

Finance Department Update



Update Items

- **Maternity Leave Plan Transition (June-Sept):**
 - Tom handling purchase approvals
 - Trained some items with new hire, Amanda
 - Jana – Financial Analysis for contracts, etc.
 - Kathy – Cash Flow meeting, board financials, HR Paperwork submission, etc.
 - Mark – Insurance/Incident Reporting, etc.
 - Team – Hire/Termination Paperwork
 - Myself – Budget/R&C, CATS Report if not completed
- **2021 Annual Audit:**
 - Completed - No written audit findings
 - Submitted MD&A and awaiting confirmations and certification before publication to all
 - CATS – FAA Federal report to be completed following certification

Duluth Airport Authority

2022 1st Quarter Financial Update

Presented by:

Joelle Bodin, C.M.
Finance Director



Duluth Airport Authority
DAA Board Packet Budget vs. Actual Summary
Jan 2022, Q1 2022, Feb 2022, Mar 2022

UNAUDITED

Financial Row	Prior Year Actual (Jan 2021 - Mar 2021)	Current Year Actual (Jan 2022 - Mar 2022)	Budget Amount (Jan 2022 - Mar 2022)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2022 - Adjust 2022)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	798,777	489,181	646,744	75.64%	(309,596)	(157,563)	2,907,180
Non-Passenger Aeronautical Revenue	354,081	369,362	361,467	102.18%	15,281	7,895	1,485,468
Passenger Airline Aeronautical Revenue	335,018	296,698	296,658	100.01%	(38,320)	40	1,236,318
Total - Income	1,487,876	1,155,241	1,304,869	88.53%	(332,635)	(149,628)	5,628,966
Gross Profit	1,487,876	1,155,241	1,304,869	88.53%	(332,635)	(149,628)	5,628,966
Expense							
Miscellaneous Expenses	9,713	17,737	8,120	218.43%	8,024	9,617	36,670
Personnel Compensation & Benefits	503,594	523,280	601,066	87.06%	19,686	(77,786)	2,639,812
Services and Charges	503,235	469,211	549,887	85.33%	(34,024)	(80,676)	2,127,207
Supplies	156,311	176,693	159,243	110.96%	20,382	17,450	674,195
Total - Expense	1,172,854	1,186,922	1,318,317	90.03%	14,068	(131,395)	5,477,884
Net Ordinary Income	315,022	(31,681)	(13,448)	235.58%	(346,703)	(18,233)	151,083
Other Income and Expenses							
Other Income	97,336	285,745	407,134	70.18%	188,409	(121,390)	1,675,674
Other Expense	62,161	40,108	71,378	56.19%	(22,053)	(31,270)	285,512
Net Other Income	35,175	245,636	335,756	73.16%	210,462	(90,120)	1,390,162
Net Income Exclusive of Project Expenses, Depreciation & Amortization	350,197	213,955	322,308	66.38%	(136,241)	(108,353)	1,541,244
Projects/Grants	(2,488,379)	(863,494)	2,943,429	-29.34%	1,624,884	(3,806,923)	11,773,715
Depreciation & Amortization	(2,791,358)	0	(2,775,701)	0.00%	2,791,358	2,775,701	(11,102,803)
Net Income	(4,929,540)	(649,539)	490,036	-132.55%	4,280,001	(1,139,575)	2,212,157

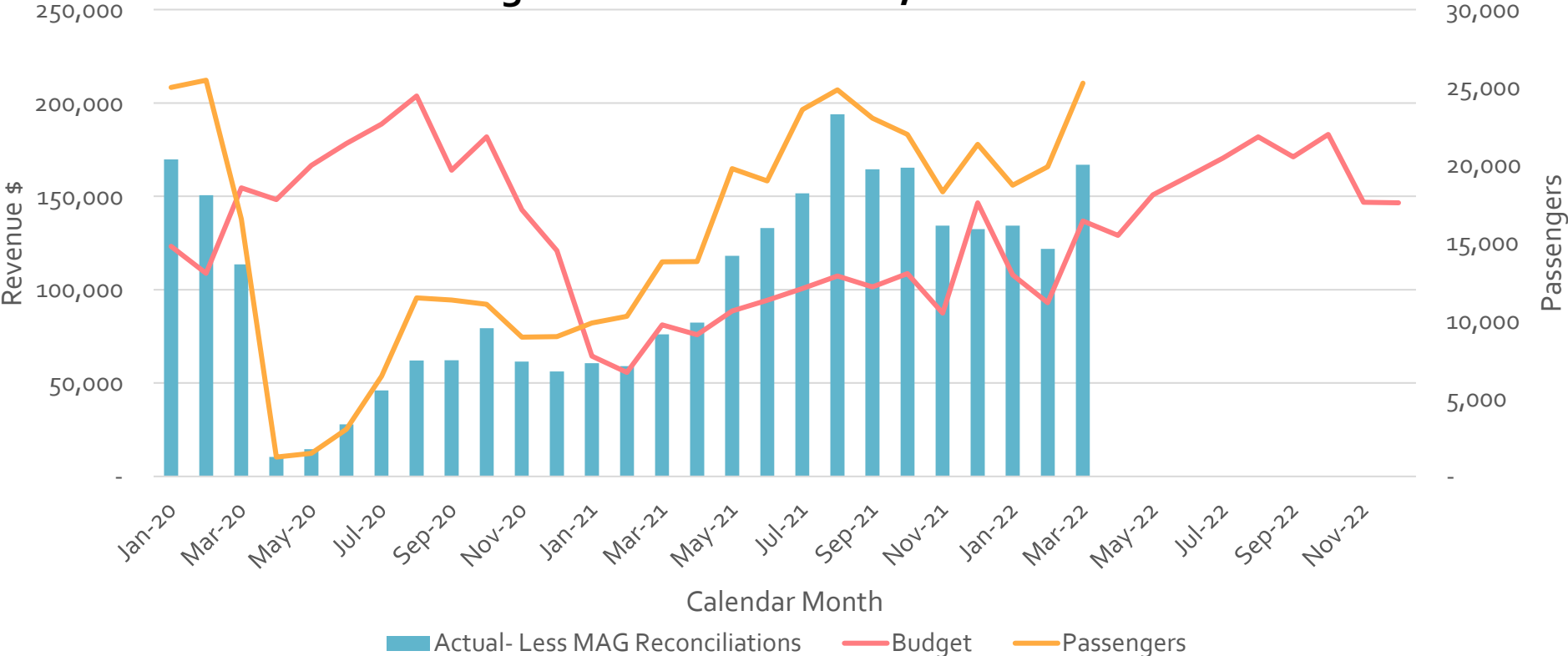
- The results of this report are expected to change slightly with audit adjustments as well as delayed revenue and expense postings.
- At this time the DAA is at a unfavorable variance budget vs actual of over \$108k.
- The largest variance from budget in operating revenues comes the concessions due to the application of the APRA concessionaire relief and CFC concessionaire relief, the total appears to be over \$136k under budget due to the credit. Non-passenger aeronautical revenue is about 7.9k over budget and passenger airline aeronautical revenue is nearly flat. We assumed SY enplaned passengers would be 17.86% of our total enplanements and for the month of March they were 22%.
- The largest variance from budget in expenses comes from personnel costs which are over 77k under budget. Services and charges are running under budget as well. Supplies are 17k over budget. Operating expenses are \$131k under budget.
- Non-operating income is under budget. ARPA Concessionaire Relief has been requested thus far, but no other COVID relief has been requested for 2021. PFCs came in over budget by nearly \$17k, while expenses are down \$20k from budget due to budgeted line of credit interest as well as the reduced interest due to the refinance last Fall for a total unfavorable variance vs budget of \$108k.
- If we were to exclude all concessionaire relief credits and reimbursements, as well as expected COVID relief requests, we would be at a positive variance of \$250k.
- **OPERATING POLICY #28 MINIMUM CASH BALANCE REPORTING AS OF 5/11/22:**
 - Minimum Cash Balance Goal: \$2,437,853
 - Current Balance: \$5,361,817 - Exceeds goal
 - Days Cash on Hand: 396 days currently vs 180 day benchmark

Executive Summary - Q1 2022

- Revenues: 89% of budget – 105% excluding relief
 - Non-Aero Rev: 75% - 110% excluding relief
 - Concessions: 60% - 120% excluding relief
 - Non-Passenger Rev: 102% of budget
 - Concessions: 128% of budget
 - Passenger Airline Revenue: 100% of budget
 - Landing Fees: 103% of budget
- Expenses: 90% of budget
 - Personnel Comp & Ben (including retirees): 87% of budget
 - Communications and Technology: 99% of budget
 - Repairs & Maint Contractual: 89% of budget
 - Supplies: 110% of budget
- Non-Operating:
 - PFCs income is 113% of budget
 - Interest Expense is 56% of budget
- COVID Relief Grant Summary:
 - DAA fully utilized CARES as well as CRRSA and ARPA Concessionaire Relief Grants
 - Remaining CRRSA Relief and ARPA Relief to be used for operating and debt service costs during recovery and to offset other development costs.
 - \$1.1 Million in relief was budgeted in 2022 to keep the budget at a \$0 base.
- Minimum Cash Balance Policy:
 - Cash Required: \$2,437,853
 - Current Cash Available: \$5,361,817
 - Grants Receivable Balance: \$1,326,830
 - Days Cash on Hand (Goal 180): 396
 - As we enter construction season it is important to understand that the cash balance will be utilized to pay construction contracts on a reimbursement basis and cash flow will be affected.

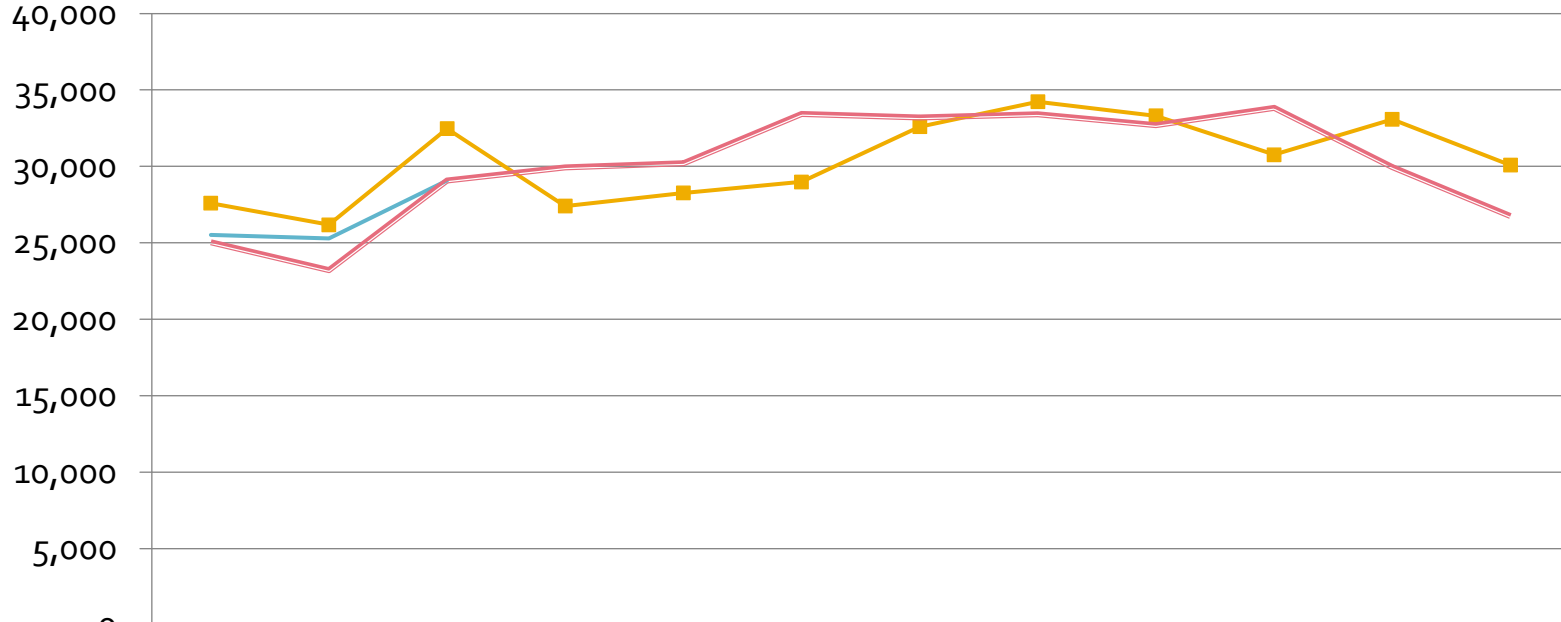
Revenues

Non-Aeronautical Revenue Concessions Excluding MAG Reconciliations, Relief & Write-Offs



Landing/Ramp Fees

7% under 5yr
average, 3%
over budget, 4%
over 2021

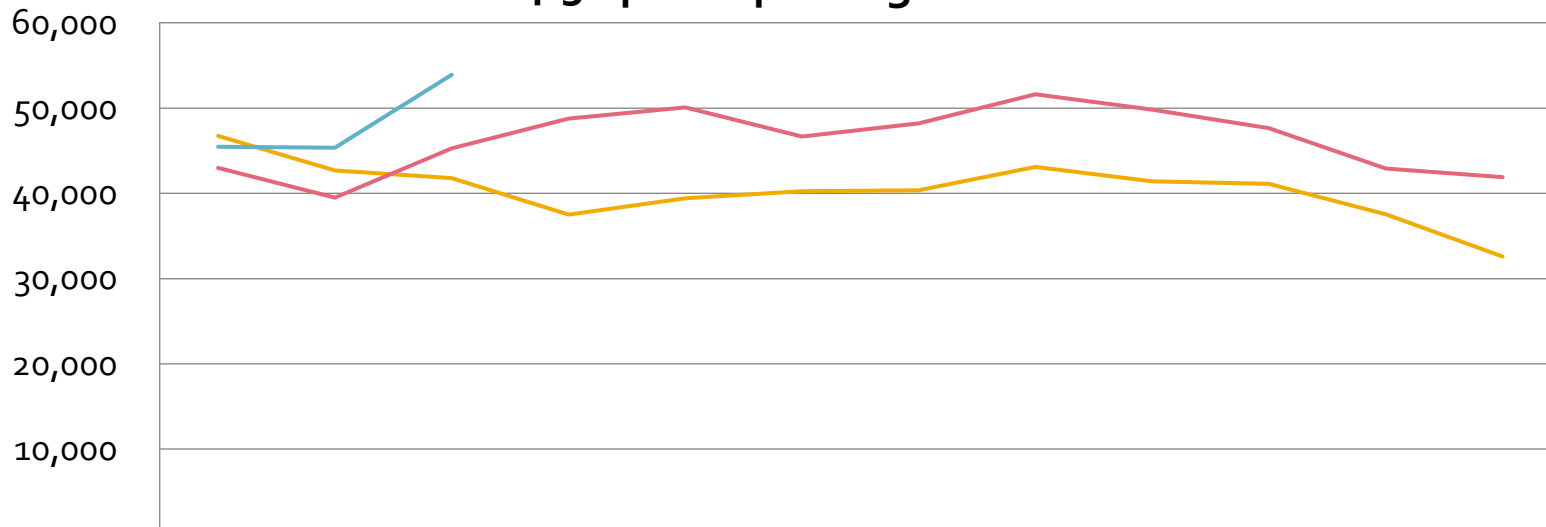


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	Q1 Totals
2017-2021	27,599	26,179	32,477	27,403	28,261	28,990	32,597	34,229	33,306	30,765	33,074	30,090	364,969	86,255
2022	25,516	25,294	29,071										79,881	79,881
Budget	25,027	23,218	29,068	29,929	30,200	33,429	33,196	33,409	32,702	33,830	29,963	26,745	360,715	77,313

Passenger Facility Charge Collection

\$4.50 per enplaning customer

10% over 5-year
average, 13%
over budget and
63% over 2021.

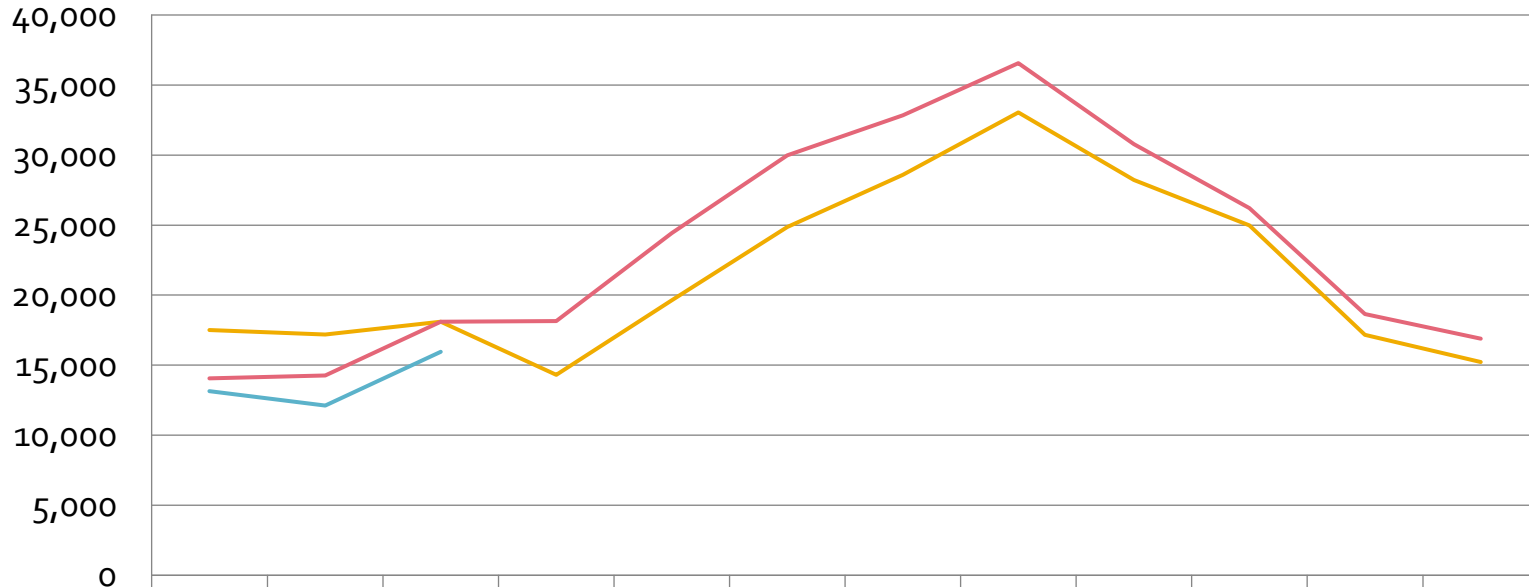


	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals	Q1 Totals
2017-2021	46,739	42,686	41,776	37,516	39,419	40,241	40,361	43,110	41,434	41,109	37,567	32,590	484,548	131,201
2022	45,474	45,359	53,911										144,744	144,744
Budget	43,009	39,492	45,296	48,772	50,090	46,692	48,225	51,638	49,838	47,642	42,911	41,909	555,513	127,796

Customer Facility Charge Collection

\$4/day up to 4 days on Auto Rental

22% under the 5yr avg.,
11% under budget and
36% over 2021



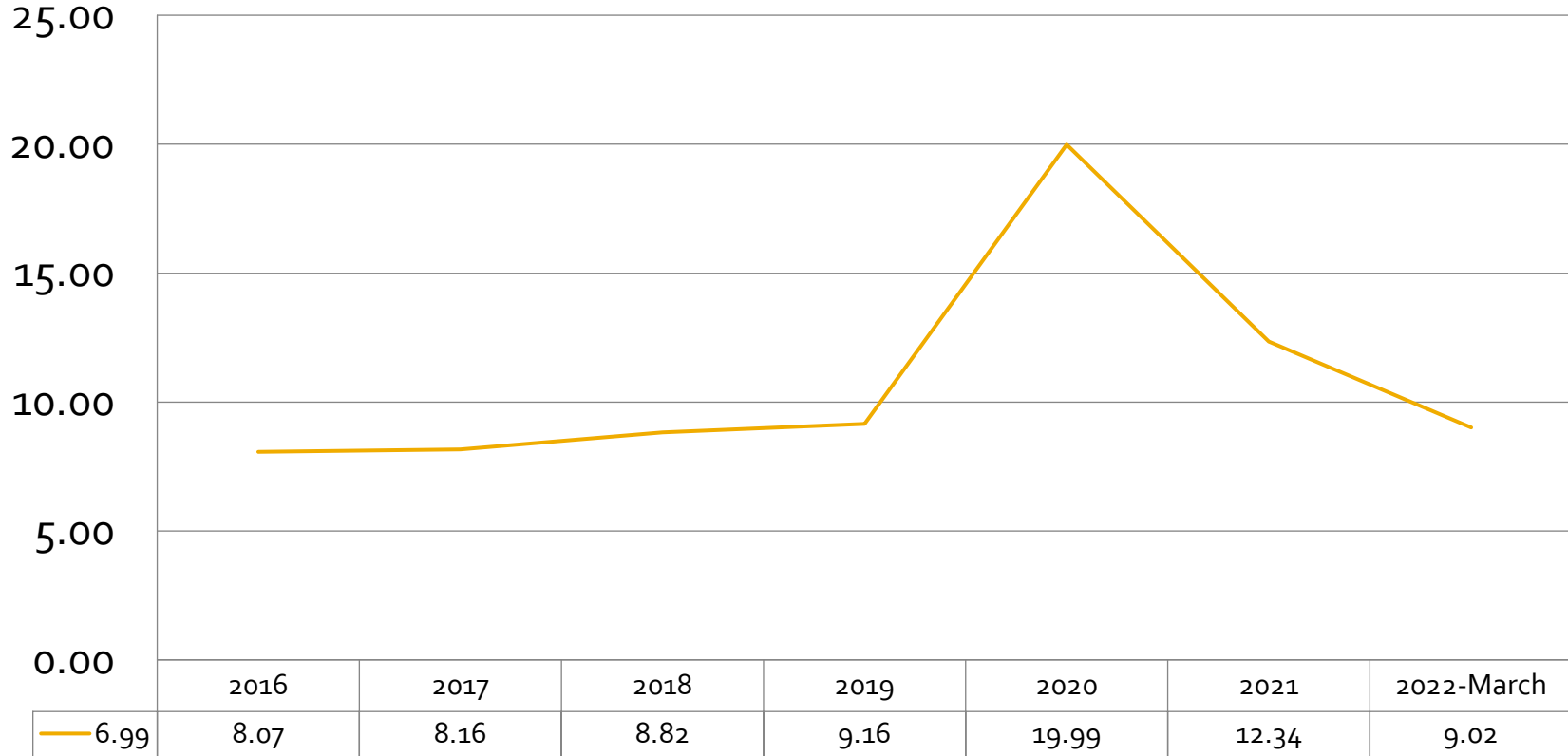
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals	Q1 Totals
2017-2021	17,499	17,192	18,093	14,303	19,635	24,872	28,601	33,052	28,228	24,981	17,168	15,212	258,836	52,784
2022	13,136	12,108	15,960										41,204	41,204
Budget	14,049	14,270	18,112	18,156	24,422	29,981	32,851	36,557	30,784	26,214	18,642	16,895	280,932	46,430

Cost Per Enplaned Passenger (CPE)

- The average passenger airline payments per enplaned passenger at an airport.
- Cost to an airline for operating out of an airport.
- Varies based on costs included as well as reported enplanements.
- Key metric to evaluate the financial operations of an airport.
- Provides only partial information about the financial operations of an airport and must be considered with other metrics.

DLH CPE History

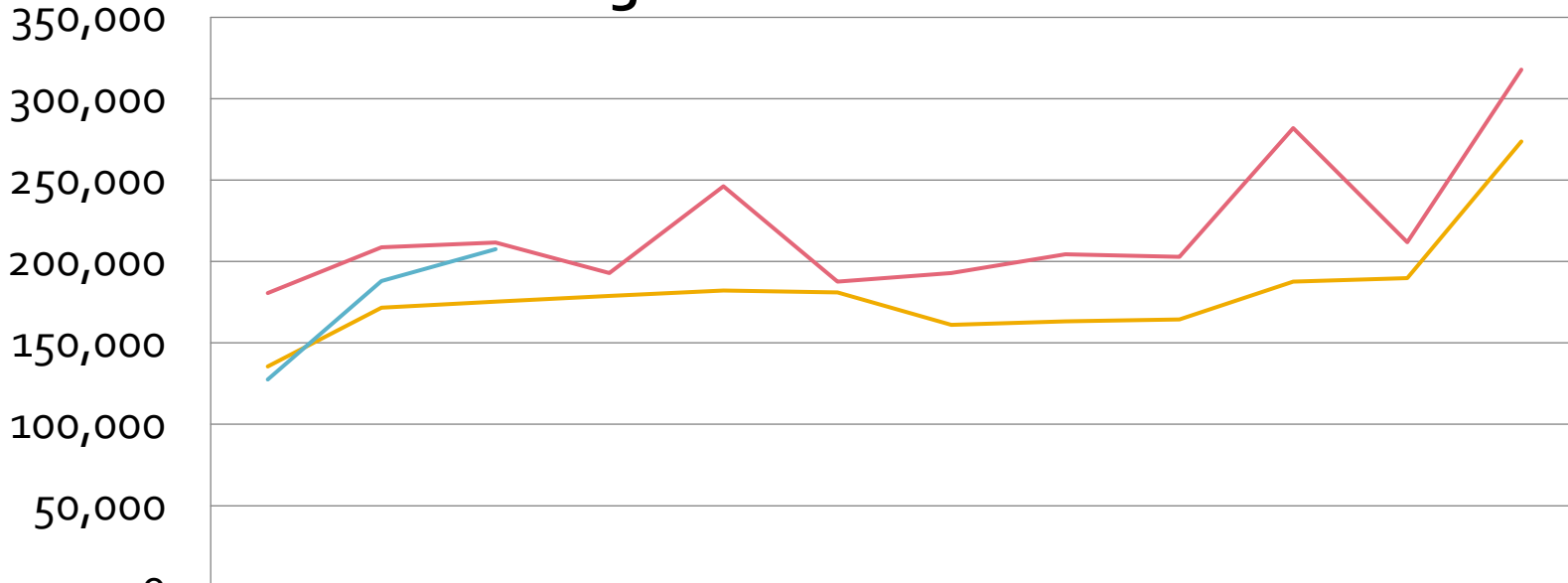
Goal had been to remain under \$10.



Operating Expenditures

Personnel Compensation & Benefits Including Retiree Health & Life

8% over 5-year average,
13% under budget and
4% over 2021



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals	Q1 Totals
2017-2021	135,606	171,652	175,277	178,858	182,202	181,059	161,058	163,195	164,488	187,624	189,804	273,789	2,164,612	482,535
2022	127,557	188,068	207,655										523,280	523,280
Budget	180,567	208,738	211,761	192,881	246,312	187,663	192,959	204,403	202,868	282,050	211,813	317,799	2,639,812	601,066

Supplies

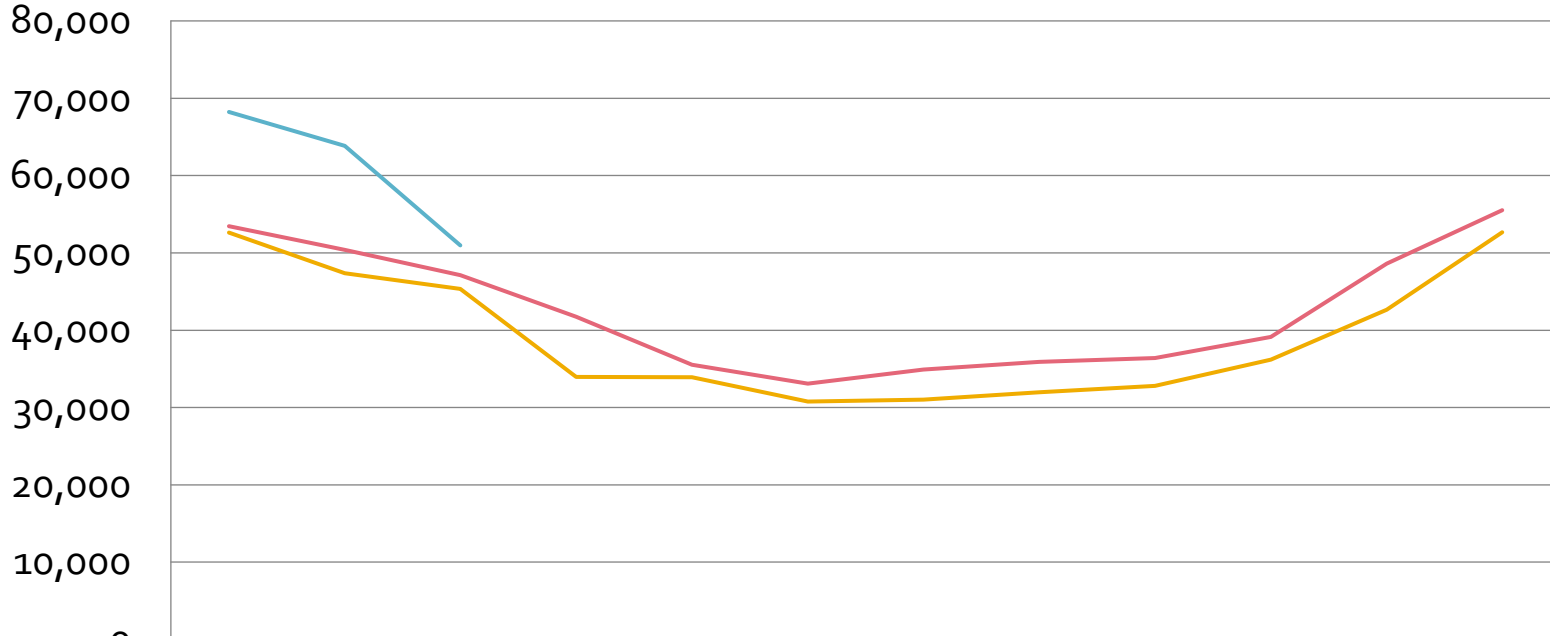
24% over 5-year average,
12% over budget, and
15% over 2021



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals	Q1 Totals
2017-2021	60,459	47,834	35,995	34,775	36,377	39,022	40,233	43,463	32,662	37,557	44,806	65,755	518,938	144,288
2022	44,669	59,485	74,897										179,051	179,051
Budget	51,785	48,834	58,625	63,839	24,935	88,897	64,135	81,175	35,940	86,475	27,835	41,724	674,195	159,243

Utilities

26% over 5-year average,
21% over budget, and
23% over 2022



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals	Q1 Totals
2017-2021	52,618	47,386	45,349	33,970	33,908	30,750	31,018	31,970	32,800	36,213	42,658	52,680	471,319	145,353
2022	68,251	63,843	50,984										183,079	183,079
Budget	53,470	50,402	47,130	41,747	35,530	33,087	34,917	35,901	36,409	39,138	48,617	55,526	511,879	151,003

2022 Long-Term Liability Analysis

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	187,301.13	310,695.11	590,000.00	1,087,996.24	338,006.26	2,222.62	-	247,037.50	1,675,262.62
2022	184,447.50	310,905.00		495,352.50	338,443.76	-	-	246,637.50	1,080,433.76
2023	178,485.00	309,282.50		487,767.50	338,108.76	-	-	246,087.50	1,071,963.76
2024	182,040.00	311,775.00		493,815.00	336,971.26	-	-	245,387.50	1,076,173.76
2025	185,115.00	308,475.00		493,590.00	340,143.76	-	-	244,537.50	1,078,271.26
2026	187,775.00	309,575.00		497,350.00	337,393.76	-	-	243,437.50	1,078,181.26
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. - Bond refinance completed in 2021 to utilize relief funds and pay off operating share of debt.

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