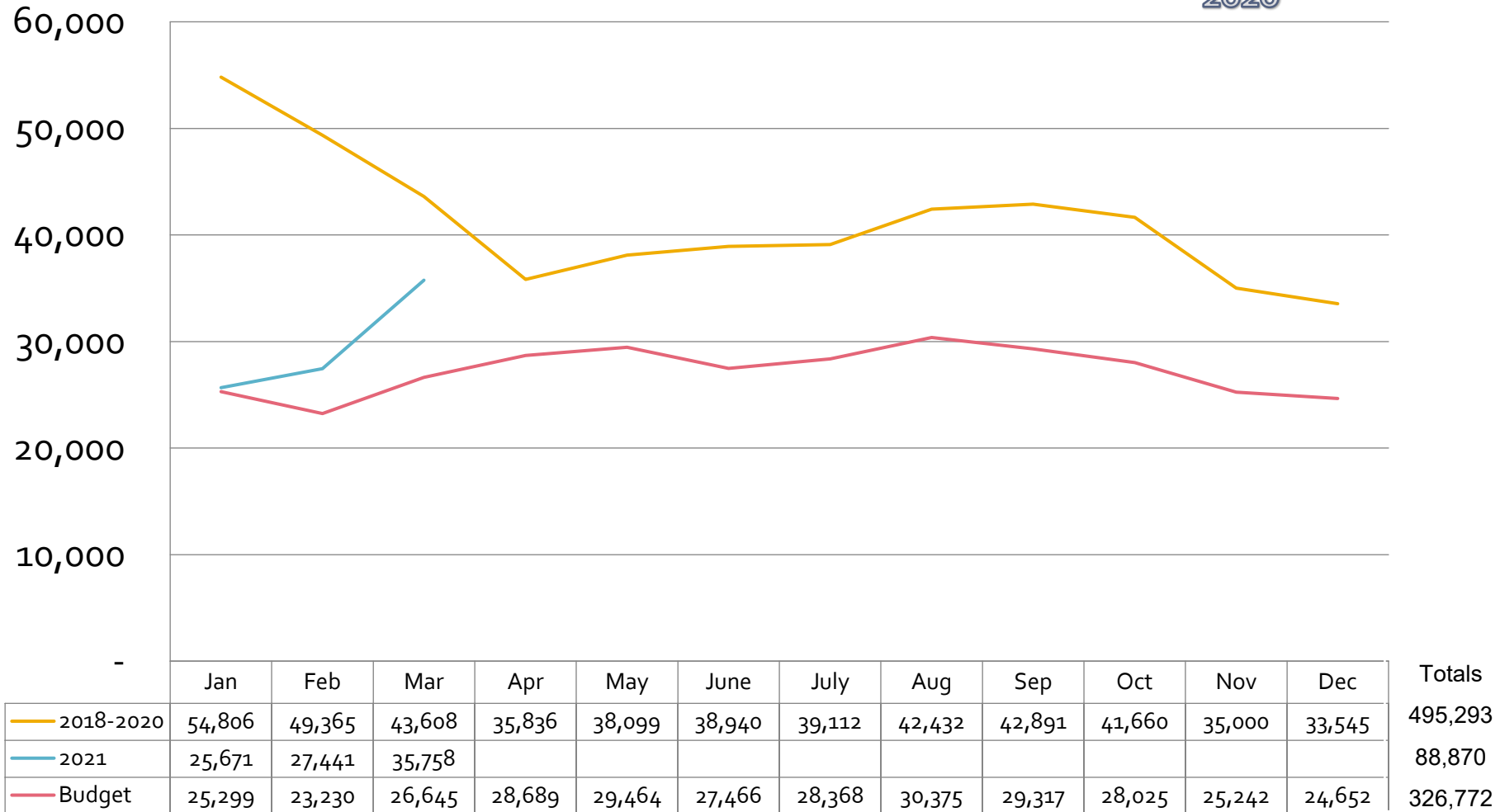
17% under the 3-yr average,
42% over budget, 19.5% under
2020

Landing/Ramp Fees



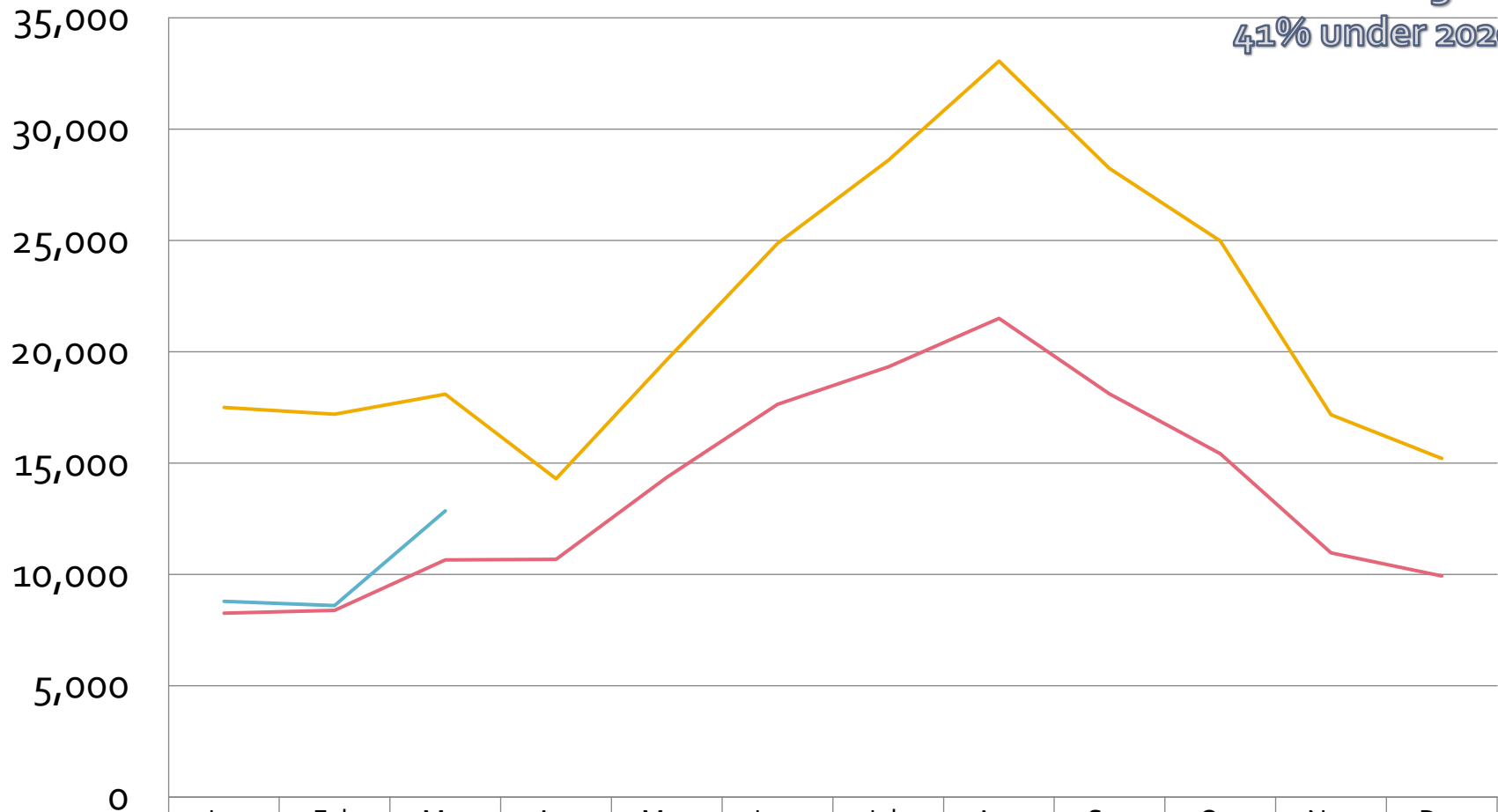
Passenger Facility Charge Collection \$4.50 per enplaning customer

40% under 3-year
average, 18% over
budget and 44% under
2020



Customer Facility Charge Collection \$4/day up to 4 days on Auto Rental

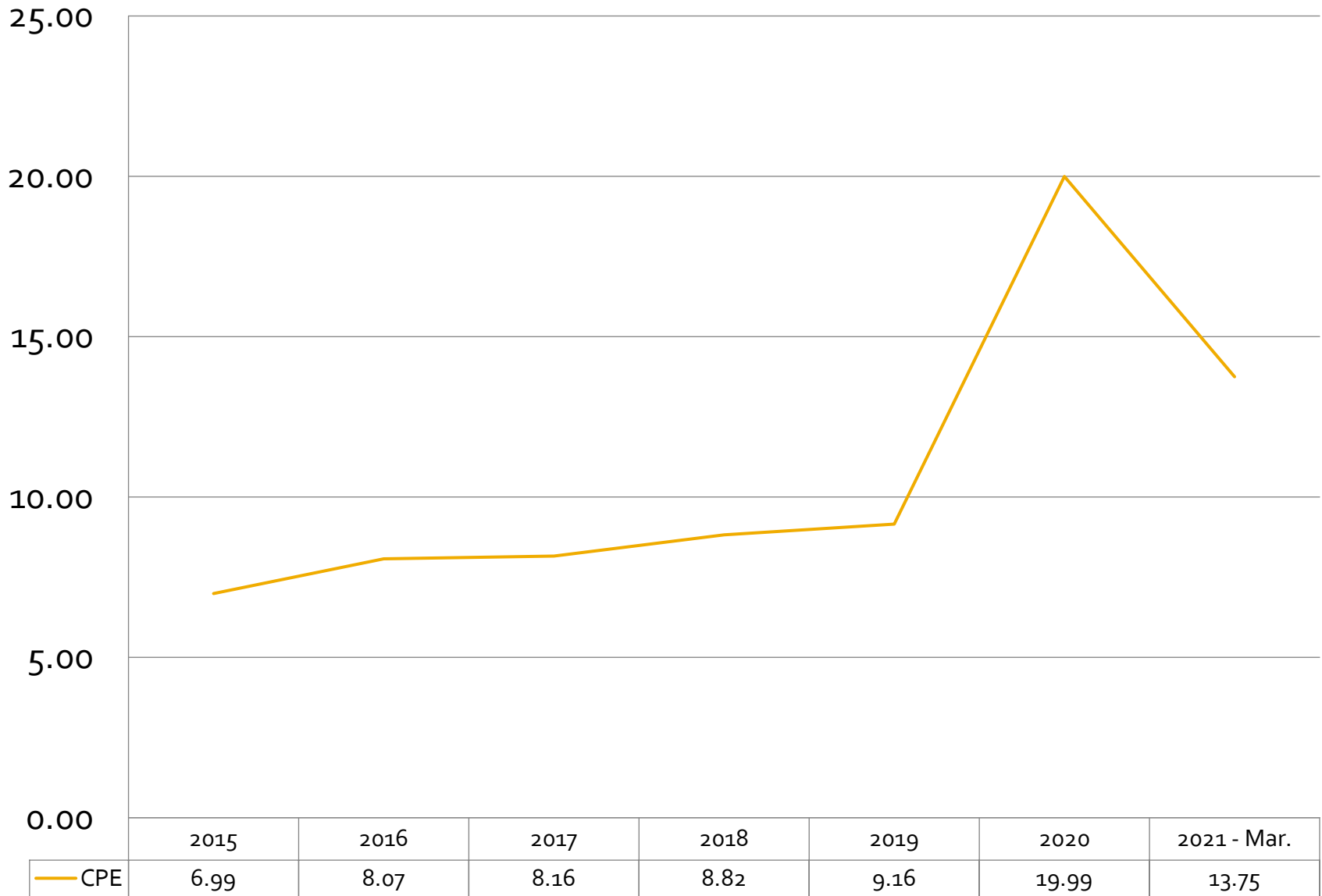
43% under the 3yr avg.,
11% over budget and
41% under 2020



Totals
258,836
30,256
165,254

DLH CPE History

Goal is to remain under
\$10

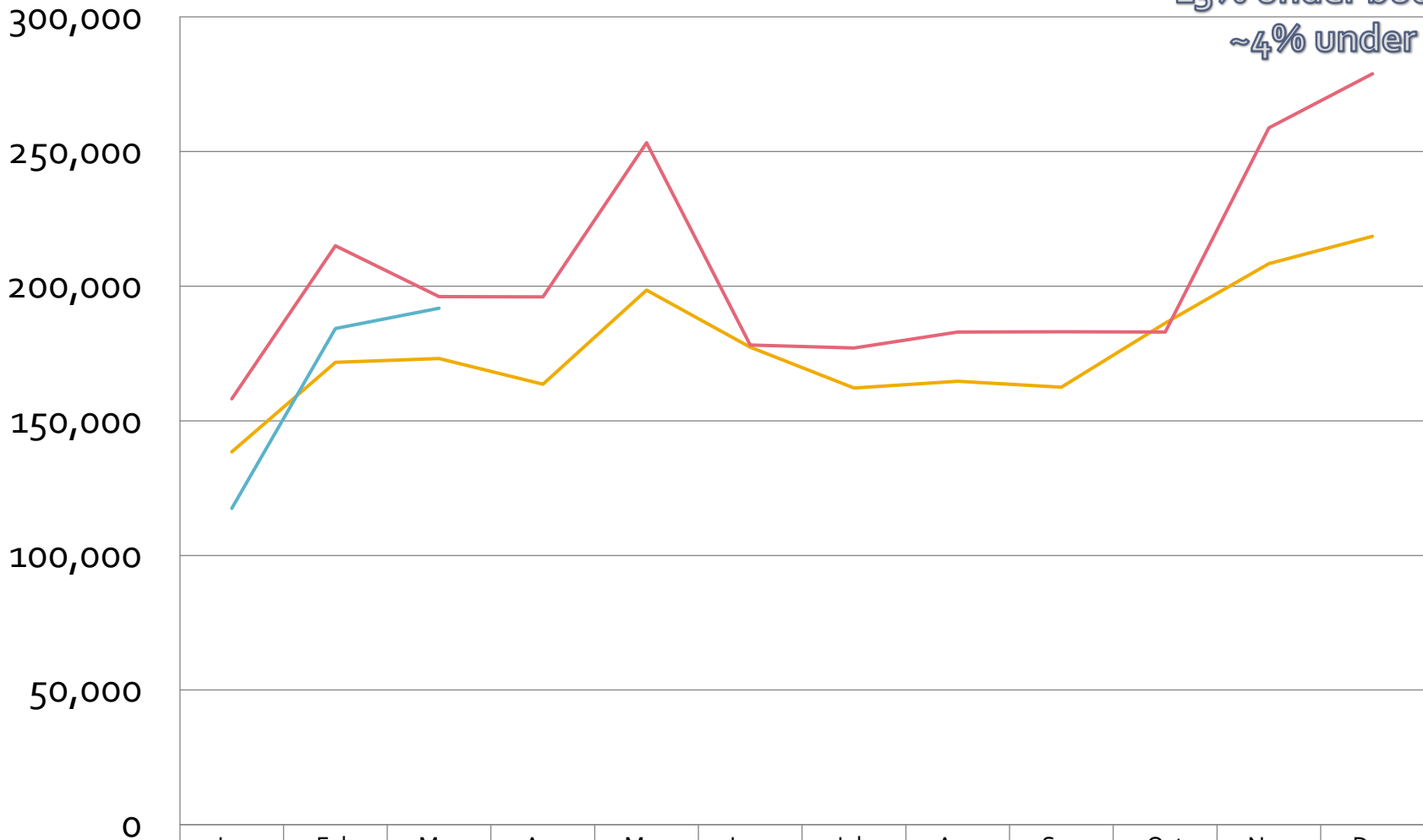




Operating Expenditures

Personnel Compensation & Benefits

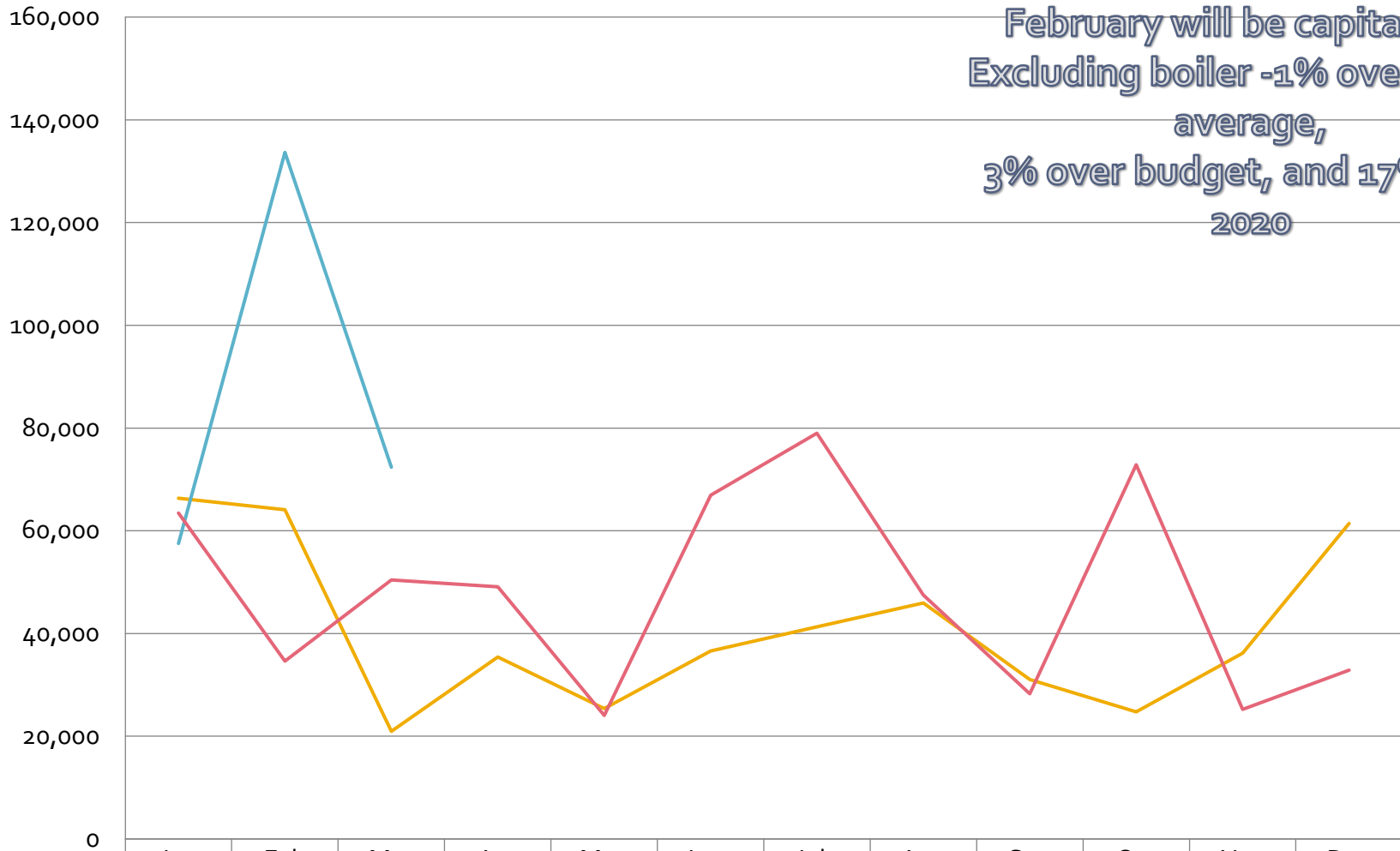
2% over 3 year average,
13% under budget and
~4% under 2020



Totals
2,125,319
493,448
2,460,392

Supplies

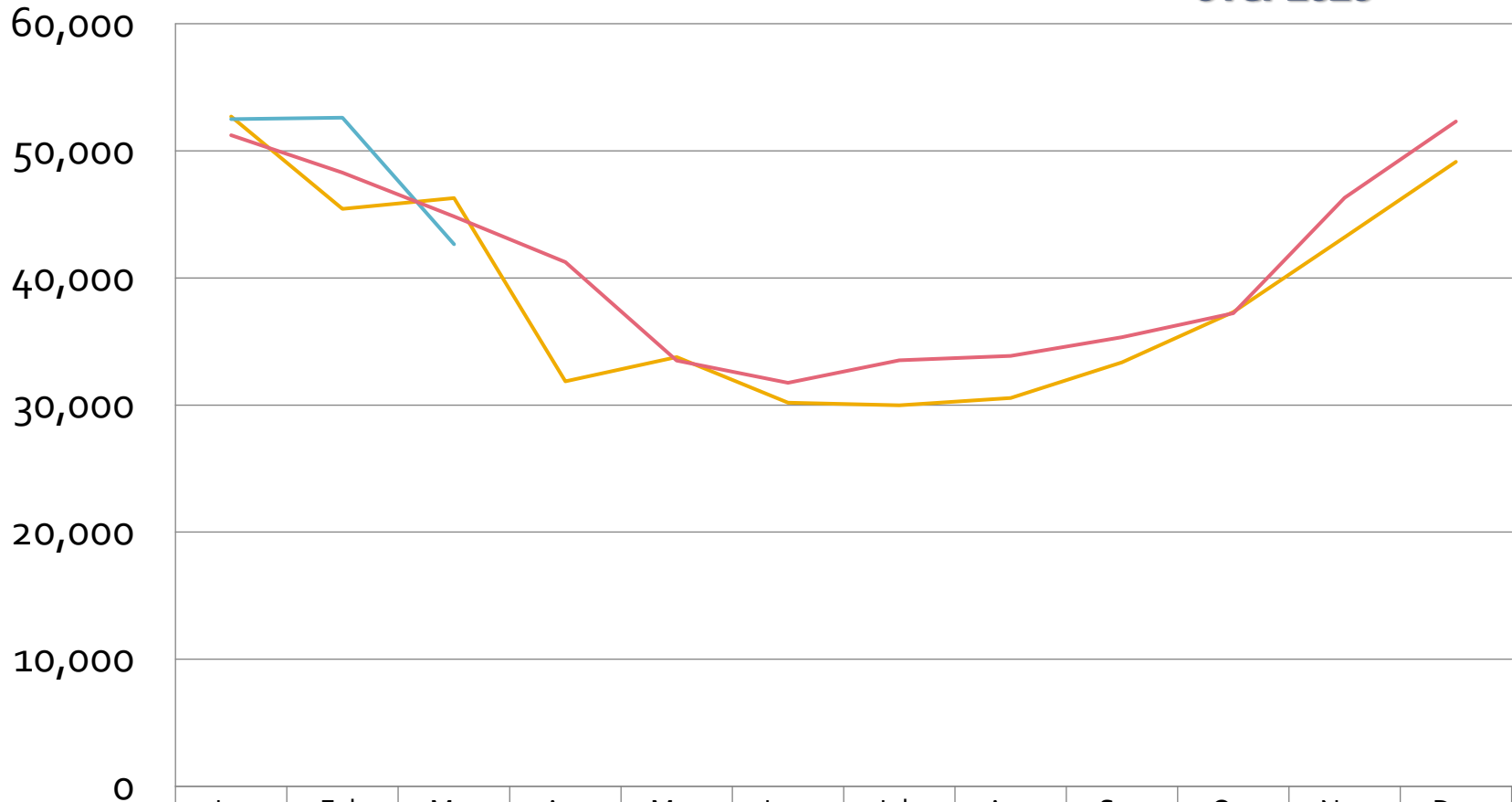
\$110k boiler purchase in February will be capitalized. Excluding boiler -1% over 3-year average, 3% over budget, and 17% over 2020



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals
2018-2020	66,328	64,087	20,951	35,400	25,384	36,585	41,273	45,956	31,053	24,738	36,144	61,404	489,301
2021	57,514	133,661	72,364										263,539
Budget	63,441	34,631	50,441	49,081	24,041	66,931	78,991	47,481	28,241	72,831	25,241	32,881	574,230

Utilities

2% over 3-year average,
2% over budget and 2%
over 2020



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals
2018-2020	52,709	45,435	46,292	31,854	33,773	30,177	29,984	30,548	33,351	37,317	43,206	49,142	463,786
2021	52,500	52,608	42,649										147,757
Budget	51,233	48,285	44,825	41,258	33,506	31,743	33,523	33,862	35,343	37,222	46,296	52,315	489,411

Executive Summary Jan-Mar.

- Revenues: 128% of budget/99% less MAG Reconciliation (330,923.82)
 - Non-Aero Rev: 162% of budget/95% less MAG Recon
 - Concessions: 261.86% of budget/91% less MAG Recon
 - Non-Passenger Rev: 100% of budget
 - Concessions: 113% of budget
 - Passenger Airline Revenue: 107% of budget
 - Landing Fees: 158% of budget
- Expenses: 101% of budget
 - Personnel Comp & Ben (including retirees): 87% of budget
 - Communications and Technology: 146% of budget
 - Repairs & Maint: 111% of budget
 - Supplies: 177% of budget/103% less boiler of 110k
- Cash Flow:
 - DAA staff has reserved CARES funds for reimbursement until CRRSA grants were received to determine best use of funds. Staff will begin making debt service payments and requesting operating reimbursements within the next couple of months



Long-Term Liabilities

Debt	City Loan 1 - GO Bonds Issued				City Loan 2 - GO Bonds Issued	DEDA MIF Loan	NCA Loan	City Loan 3 - GO Bonds Issued	Total of Annual Debt Service Payments
Purpose	Terminal & Parking Structure				Parking Structure	Soil Remediation	FBO Buyout	Hangar 103/LSC Rehabilitation	
Payment Source	CFC	PFC	Operating Revenues	Total	Operating Revenues - Parking	Operating Revenues	Operating Revenues - Fuel Flowage	Operating Revenues - LSC Rent	
2012	192,681.26	321,781.26	107,518.76	621,981.28	-	26,666.64	75,000.00		723,647.92
2013	189,981.26	322,281.26	111,018.76	623,281.28	-	26,666.64	75,000.00		724,947.92
2014	192,281.26	322,681.26	109,418.76	624,381.28	115,718.04	26,666.64	75,000.00		841,765.96
2015	194,481.26	322,981.26	107,818.76	625,281.28	338,981.26	26,666.64	75,000.00		1,065,929.18
2016	191,581.26	323,181.26	106,218.76	620,981.28	340,571.26	26,666.64	75,000.00	242,752.33	1,305,971.51
2017	193,681.26	323,281.26	109,618.76	626,581.28	336,071.26	26,666.64	75,000.00	247,137.50	1,311,456.68
2018	190,681.26	323,281.26	107,918.76	621,881.28	335,446.26	26,666.64	75,000.00	247,337.50	1,306,331.68
2019	192,681.26	323,181.26	106,218.76	622,081.28	338,776.26	26,666.64	37,500.00	247,387.50	1,272,411.68
2020	194,193.76	322,331.26	109,306.26	625,831.28	336,336.26	26,666.64	-	247,287.50	1,236,121.68
2021	195,393.76	326,037.50	107,168.76	628,600.02	338,006.26	2,222.62	-	247,037.50	1,215,866.40
2022	191,268.76	324,162.50	109,918.76	625,350.02	338,443.76	-	-	246,637.50	1,210,431.28
2023	191,937.50	321,812.50	107,425.00	621,175.00	338,108.76	-	-	246,087.50	1,205,371.26
2024	192,050.00	323,618.76	109,693.76	625,362.52	336,971.26	-	-	245,387.50	1,207,721.28
2025	191,800.00	324,768.76	111,693.76	628,262.52	340,143.76	-	-	244,537.50	1,212,943.78
2026	196,175.00	325,237.50	108,412.50	629,825.00	337,393.76	-	-	243,437.50	1,210,656.26
2027	-	-	-	-	339,218.76	-	-	246,877.50	586,096.26
2028								244,675.00	244,675.00
2029								246,975.00	246,975.00
2030								243,695.00	243,695.00

**City GO Bonds are not eligible for refinancing until 8 years after the origination date.

Series 2012B GO Tax Exempt - \$7,655,000. First call date February 1, 2022.

Series 2013B GO Tax Exempt - \$3,400,000. First call date February 1, 2024

Series 2015C GO Taxable - \$2,855,000. First call date February 1, 2026

Questions ...

