

# Finance Department Update



# Update Items

- Purchase Policy #18 – Working through the draft
- 2023 Concessionaire Audit Schedule: April – June: Sky Harbor Operator Agreements
- 2022 Audit – Preparing schedules and providing to auditors as complete

# Duluth Airport Authority 2022 Draft Unaudited Financial Update

Presented by:

Joelle Bodin, C.M.  
Finance Director



**Duluth Airport Authority**  
**DAA Board Packet Budget vs. Actual Summary**  
**From Jan 2022 to Adjust 2022**  
**UNAUDITED**

Financial Row	Prior Year Actual (Jan 2021 - Adjust 2021 )	Current Year Actual (Jan 2022 - Adjust 2022 )	Budget Amount (Jan 2022 - Adjust 2022 )	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2022 - Adjust 2022 )
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
Non-Aeronautical Revenue	2,595,861	2,870,394	2,907,180	98.73%	274,533	(36,786)	2,907,180
Non-Passenger Aeronautical Revenue	1,512,419	1,588,063	1,485,468	106.91%	75,644	102,595	1,485,468
Passenger Airline Aeronautical Revenue	1,370,171	1,343,365	1,236,318	108.66%	(26,805)	107,047	1,236,318
<b>Total - Income</b>	<b>5,478,451</b>	<b>5,801,822</b>	<b>5,628,966</b>	<b>103.07%</b>	<b>323,371</b>	<b>172,856</b>	<b>5,628,966</b>
<b>Gross Profit</b>	<b>5,478,451</b>	<b>5,801,822</b>	<b>5,628,966</b>	<b>103.07%</b>	<b>323,371</b>	<b>172,856</b>	<b>5,628,966</b>
<b>Expense</b>							
Miscellaneous Expenses	95,998	41,645	36,670	113.57%	(54,353)	4,975	36,670
Personnel Compensation & Benefits	2,309,913	2,314,691	2,639,812	87.68%	4,778	(325,122)	2,639,812
Services and Charges	1,891,479	2,195,343	2,127,207	103.20%	303,865	68,137	2,127,207
Supplies	646,036	856,639	674,195	127.06%	210,604	182,444	674,195
<b>Total - Expense</b>	<b>4,943,425</b>	<b>5,408,319</b>	<b>5,477,884</b>	<b>98.73%</b>	<b>464,895</b>	<b>(69,565)</b>	<b>5,477,884</b>
<b>Net Ordinary Income</b>	<b>535,027</b>	<b>393,503</b>	<b>151,083</b>	<b>260.46%</b>	<b>(141,523)</b>	<b>242,421</b>	<b>151,083</b>
<b>Other Income and Expenses</b>							
Other Income	533,032	2,349,747	1,675,674	140.23%	1,816,715	674,073	1,675,674
Other Expense	183,040	160,434	285,512	56.19%	(22,606)	(125,079)	285,512
<b>Net Other Income</b>	<b>349,992</b>	<b>2,189,313</b>	<b>1,390,162</b>	<b>157.49%</b>	<b>1,839,322</b>	<b>799,152</b>	<b>1,390,162</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>885,018</b>	<b>2,582,817</b>	<b>1,541,244</b>	<b>167.58%</b>	<b>1,697,799</b>	<b>1,041,573</b>	<b>1,541,244</b>
<b>Projects/Grants</b>	<b>4,472,693</b>	<b>10,463,756</b>	<b>11,773,715</b>	<b>88.87%</b>	<b>5,991,064</b>	<b>(1,309,959)</b>	<b>11,773,715</b>
<b>Depreciation &amp; Amortization</b>	<b>(11,191,407)</b>	<b>0</b>	<b>(11,102,803)</b>	<b>0.00%</b>	<b>11,191,407</b>	<b>11,102,803</b>	<b>(11,102,803)</b>
<b>Net Income</b>	<b>(5,833,696)</b>	<b>13,046,573</b>	<b>2,212,157</b>	<b>589.77%</b>	<b>18,880,269</b>	<b>10,834,416</b>	<b>2,212,157</b>

- The results of this report are expected to change slightly with audit adjustments as well as delayed revenue and expense postings as well as audit adjustments.
- At this time the DAA is at a favorable variance budget vs actual of over \$1M.
- The largest variance from budget in operating revenues comes from the concessions due to the application of the APRA concessionaire relief and CFC concessionaire relief, the total appears to be nearly 113k under budget due to the credits. Non-Aeronautical Revenue is \$36k under budget overall, Non-passenger aeronautical revenue is about 102k over budget and Passenger Airline Aeronautical revenue 107k over budget.
- The largest variance from budget in expenses comes from personnel compensation and benefits which is 325k under budget. This line will be affected by audit adjustments. Supplies are 182k over budget with fuel itself being 130k over budget. Services and charges are 68k over budget. Operating expenses overall are \$69k under budget. Non-operating income is substantially over budget because we had requested 100% of our CRRSA COVID relief funds for operating purposes. We had also collected 100% of the ARPA Concessionaire Relief earlier this year.
- PFCs came in under budget by \$83k, while expenses are down over \$125k because we have not utilized the line of credit as well as the reduced interest due to the refinancing last Fall for a total favorable variance vs budget of 799k. Interest income continues to grow as our cash balance has improved.
- If we were to exclude all concessionaire relief credits and reimbursements we would be at an overall favorable variance of \$1.1M. This is largely due to the fact that we submitted for reimbursement of the full DLH CRRSA Covid Relief grant which is responsible for 559k of the favorable variance.
- **OPERATING POLICY #28 MINIMUM CASH BALANCE REPORTING AS OF 2/15/23:**
  - **Minimum Cash Balance Goal: \$2,437,853**
  - **Current Balance: \$8,497,468 (does not include grants receivable)**
  - **Days Cash on Hand: 627 days currently vs 180 day benchmark (447 days over goal)**

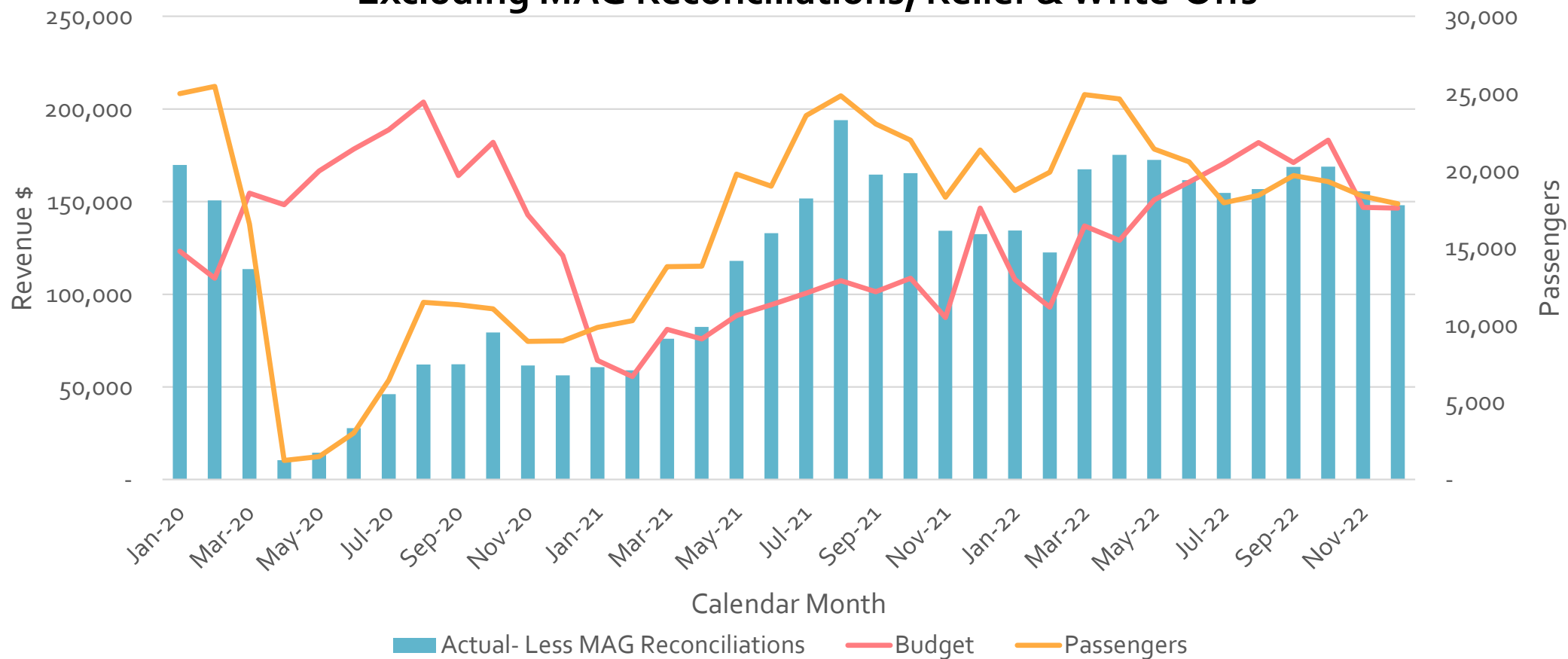


# Executive Summary – Q4 2022

- Revenues: 103% of budget – 107% excluding relief
  - Non-Aero Rev: 98% - 106% excluding relief
    - Concessions: 93% - 106% excluding relief
  - Non-Passenger Rev: 106% of budget
    - Concessions: 146% of budget
  - Passenger Airline Revenue: 108% of budget
    - Landing Fees: 90% of budget
    - Rent: 114% of budget
- Expenses: 99% of budget
  - Personnel Comp & Ben (including retirees): 87% of budget (to be adjusted with audit entries)
  - Communications and Technology: 104% of budget
  - Repairs & Maint Contractual: 101% of budget
  - Supplies: 127% of budget
    - Fuel: 237% of budget
    - Utilities: 134% of budget
- Non-Operating:
  - PFCs income is 84% of budget
  - Interest Income is 275% of budget due to increased cash balance – 3.44% in January
  - Interest Expense is 56% of budget, did not utilize LOC
- COVID Relief Grant Summary:
  - DAA fully utilized 100% of COVID Relief Funding
  - \$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: \$8,498,468
  - Grants Receivable Balance: \$1,908,191
  - Days Cash on Hand (Goal 180): 627
  - We continue to have a very aggressive construction schedule which will heavily utilize cash as our grants are on a reimbursement basis. Cash will support local share of grants which do not have other sources of local reimbursement.

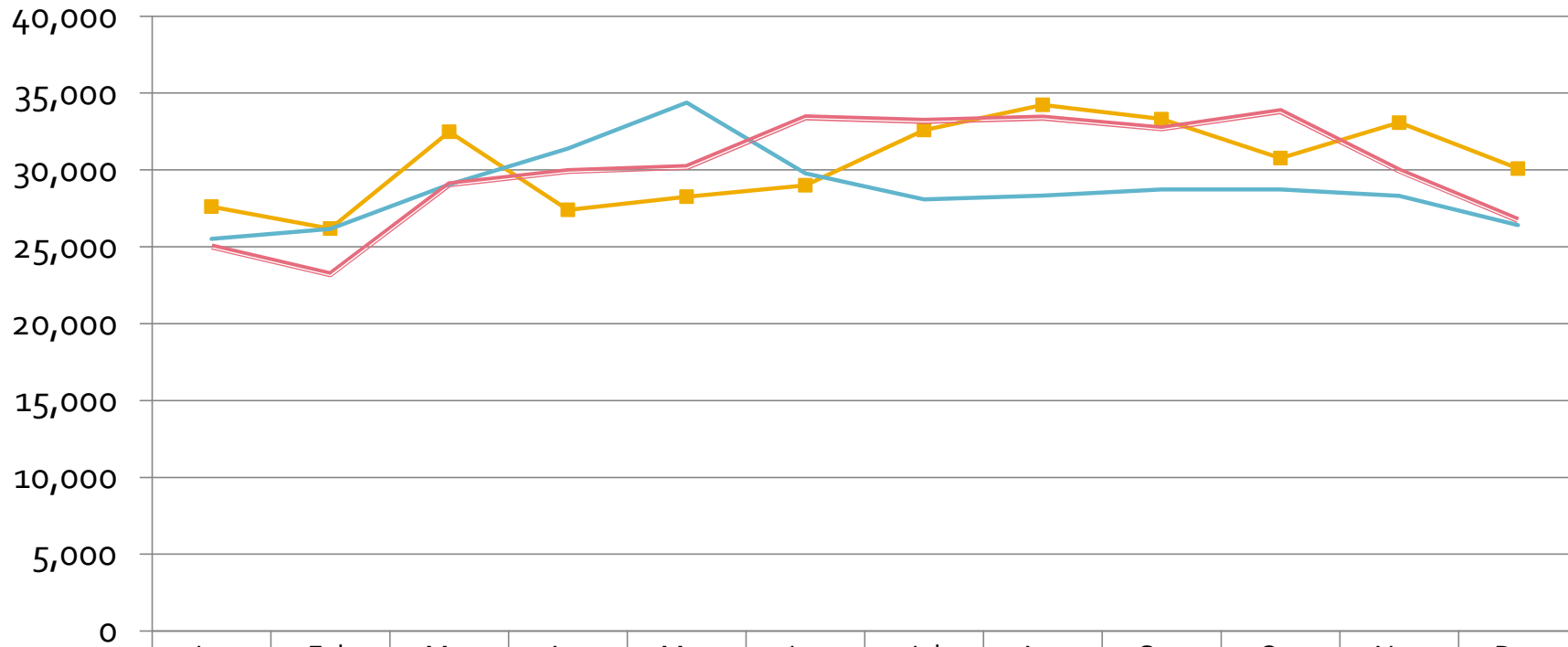
# Revenues

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



## Landing/Ramp Fees

6% under 5yr  
average, 4%  
under budget,  
3% under 2021



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	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
2022	25,516	26,155	29,052	31,390	34,390	29,766	28,077	28,332	28,722	28,721	28,309	26,404	344,834
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

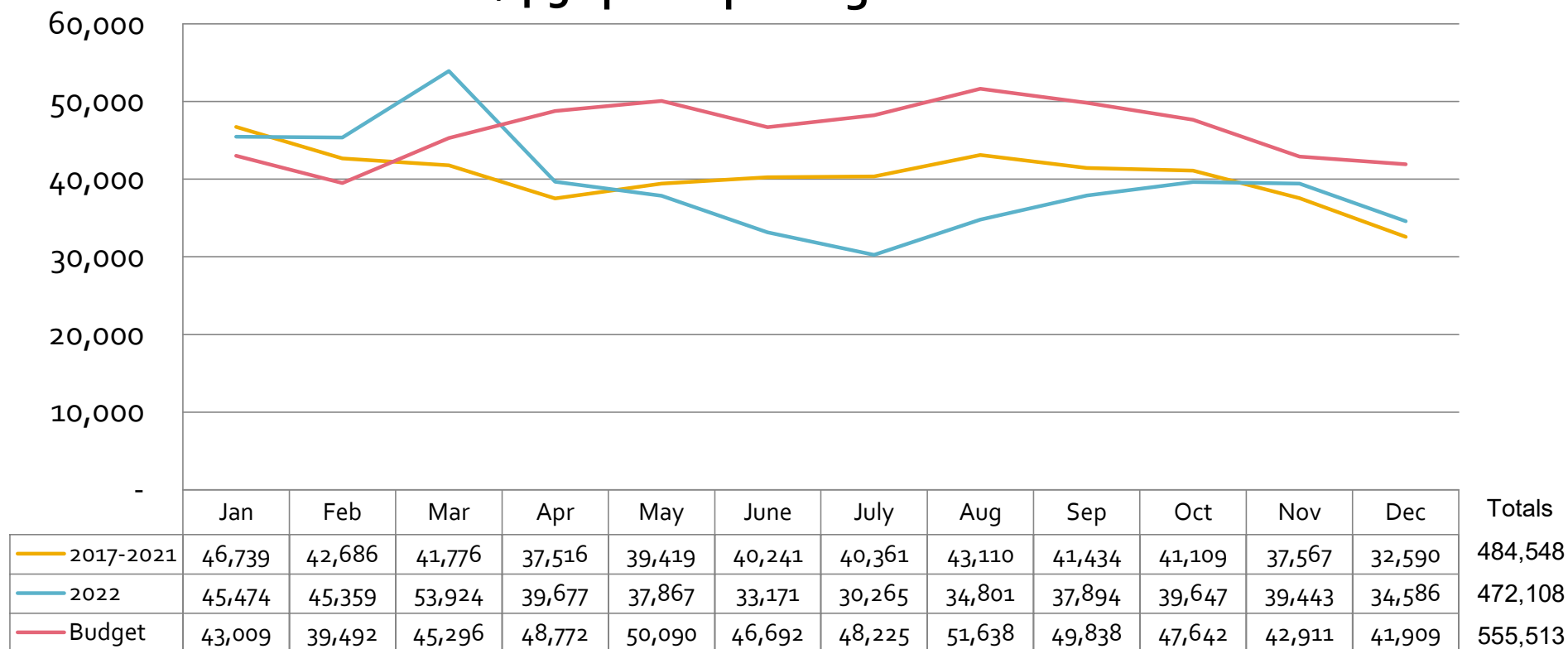


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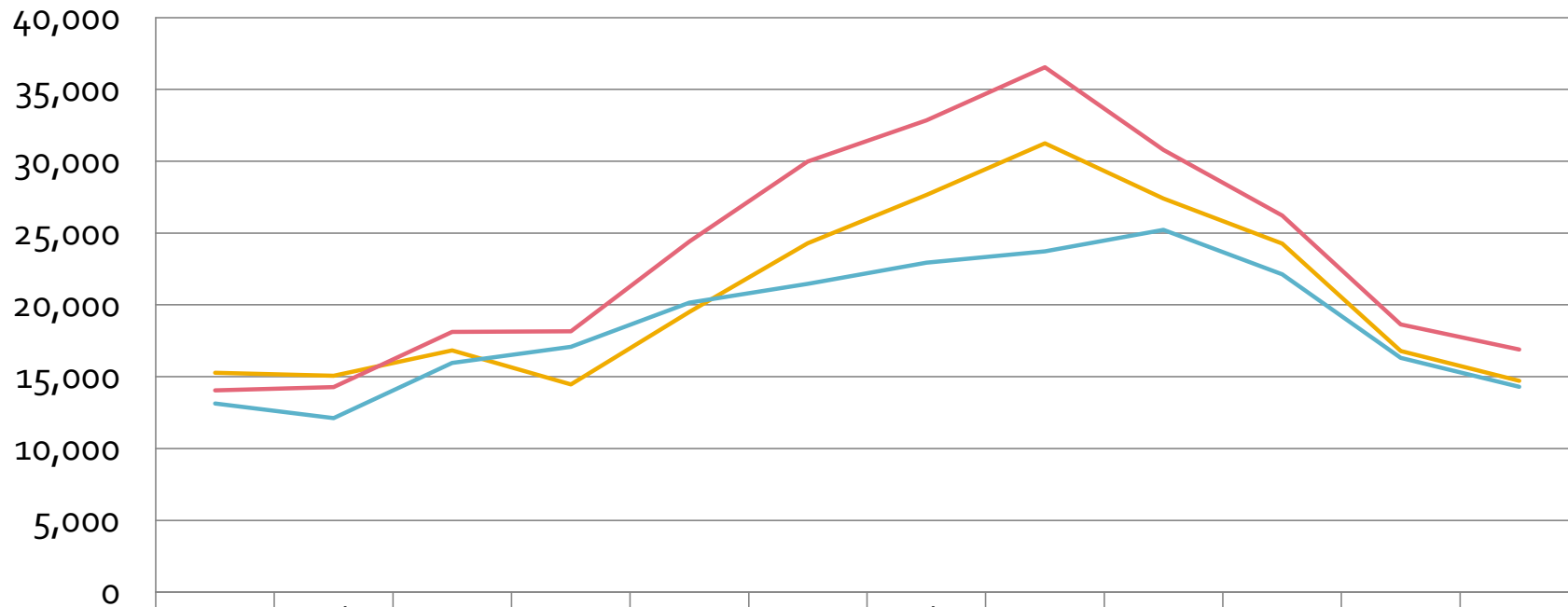
3% under 5-year average,  
15% under budget and 3% over 2021.



# Customer Facility Charge Collection

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

9% under the 5yr avg.,  
20% under budget and  
14% over 2021



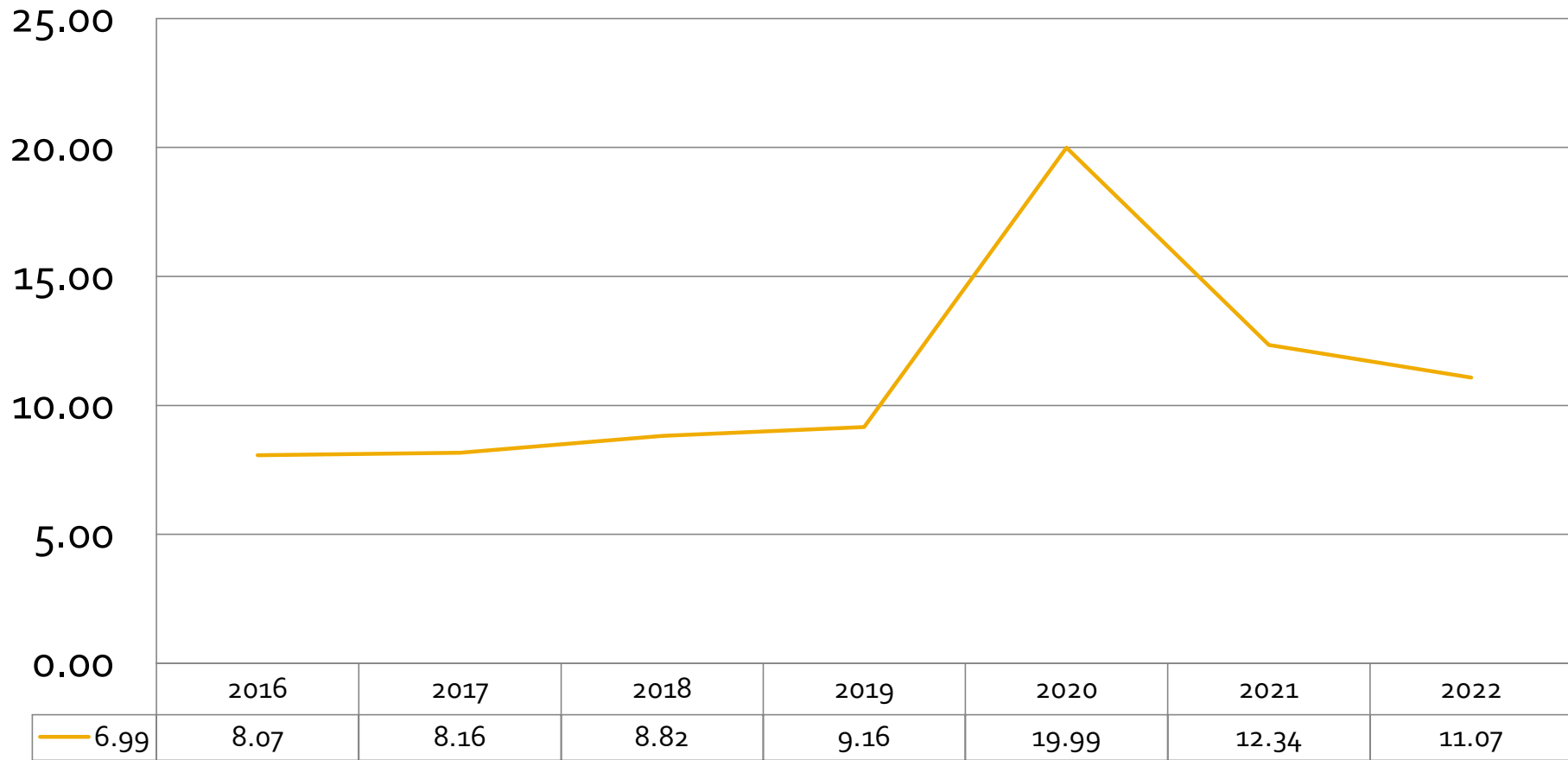
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals
2017-2021	15,272	15,075	16,840	14,467	19,520	24,280	27,644	31,254	27,413	24,274	16,782	14,718	247,540
2022	13,136	12,108	15,960	17,088	20,152	21,456	22,932	23,736	25,228	22,124	16,304	14,292	224,516
Budget	14,049	14,270	18,112	18,156	24,422	29,981	32,851	36,557	30,784	26,214	18,642	16,895	280,932

## 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

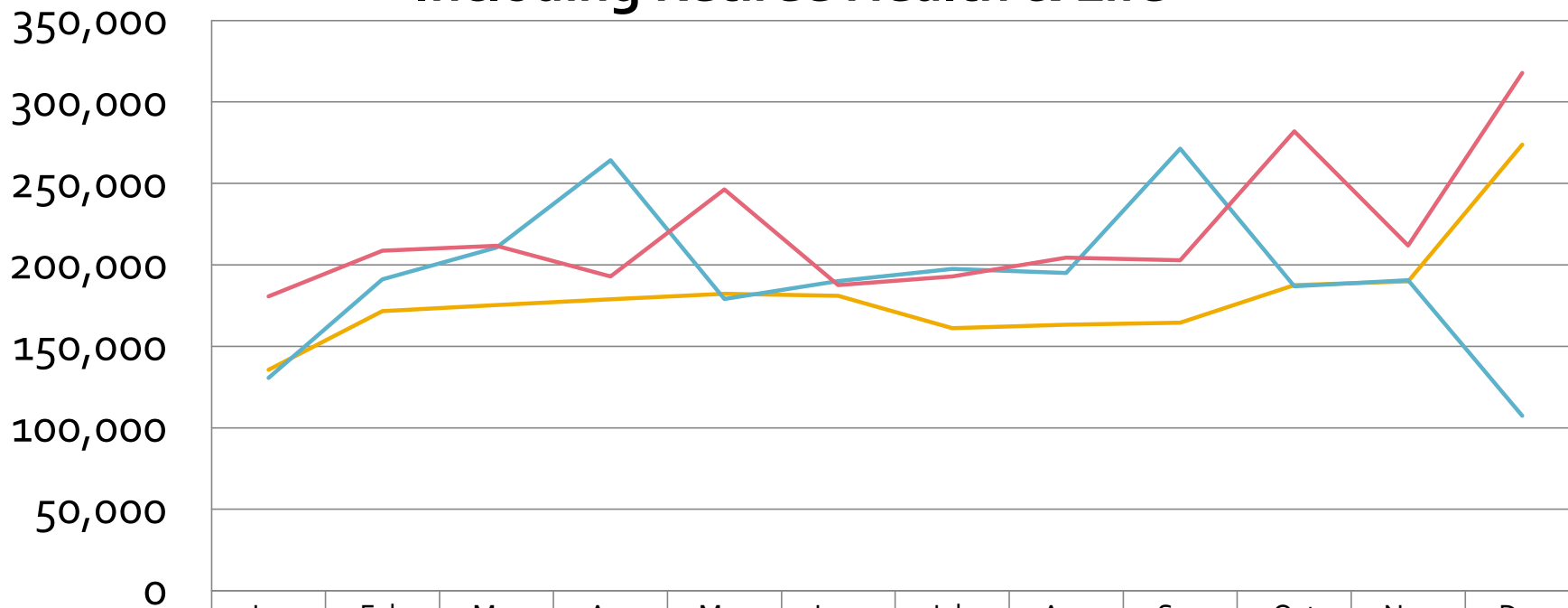
Goal had been to remain under \$10.



# Operating Expenditures

# Personnel Compensation & Benefits Including Retiree Health & Life

7% over 5-year average,  
12% under budget and  
.21% over 2021  
Audit adjustments  
expected

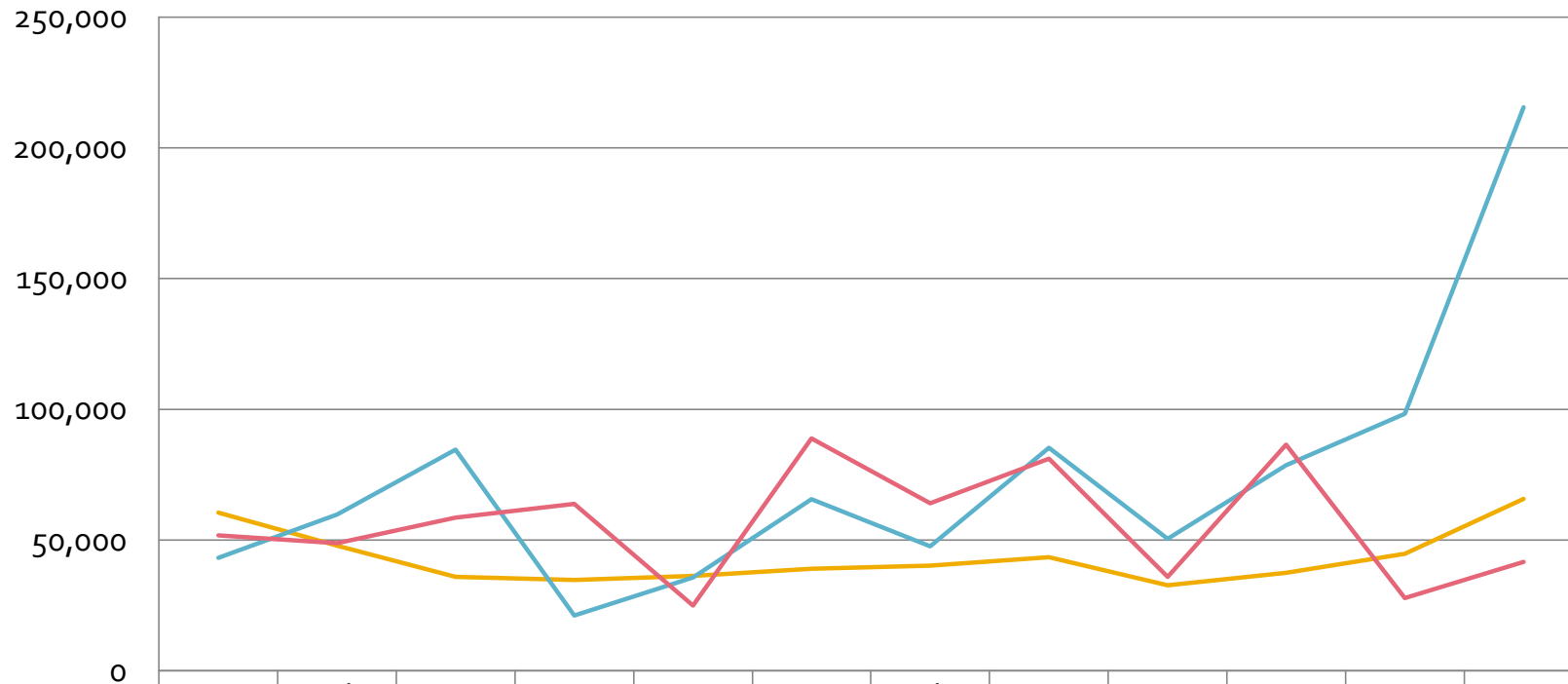


	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Totals
2017-2021	135,606	171,652	175,277	178,858	182,202	181,059	161,058	163,195	164,488	187,624	189,804	273,789	2,164,612
2022	130,596	191,107	210,694	264,300	179,127	190,142	197,529	195,076	271,345	186,831	190,536	107,406	2,314,691
Budget	180,567	208,738	211,761	192,881	246,312	187,663	192,959	204,403	202,868	282,050	211,813	317,799	2,639,812



# Supplies

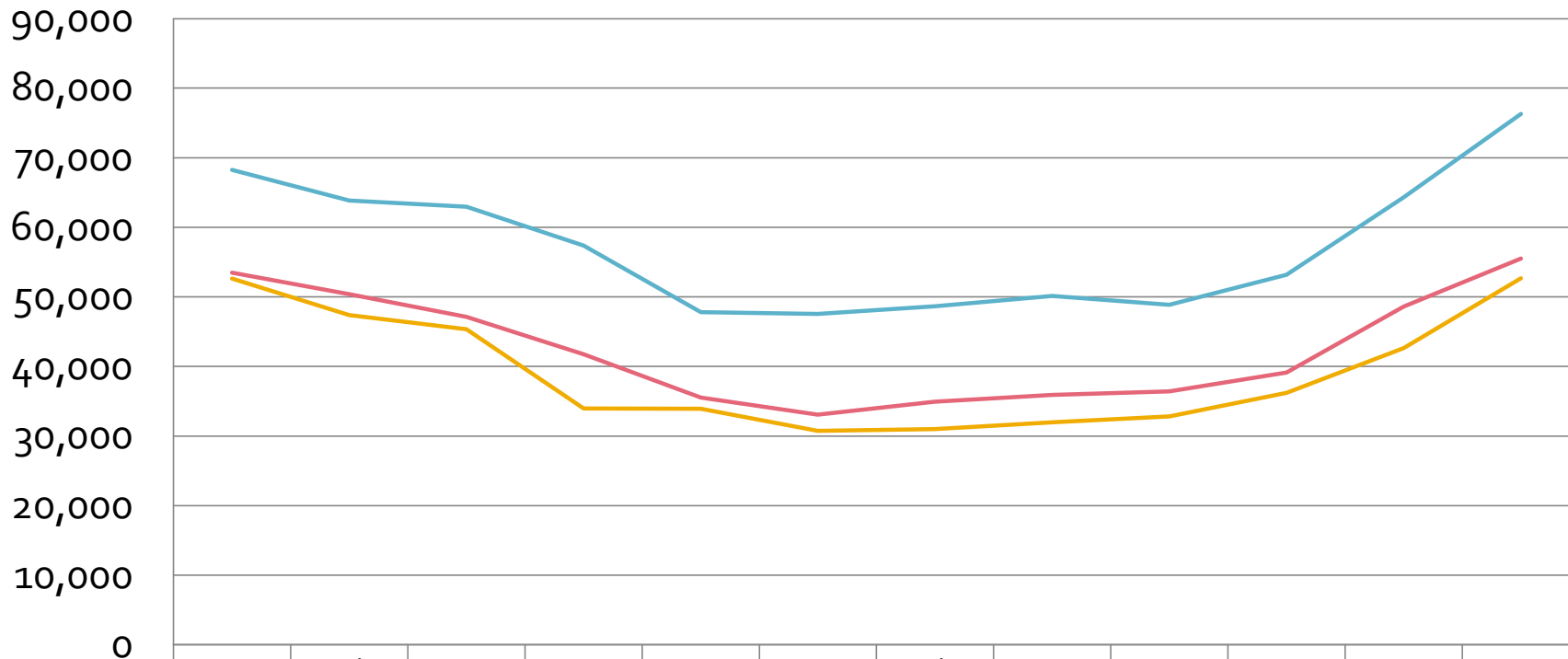
24% over 5-year average,  
70% over budget, and  
37% over 2021



	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	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
2022	43,217	59,770	84,553	21,173	35,741	65,658	47,667	85,363	50,512	78,582	98,312	215,480	886,030
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

# Utilities

46% over 5-year average,  
34% over budget, and  
38% over 2021



Q1-4 Totals												
												471,319
												689,236
												511,879

## 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