

# Finance Department Update



# Updates

- Q1 Financial Update
- Audit Update: Almost complete – received draft financials yesterday afternoon
  - MD&A
  - Attorney's Letter
  - Exit Conference

# Duluth Airport Authority Board Meeting Action Items

Presented by:

Joelle Bodin, C.M.  
Finance Director



# Resolution Authorizing an Agreement to Insure Certain Duluth Airport Authority Property and Equipment Under the City of Duluth's Property and Boiler Insurance Policies.

- Total cost is up to \$100k.
- Coverage is for DAA buildings, personal property, equipment and boilers.
- DAA pays proportionate share of the cost up to \$100k. Still awaiting the final number.



# Duluth Airport Authority 2024 Q1 Unaudited Financial Update

Presented by:

Joelle Bodin, C.M.  
Finance Director



**Duluth Airport Authority**  
**DAA Board Packet Budget vs. Actual Summary**  
**Jan 2024 - Mar 2024**

**UNAUDITED**

Financial Row	Prior Year Actual (Jan 2023 - Mar 2023)	Current Year Actual (Jan 2024 - Mar 2024)	Budget Amount (Jan 2024 - Mar 2024)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2024 - Adjust 2024 )
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
<b>Non-Aeronautical Revenue</b>	838,020	844,850	785,635	107.54%	6,830	59,215	3,270,423
<b>Non-Passenger Aeronautical Revenue</b>	429,315	436,321	415,745	104.95%	7,007	20,577	1,699,641
<b>Passenger Airline Aeronautical Revenue</b>	319,822	397,065	408,249	97.26%	77,243	(11,184)	1,626,676
<b>Total - Income</b>	1,587,157	1,678,236	1,609,629	104.26%	91,080	68,608	6,596,739
<b>Gross Profit</b>	1,587,157	1,678,236	1,609,629	104.26%	91,080	68,608	6,596,739
<b>Expense</b>							
<b>Miscellaneous Expenses</b>	22,392	133,253	30,158	441.86%	110,861	103,096	96,690
<b>Personnel Compensation &amp; Benefits</b>	677,342	612,149	729,143	83.95%	(65,192)	(116,993)	3,015,668
<b>Services and Charges</b>	597,775	627,758	628,017	99.96%	29,982	(259)	2,433,958
<b>Supplies</b>	275,991	207,138	276,543	74.90%	(68,853)	(69,406)	767,463
<b>Total - Expense</b>	1,573,500	1,580,298	1,663,861	94.98%	6,798	(83,563)	6,313,779
<b>Net Ordinary Income</b>	13,657	97,938	(54,232)	-180.59%	84,281	152,170	282,959
<b>Other Income and Expenses</b>							
<b>Other Income</b>							
<b>Capital Contributions</b>	2,400,321	0	0	0.00%	(2,400,321)	0	0
<b>Non-Operating Revenue</b>	230,715	153,328	195,456	78.45%	(77,387)	(42,128)	648,529
<b>Total - Other Income</b>	2,631,036	153,328	195,456	78.45%	(2,477,708)	(42,128)	648,529
<b>Other Expense</b>							
<b>Non-Operating Expense</b>	35,491	30,293	35,293	85.83%	(5,197)	(5,000)	141,174
<b>Total - Other Expense</b>	35,491	30,293	35,293	85.83%	(5,197)	(5,000)	141,174
<b>Net Other Income</b>	2,595,545	123,034	160,163	76.82%	(2,472,511)	(37,128)	507,355
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	2,609,202	220,973	105,931	208.60%	(2,388,229)	115,042	790,315
<b>Projects/Grants</b>	(1,899,080)	2,257,413	4,942,615	45.67%	4,156,492	(2,685,203)	19,770,462
<b>Depreciation &amp; Amortization</b>	(2,848,479)	0	(2,685,913)	0.00%	2,848,479	2,685,913	(10,743,651)
<b>Net Income</b>	(2,138,357)	2,478,385	2,362,634	104.90%	4,616,742	115,752	9,817,126

- **Overall:** At the time this report was generated for the above period, the DAA is at an overall favorable variance budget vs actual of \$115K.
- **Operating Revenue:** Non-Aeronautical Revenue is \$59k over budget overall. Concessions revenues are \$6k under budget, parking revenues are \$61k over budget and customer facility charges are \$21k over budget. Non-passenger aeronautical revenue is 20k over budget due to increased rent, aviation gas sales and concessions. Passenger Airline Aeronautical revenue is 13k under budget due to less landing fees than predicted. Operating Revenues are 68k over budget overall.
- **Operating Expenses:** Miscellaneous Expenses are \$103k over budget, mostly due to the North Business Development Area Buyout. Personnel Compensation and Benefits are \$116k under budget. Supplies are \$69k under budget. Services and charges are nearly flat. Operating expenses are \$83k under budget overall.
- **Non-Operating Revenue:** Non-operating revenue is under budget by \$42k. Interest income of is over budget by over \$10k and PFCs under budget by \$52k due to delays in receipt.
- **Non-Operating Expenses:** Non-Operating Expenses of interest expense are under budget by \$5k, as the line of credit was not been utilized in 2024.
- **Report Disclaimer:** The results of this report are expected to change slightly with delayed revenue and expense postings.
- **OPERATING POLICY #28 MINIMUM CASH BALANCE REPORTING AS OF 5/7/2024:**
  - Minimum Cash Balance Goal: \$2,801,956
  - Current Balance: \$2,885,709 (does not include grants receivable)
  - Days Cash on Hand: 185 days currently vs 180 day benchmark (5 days over goal)

# Executive Summary – Q1 2024

- Operating Revenues: 104% of budget
  - Non-Aero Rev: 107%
    - Concessions: 95%
    - Parking Lot Overall: 113% of budget
  - Non-Passenger Rev: ~105% of budget
    - Concessions: 115% of budget
  - Passenger Airline Revenue: 97% of budget
    - Landing Fees: 84% of budget
    - Rent/Per Use: 100% of budget
- Expenses: 95% of budget
  - Personnel Comp & Benefits (inc. retirees): 83% of budget
  - Communications and Technology: 117% of budget
  - Services & Charges: 100% of budget
    - Utilities: 109% of budget due to electrical
    - Professional Services: 113% of budget
    - Repairs/Maintenance Contractual: 80% of budget
  - Supplies: 75% of budget
    - Fuel: 43% of budget
    - Airfield Sand/Repairs: 71% of budget
    - Deice Fluid: 200% of budget
- Non-Operating:
  - PFCs income is 90% of budget (12k under)
  - Interest Income is 117% (\$10k up) of budget due to increased cash balance – 4.67% in March
  - Interest Expense is 85% of budget (5k under) have not utilized LOC
- Budget Reminders Summary:
  - DAA budgeted to utilize \$683k in cash reserves in 2024.
- Minimum Cash Balance Policy:
  - Cash Required: \$2,801,956
  - Current Cash Available: \$2,885,709 not including grants receivable
  - Grants Receivable Balance (5/8/2024): \$6,329,349
  - Days Cash on Hand (Goal 180): 185 (5 days over goal)
  - 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.
  - DAA has a \$2M line of credit with the City of Duluth which can be utilized to support operations or construction while awaiting grant reimbursement.

# Grants Receivable as of 5/8/2024

	<b>Grant Receivable</b>
2019 AIP-64 / 193 Master Plan	\$ 85,054.00
2021 AIP-69 / SP-198 Taxiway A Recon P1	\$ 628,330.02
2022 AIP-72 / SP-204 Rnwy 321 Ltg, Blower, RA	\$ 118,942.60
2023 AIP-73 / SP-214 Multi-Use Equipment	
2022 AIP-74 / SP-205 Phs 2&4 Txwy A, Phs 3 Des, Blower	\$ 1,032,499.42
2023 AIG-75 / SP-213 Hngr 101 Demo, CA, EA	\$ 28,140.70
AIG- Hangar 101 Phs 2	\$ 110,745.43
2023 AIG-76 / SP-215 De-ice Trlr /Aplctr & Ranch Hgrs	\$ 174,072.07
2023 AIP-77 / SP-210 P3 Txwy A,Txwy C S & RA	\$ 555,652.53
Taxiway A Phs 3 - ANG	\$ 79,098.00
9/27 PAPI	\$ 65,119.31
Hermantown Hydraulics Demo	\$ 80,593.25
SRE Front End Loader	
2019 AIP-14 P3 Rnwy Relgnmt	\$ -
2020 AIP-15 Planning Study	\$ 4,945.00
2022 AIP-18 Sky Harbor Apron Rehab	\$ 18,585.00
2023 AIP-19 / SP-A56 Const SRE, Tribal, Invasive, CA & Admin.	\$ 248,878.31
<b>MULTI-GRANT 2025, 2026</b> Const SRE, Tribal, Invasive, CA	\$ 66,873.64
2023 AIG-20 / SP-A54 SRE Bldg Phs 1 Des/Terminal Phs 1 Des	\$ 51,249.52
2023 AIG-21 / SP-A55 Const Terminal, Tribal, & CA	\$ 551,780.00
<b>MULTI-GRANT 2024, 2025</b> Const Terminal, Tribal, & CA	\$ 518,208.82
2023 AIG NBDA (Lifelink)	\$ 2,850.00
2024 AIG Midfield Ramp Hangar Development	\$ 2,850.00
2024 AIG Drainage Master Plan (Stormwater)	\$ 3,325.00
2024 AIG Deice Tank, Pad Design	\$ 37,620.00
2024 DYT Hangar 1 Rehabilitation	
SP-A53 Seaplane Base Improvements	\$ 563.26
SP-207 Pavement Maintenance	\$ 4,372.14
SP-208 Midfield Ramp Repair Construction Phs 1	\$ 366,450.36
SP- 212 Taxiway C North 70/30	\$ -
SP-216 Midfield Ramp Repair Phs 2 Design	\$ 17,570.00
SP- Midfield Ramp Repair Phs 2, Construction	
ATCT - Various funding sources (assuming 95%)	\$ 1,444,812.59
20223 2024 SM031	\$ 30,168.54
	<b>\$ 6,329,349.51</b>
At withholding retainage % - Close Outs	\$ 1,967,746.26
No Grant	\$ 2,412,096.04
Current GR	\$ 1,949,507.21

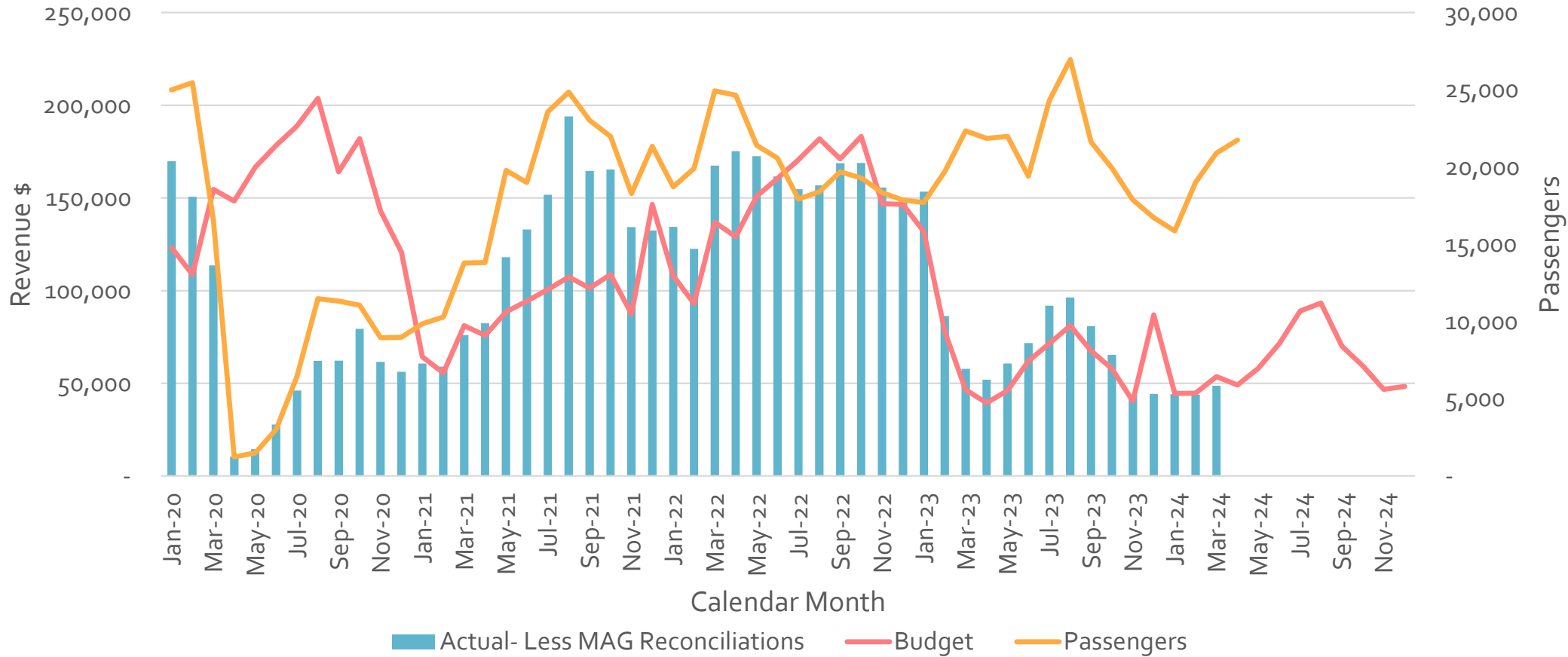
## ● Highlights:

- Total grants receivable is over \$6M
- Current grants receivable was \$1.9M. - White
- \$2.4M Awaiting Grant – Blue (ATCT)
- \$1.9M at withholding awaiting ccloseout and retainage of 5-10% - Mauve
- Working expeditiously to close out grants



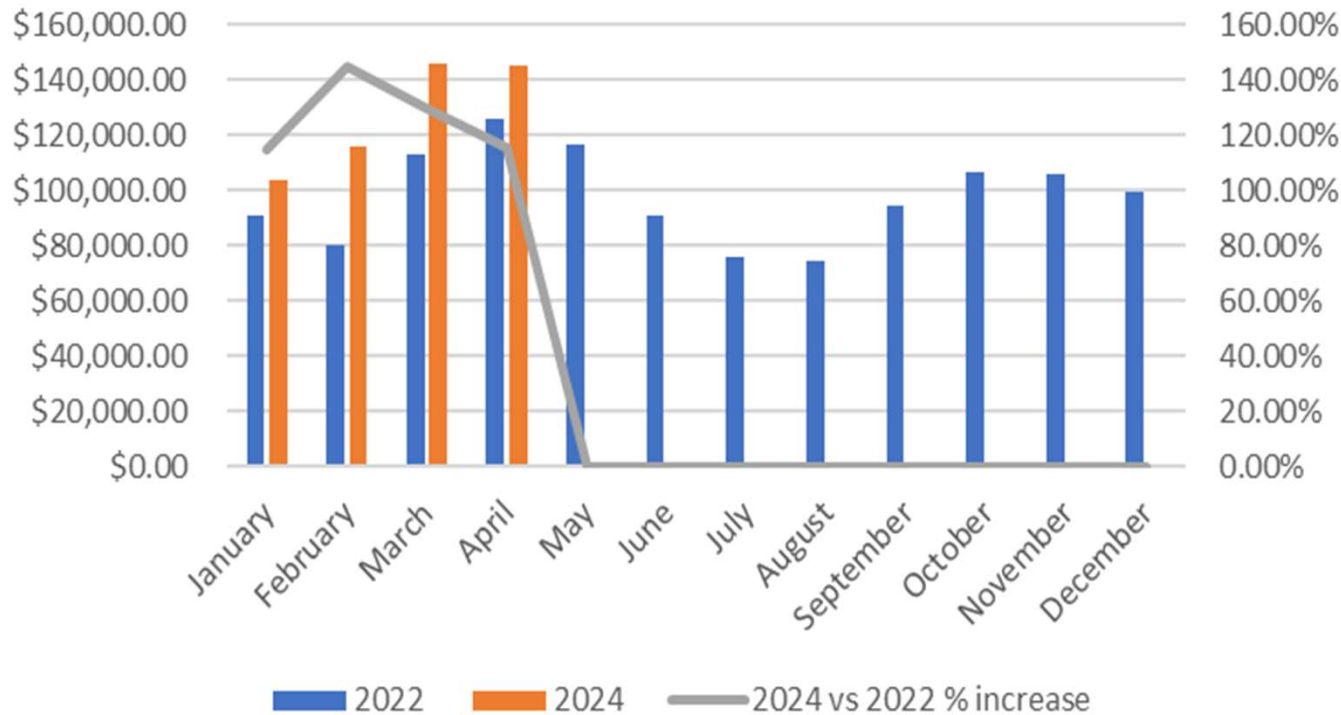
# Non-Aeronautical Revenue Concessions

Excluding MAG Reconciliations, Relief & Write-Offs, and Parking beginning March 2023



# PARKING TECHNOLOGY UPGRADE SUCCESS

Net Parking Revenue Comparison 2023 vs 2022



- Net parking revenue through March is 2024 is 29% over 2022. \$82k more.
- Average parking \$ per passenger is:
  - 2022:\$4.85
  - 2024: \$6.57
- The HUB Contract investment was \$231k

## OTHER REVENUES TO WATCH

- DAA collected revenues from Sun Country for 2024 service, this combined with increased rates increased revenues by \$78k through March 2024 over 2023.
- CFCs are now collected on each day of a car rental in 2024 vs up to 4 days cap. CFCs were up \$17k through March 2024 vs March 2023.
- Hangar rents in 2024 will be higher due to new ranch hangars. Ranch hangars are now fully rented.
- Future land leases and rents for new development projects.
- Loss of TSA LEO Reimbursement beginning May 2024

# OTHER EXPENSES TO WATCH

- Sand vs Deice fluid expenses in 2024. DAA acquired new equipment to provide this maintenance and is learning what that will mean for budgeting for these supplies/expenses.
- Contractual Services: Every contract that is RFP'd or renewed is more expensive than previous.
- Local shares of grants: We strive to always have a source of funding for local shares of grants, but sometimes the cost is just local.
- Sky Harbor – new building expenses.



## 2024 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
	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 c

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