



**SIVE ANNUAL FINANCIAL REPORT**  
Year Ended December 31, 1985

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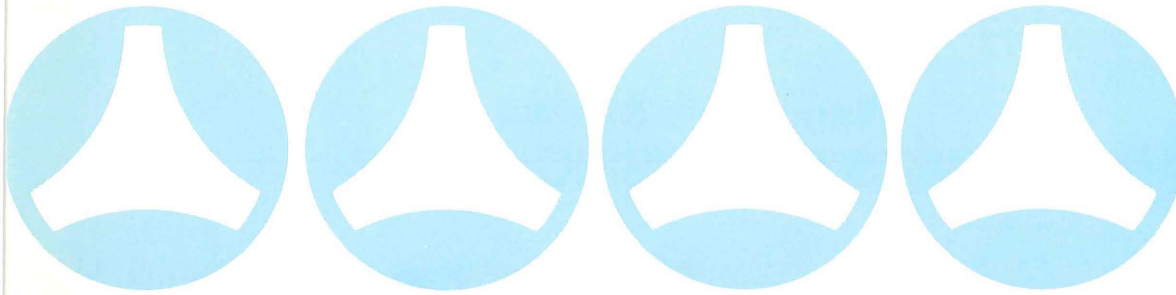
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Minneapolis-St. Paul  
**METROPOLITAN AIRPORTS COMMISSION**  
State of Minnesota

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**Minneapolis-St. Paul**  
**METROPOLITAN AIRPORTS COMMISSION**  
**State of Minnesota**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 1985**

Prepared by  
**THE FINANCE DEPARTMENT**

Lynn D. Richardson, Jr.  
Director of Finance

**Minneapolis-St. Paul**  
**METROPOLITAN AIRPORTS COMMISSION 1985**

**Chairman:** Raymond G. Glumack

**Commissioners:**

Precinct 1 Sam Grais

Precinct 2 J. Robert Stassen

Precinct 3 Ronald Jerich

Precinct 4 Robert S. Peterson

Precinct 5 Tim Lovaasen

Precinct 6 Wilfred Viitala

Precinct 7 Donald E. Benson

Precinct 8 Burton M. Joseph

City of Minneapolis Jan DelCalzo

City of St. Paul Barbara Ashley

**Executive Director:** Jeffrey W. Hamiel

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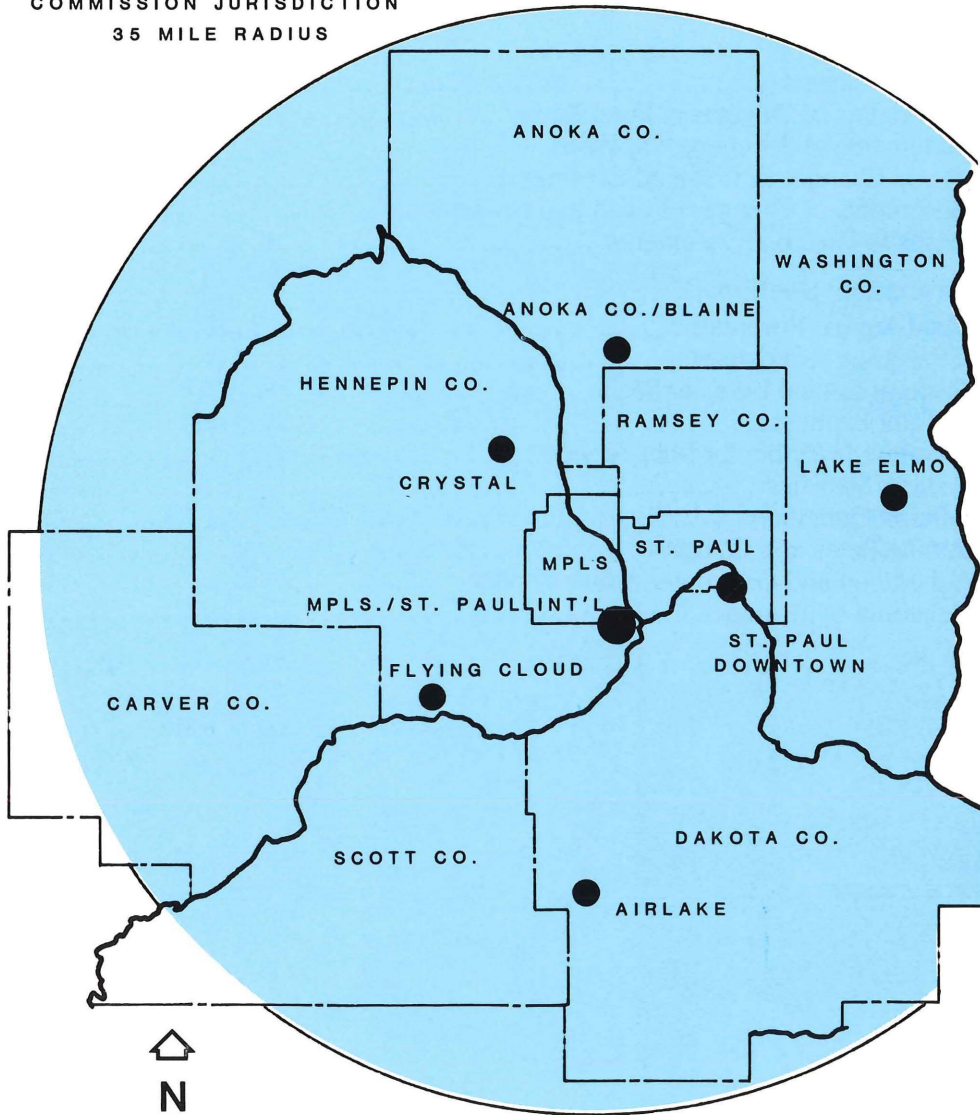
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# Airport Locations

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

COMMISSION JURISDICTION  
35 MILE RADIUS



# Letter of Transmittal

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION



## *Minneapolis • Saint Paul*

**METROPOLITAN AIRPORTS COMMISSION**

P. O. BOX 11700 • TWIN CITY AIRPORT • MINNESOTA 55111

OFFICE OF EXECUTIVE DIRECTOR • PHONE (612) 726-1892

March 12, 1986

Dear Commissioners:

We are pleased to present the Comprehensive Annual Financial Report of the Metropolitan Airports Commission (MAC) for the year ended December 31, 1985. This report was prepared by the Commission's Finance Department. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Commission as measured by the financial activity of its Enterprise fund; and that all disclosures necessary to enable the reader to gain the understanding of the Commission's financial affairs have been included.

### **BACKGROUND**

The Metropolitan Airports Commission (MAC) was created in 1943 by the Minnesota Legislature to provide for efficient development of air transportation facilities in the Metropolitan Area. The purpose of MAC is to promote air navigation and transportation, international, national and local, in and through the State of Minnesota. In addition to promoting the efficient, safe and economical handling of air commerce, MAC has the responsibility of assuring residents of the Metropolitan Area of the minimum environmental impact from air navigation and transportation.

MAC jurisdiction throughout the Minneapolis-St. Paul Metropolitan Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties), as well as 35 miles out all directions from the Minneapolis and St. Paul City Halls. The Commission owns and operates seven airports in the Metropolitan Area including Minneapolis/St. Paul International Airport (MSP) serving as the primary air carrier facility and the following Reliever Airports serving general aviation:

St. Paul Downtown Airport  
Flying Cloud Airport  
Crystal Airport  
Anoka County/Blaine Airport  
Lake Elmo Airport  
Airlake Airport

OFFICE LOCATION — 6040 28th AVE. SO. — WEST TERMINAL AREA — MINNEAPOLIS - SAINT PAUL INTERNATIONAL AIRPORT

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

The MAC may, under the Airport Law, (Minn. Stat. §473.667) borrow money and issue General Obligation Bonds for the purpose of acquiring property, constructing and equipping new airports, acquiring and equipping existing airports and making capital improvements to any airport constructed or acquired by the Commission. Other powers delegated to the Commission include power to levy taxes against property of the Metropolitan Area in order to pay debt service on bonds issued by the Commission. In addition, the Commission can levy taxes, not in excess of one-third mill in each year, upon the valuation of all taxable property in the Metropolitan Area to pay off operation and maintenance of airport facilities. The Commission is governed by eleven commissioners. Eight commissioners are appointed by the Governor of the State of Minnesota from designated districts within the Metropolitan Area. The mayors of St. Paul and Minneapolis also have seats on the Commission with the option to appoint a surrogate to serve in their place. The Chairperson of the Commission is appointed by the Governor.

MAC provides a variety of services at each of its airports. At Minneapolis/St. Paul International (MSP) MAC is responsible for providing buildings and facilities for air carrier activity as well as police, fire protection, maintenance, administrative and planning services, as well as other related services and facilities that are deemed to be necessary.

### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

For financial reporting purposes, in conformance with the National Council on Governmental Accounting (NCGA) Pronouncements, MAC is defined as an enterprise fund. Accounting records are maintained on an accrual basis in conformance with generally accepted accounting principles.

Internal accounting controls being used are designed to provide reasonable assurance regarding: a) the safekeeping of assets against loss, unauthorized use or disposition and b) the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of control procedures are weighed against expected benefits to be derived, and that the evaluation of costs benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the Commission's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The MAC annually adopts an Operating Budget which is organized by functional responsibility according to costs centers assigned to each airport. Monthly Budget Variance analysis, as required by Commission by-laws, reports significant variations from the adopted plan and directs management action for correction as required. A system of Purchase Requisitions and Purchase Orders and authorized signature approvals provide the basis for positive management responsibility and control for each of the budget line items.

Significant elements of the Commission's accounting, budgeting and reporting system are established and described in the lease/use agreements between the MAC and the air carriers serving MSP, that was signed in 1962 and amended in 1968. The agreement provides for the definition of eligible costs and methodology for determining rates and charges to be paid by the airlines that are parties to the agreement.



# Letter of Transmittal

CONTINUED

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUES AND EXPENSES

Operating revenues for the MAC come entirely from user fees that are established for various services and facilities that are provided at all Commission airports. While the Commission has the power to levy taxes to support its operations, it has adopted policies to provide adequate revenues for the system to operate since the late 1960's without general tax support. Revenue sources have been grouped into the following categories in the Statement of Revenues and Expenses:

Traffic: Aircraft landing and parking fees

Commercial:

Concessions—Revenue from food and beverage sales, merchandise sales, auto parking, etc.

Rentals—Fees for ground and building rentals

Utilities—Charges for tenants use of water and sewer

Miscellaneous—Charges for other services provided by MAC

During 1985 MAC operating revenues increased by 13.9% to \$49,756,771 from \$43,695,069 in 1984. changes in major categories are summarized below:  
(In Thousands)

	1985	% Of TOTAL	1984	% Of TOTAL	DOLLAR CHANGE	PERCENTAGE CHANGE
TRAFFIC.....	\$11,330	22.8%	\$ 9,176	21.0%	\$2,154	23.5%
COMMERCIAL:						
CONCESSIONS.....	21,555	43.3	18,582	42.5	2,973	16.0%
RENTALS.....	15,649	31.5	14,798	33.9	851	5.8%
UTILITIES.....	942	1.9	826	1.9	116	14.0%
MISCELLANEOUS.....	281	.5	313	.7	(32)	(10.2%)
<b>OPERATING REVENUES.....</b>	<b>\$49,757</b>	<b>100%</b>	<b>\$43,695</b>	<b>100%</b>	<b>\$6,062</b>	<b>13.9%</b>

Major investments in facilities for MSP are secured by lease agreements with the airlines using the facilities. Major sections of the agreements include definition of eligible costs to be included in the formula for determining rates to be charged and procedures for the adjustment or collection of fees due to the Commission. Certain of these agreements which began in the 1960's and 1970's will expire in 1989 requiring new agreements to be negotiated.

In order to promote and encourage the efficient use of facilities at all MAC airports as well as attempting to minimize the environmental impact of MSP on the surrounding community, MAC has implemented a policy of subsidizing its reliever airports by establishing relatively low user charges as an incentive for pilots to use these facilities rather than MSP. In order to maintain this subsidy MAC sets its rates and charges to assure that total revenues will be sufficient to pay total system expenses.



## INTRODUCTORY SECTION

### CONTINUED Letter of Transmittal

#### MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

In 1985 net revenues for each airport were as follows: (In Thousands)

	TOTAL	MSP	ST. PAUL DOWNTOWN	FLYING CLOUD	CRYSTAL	ANOKA	LAKE ELMO	AIRLAKE
OPERATING REVENUE...	\$49,757	\$49,152	\$260	\$136	\$ 74	\$ 67	\$ 29	\$ 39
OPERATING EXPENSE...	40,180	37,913	923	401	306	291	176	170
<b>NET REVENUE.....</b>	<b>\$ 9,577</b>	<b>\$11,239</b>	<b>\$(663)</b>	<b>\$(265)</b>	<b>\$(232)</b>	<b>\$(224)</b>	<b>\$(147)</b>	<b>\$(131)</b>

As established by the State of Minnesota, the MAC is limited in its activities to creating, maintaining and operating airport facilities in its jurisdiction. This definition of its activities results in three uses of its funds: a) payment of debt service; b) payment of costs of operations and c) remodeling or construction of new facilities. In order to disclose the uses of net revenues generated by operations, MAC includes on its Statement of Revenues, Expenses and Changes in Retained Earnings, the amount of interest earned on investments in the Debt Service account that is applied towards the payment of principal and interest on outstanding bonds. Also disclosed is the amount transferred to the MAC capital improvement account, in order to provide the necessary funds and/or to decrease the amount of additional bond sales.

In 1985 MAC operating expenses increased by 16.6% to 40,179,774 from 34,454,020 in 1984. Changes in major categories are summarized below: (In Thousands)

	1985	% Of TOTAL	1984	% Of TOTAL	DOLLAR CHANGE	PERCENTAGE CHANGE
SALARIES, WAGES AND EMPLOYEE BENEFITS.....	\$12,412	30.9%	\$10,649	30.9%	\$1,763	16.6%
OPERATING SUPPLIES.....	1,842	4.6	1,654	4.8	188	11.4%
UTILITIES.....	2,129	5.3	1,947	5.7	182	9.3%
MAINTENANCE AND REPAIRS.....	4,348	10.8	3,423	9.9	925	27.0%
CONCESSION MANAGEMENT FEE.....	2,446	6.1	2,473	7.2	(27)	(1.1%)
DEPRECIATION.....	13,244	33.0	12,257	35.6	987	8.1%
OTHER.....	3,759	9.3	2,051	5.9	1,708	83.3%
<b>OPERATING EXPENSES.....</b>	<b>\$40,180</b>	<b>100%</b>	<b>\$34,454</b>	<b>100%</b>	<b>\$5,726</b>	<b>16.6%</b>

In carrying out its responsibilities MAC has maintained a philosophy of using specialists and consultants to provide some of the wide variety of services that are needed rather than hire additional employees. Most of the concessions facilities at MSP are leased to professional operators who manage the daily activities. MAC has entered into a management agreement to operate its parking facilities in order to maintain control over the service, rates and expenses. Costs of all parking facilities and the management fee paid are shown under the Concession Management Fee category of expense.

#### DEBT ADMINISTRATION

The Metropolitan Airports Commission has issued two forms of indebtedness: Airport Revenue Bonds and General Obligation Revenue Bonds. From 1943 to 1975 MAC issued Airport Revenue Bonds to provide funds for its capital improvement program. Since 1976 General Obligation Revenue Bonds which are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven county Metropolitan Area surrounding the cities of Minneapolis and St. Paul, Minnesota. The MAC is required by law to maintain a Debt Service Account sufficient

# Letter of Transmittal

CONTINUED

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

to bring the balance on hand in the Debt Service Account on October 10 of each year to an amount equal to all principal and interest to become due on all Airport Improvement Bonds and General Obligation Revenue Bonds payable therefrom to the end of the second following year. The required balance as of October 10 in the Debt Service Account for the next five years is as follows:

1986	\$27,592,788
1987	\$25,610,720
1988	\$22,897,575
1989	\$21,884,513
1990	\$21,757,165

MAC last sold bonds in January 1981, at which time it received AAA rating from both Moody's and Standard & Poor's rating services. Authority for issuing bonds is obtained from the Minnesota State Legislature. Currently the authorization permits the issuance of an additional \$92 million. As of this date, none of that authorization has been used.

### CAPITAL PROJECTS

Each year the MAC approves a Capital Improvement Program which covers all projects which are to be started during the next two calendar years. In addition, a Capital Improvement Plan which covers an additional 5 years is adopted. These serve as a basis for determining funding requirements, and other operational planning decisions. Certain projects which have a metropolitan significance are also submitted to the Metropolitan Council for review and approval. The Metropolitan Council is a regional planning agency responsible for coordination and planning of certain governmental services for the Metropolitan Area.

Funds required for completion of all capital projects come from three sources: a) General Obligation Revenue Bonds, b) state or federal grants and c) internally generated funds from operations. In order to limit the cost of facilities at the reliever airports, MAC uses only grant funds or retained earnings to finance all construction projects at these airports. Capital improvements at MSP are financed from all three sources as appropriate.

Anticipated project expenses planned for 1986 and 1987 are summarized as follows; along with anticipated levels of expenditures for 1988 - 1990.

	1986	1987	Total 1988-90
MINNEAPOLIS/ST. PAUL INTERNATIONAL:			
FIELD AND RUNWAYS.....	\$ 5,350,000	\$19,550,000	\$14,600,000
ENVIRONMENTAL.....	6,000,000	0	500,000
SELF-LIQUIDATING.....	23,000,000	0	0
TERMINAL BUILDING AND OTHERS.....	39,000,000	6,000,000	10,750,000
ST. PAUL DOWNTOWN AIRPORT.....	4,100,000	3,750,000	450,000
FLYING CLOUD AIRPORT.....	750,000	75,000	300,000
CRYSTAL AIRPORT.....	325,000	250,000	300,000
ANOKA COUNTY AIRPORT.....	2,350,000	375,000	600,000
LAKE ELMO AIRPORT.....	100,000	0	350,000
AIRLAKE AIRPORT.....	700,000	0	1,500,000
	<u>\$81,675,000</u>	<u>\$30,000,000</u>	<u>\$29,350,000</u>



## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CASH MANAGEMENT

Cash temporarily idle during the year is invested according to legal requirements established by the Legislature of the State of Minnesota. In accordance with state law, investments are restricted to various United States government securities, certificates of deposits, commercial paper and repurchase agreements. All securities must mature within three years from the date of purchase.

In addition to the legal requirements, the MAC has an investment policy to further enhance the safety of its investments. In accordance with this policy, securities are safekept at one institution and purchases can be made only from dealers located in the State of Minnesota. To ensure competitive prices on all purchases, the policy requires bids to be taken from several different dealers.

Total investment earnings for 1985 were \$9,827,413. the average yield on investments during the year was 11.5%.

### FUTURE PROSPECTS

As the operator of one of the busiest airport systems in the United States, including one of the 22 major hub airports, the Metropolitan Airports Commission has been impacted directly as a result of the Airline Deregulation Act of 1978. This landmark legislation is changing many of the fundamental operating relationships of airports throughout the country as it redefines the responsibilities of airport proprietors. The elimination of barriers to airlines in route decisions (allowing easy entry and exit of carriers) can be seen in the growth in number of airlines serving MSP from less than 12 in 1979 to more than 30 today, and in the growth of operations (landings and take-offs) and connecting passengers (using MSP as an intermediate stop) in the same time period. As these changes continue, MAC will also change.

Issues relating to the balancing of environmental and economic impacts of airports on the surrounding communities, the types of levels of desired air service, airport security, and the need for improved ground transportation facilities will serve as the focal points for Commission attention during the coming years.

To meet these challenges, MAC has completed an extensive review and evaluation of its organizational structure and manpower requirements. To continue to provide the highest levels of service to the public, the Commission, in 1985, approved changes to strengthen its senior management structure and to its field maintenance and police departments. These changes will provide MAC with the skilled personnel necessary for the administration and operation of our airport system in a changing environment.

Several of the major lease agreements between MAC and its airport tenants will expire during the next five years, and MAC has begun a thorough review and analysis of needed improvements in these leases to assure that we maintain and improve our strong financial position and operating flexibility. Providing all of the needed financial resources from users of the airports without tax support remains a prime objective of the Commission.

The recent proposed acquisition of Republic Airlines by Northwest Airlines, both having their headquarters at Minneapolis/St. Paul International Airport, is one of the most important developments in the airline industry for MAC and the State of Minnesota during the past year. The Commission is and will continue to take an active and significant role in the Federal review and approval process to assure that the interests of the region in both air service and economic impact generated by these two large employers are protected.

## Letter of Transmittal CONTINUED

### MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

#### INDEPENDENT AUDIT

The financial records of the MAC are audited annually by a firm of independent certified public accountants. The audits for the year ended December 31, 1985 and 1984 were performed by Ernst & Whinney. Their opinion on the financial statements is presented in this report.

In conjunction with the annual audit, Ernst & Whinney performs procedures consistent with Single Audit Act of 1984 (The Act) guidelines in relation to grant award agreements between the MAC and the Federal Aviation Administration (FAA), in progress at year end. Reports are issued as required by the Act. The report is intended for the use of the MAC and the FAA, and does not change in any way the financial statements and has not been included in this report.

In accordance with Minnesota State Law, the Legislative Auditor conducts a separate audit in which they will examine the Commission's compliance with applicable laws, policies and procedures.

#### CERTIFICATE OF ACHIEVEMENT

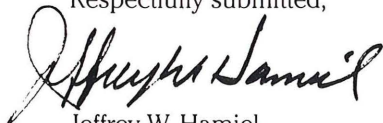
The Government Finance Officers Association of the United States and Canada (GFOA) awards the Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe our current report conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for such a Certificate.

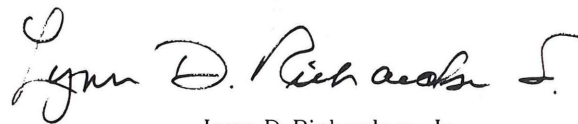
#### ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We express our appreciation to all members of the department who assisted and contributed to its preparation. Appreciation is also extended to each commissioner for their interest and support in planning and conducting the financial affairs of the MAC in a responsible manner.

Respectfully submitted,



Jeffrey W. Hamiel  
Executive Director

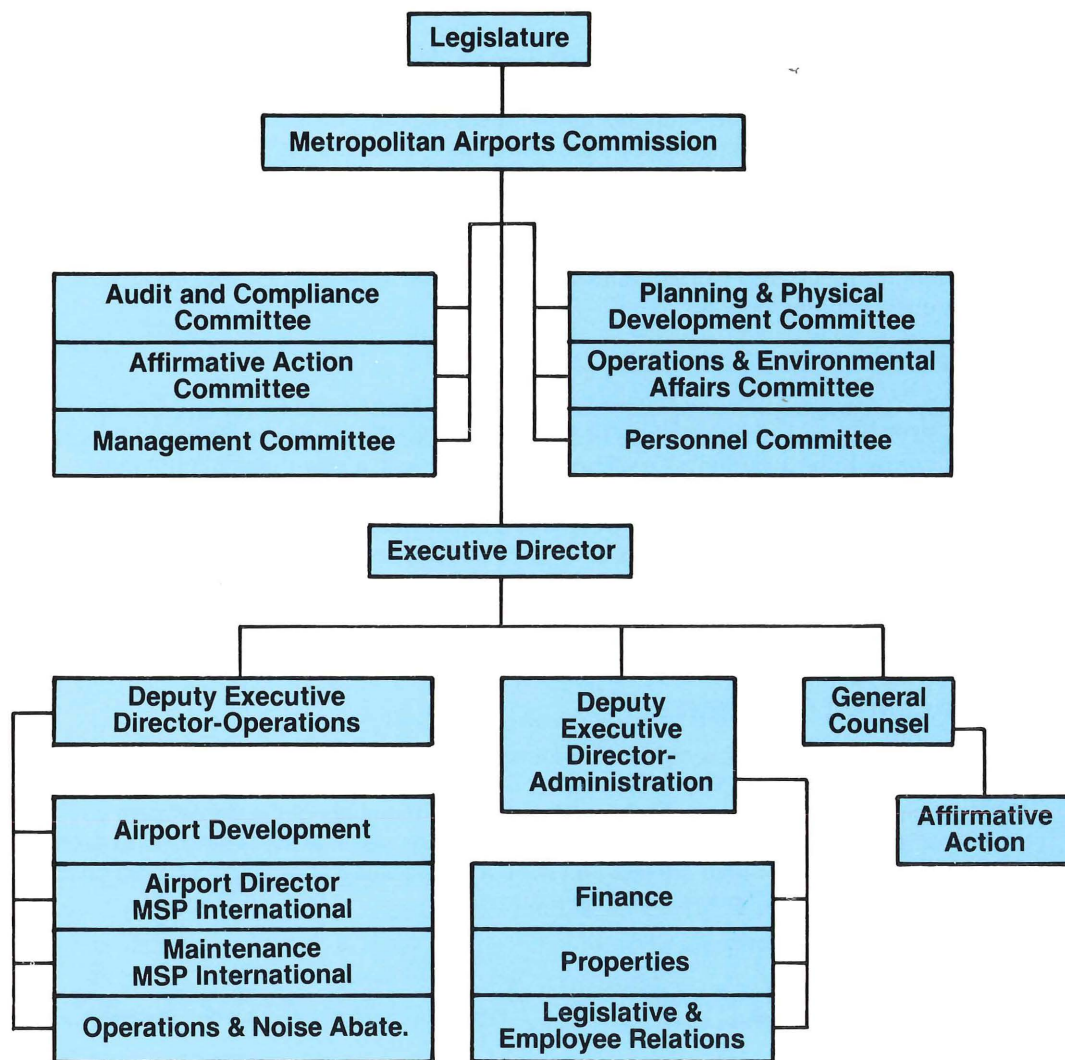


Lynn D. Richardson, Jr.  
Director of Finance



# Organizational Chart

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION



# Auditor's Report

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## Report of Ernst & Whinney, Independent Auditors

W-2990 First National Bank Building  
Saint Paul, Minnesota 55101  
612/227-7311

Members of the Commission  
Minneapolis-Saint Paul Metropolitan  
Airports Commission  
Saint Paul, Minnesota

We have examined the balance sheets of Minneapolis-Saint Paul Metropolitan Airports Commission as of December 31, 1985 and 1984, and the related statements of revenues, expenses and changes in retained earnings, changes in fund equity, and changes in cash and investments for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Minneapolis-Saint Paul Metropolitan Airports Commission at December 31, 1985 and 1984, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Ernst & Whinney*

Saint Paul, Minnesota  
March 12, 1986

# Balance Sheets

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	December 31	
	1985	1984
<b>ASSETS</b>		
Cash and investments:		
Unrestricted.....	\$ 7,673,896	\$ 7,696,732
Restricted—Notes B and D:		
Debt Service.....	21,293,377	21,788,964
Construction:		
Regular.....	6,998,799	8,739,343
Special.....	50,164,152	63,566,343
	<u>78,456,328</u>	<u>94,094,650</u>
	86,130,224	101,791,382
Accounts receivable.....	2,854,695	679,141
Government grants in aid of construction receivable—Note E.....	413,692	748,727
Other.....	195,473	146,355
Airports and facilities—Notes C and D.....	<u>201,415,679</u>	<u>177,687,688</u>
<b>TOTAL ASSETS</b>	<b><u>\$291,009,763</u></b>	<b><u>\$281,053,293</u></b>

# Balance Sheets continued

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	December 31	
	1985	1984
<b>LIABILITIES AND FUND EQUITY</b>		
Accounts payable and accrued expenses.....	\$ 2,591,436	\$ 1,242,344
Payables from restricted assets:		
Debt service—Note D.....	21,293,377	21,788,964
Construction.....	2,665,075	2,977,731
Employee compensation and payroll taxes—Note G.....	1,360,912	1,132,852
Deferred revenue.....	6,757,188	6,926,250
Bonds payable—Note D.....	85,297,198	92,103,760
<b>TOTAL LIABILITIES</b>	<b>119,965,186</b>	<b>126,171,901</b>
<b>FUND EQUITY</b>		
Contributed capital—Note E.....	48,637,348	48,195,746
Retained earnings:		
Reserved—Note B.....	54,497,876	69,327,955
Unreserved.....	67,909,353	37,357,691
<b>TOTAL FUND EQUITY</b>	<b>171,044,577</b>	<b>154,881,392</b>
Contingent liability—Note I.....		
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$291,009,763</b>	<b>\$281,053,293</b>

See notes to financial statements.



## FINANCIAL SECTION

# Statements of Changes in Fund Equity

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	Contributed Capital	Retained Earnings		Total
		Reserved	Unreserved	
<b>Balance January 1, 1984</b>	<b>\$46,167,611</b>	<b>\$72,149,753</b>	<b>\$18,574,766</b>	<b>\$136,892,130</b>
Government grants in aid of construction.....	4,456,744			4,456,744
Net income for the year.....			13,532,018	13,532,018
Depreciation of facilities provided by government grants.....	(2,429,109)		2,429,109	
Asset donation.....	500			500
Net change in restricted assets and liabilities.....		(2,821,798)	2,821,798	
<b>Balance December 31, 1984</b>	<b>48,195,746</b>	<b>69,327,955</b>	<b>37,357,691</b>	<b>154,881,392</b>
Government grants in aid of construction.....	3,096,418			3,096,418
Net income for the year.....			13,063,608	13,063,608
Depreciation of facilities provided by government grants.....	(2,657,975)		2,657,975	
Asset donations.....	3,159			3,159
Net change in restricted assets and liabilities.....		(14,830,079)	14,830,079	
<b>Balance December 31, 1985</b>	<b>\$48,637,348</b>	<b>\$54,497,876</b>	<b>\$67,909,353</b>	<b>\$171,044,577</b>

See notes to financial statements.

# FINANCIAL SECTION

## Statements of Revenues, Expenses and Changes in Retained Earnings

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	Year Ended December 31	
	1985	1984
<b>OPERATING REVENUES</b>		
Traffic.....	\$ 11,329,510	\$ 9,175,762
Commercial:		
Concession.....	21,555,429	18,582,583
Rentals.....	15,648,645	14,797,868
Utilities.....	941,827	826,090
Miscellaneous.....	281,360	312,766
	<b>49,756,771</b>	<b>43,695,069</b>
<b>OPERATING EXPENSES</b>		
Salaries, wages and employee benefits.....	12,412,199	10,649,333
Operating supplies.....	1,841,897	1,654,362
Utilities.....	2,128,995	1,947,092
Maintenance and repairs.....	4,348,294	3,422,719
Concession management fee.....	2,445,593	2,472,786
Depreciation.....	13,243,924	12,257,349
Other.....	3,758,872	2,050,379
	<b>40,179,774</b>	<b>34,454,020</b>
<b>OPERATING INCOME</b>	<b>9,576,997</b>	<b>9,241,049</b>
<b>OTHER REVENUES (EXPENSES)</b>		
Interest income.....	9,827,413	11,222,880
Loss on building dispositions.....	(451,723)	
Bond interest expense.....	(5,889,079)	(6,931,911)
<b>NET INCOME</b>	<b>13,063,608</b>	<b>13,532,018</b>
Add depreciation and facilities provided by government grants.....	2,657,975	2,429,109
<b>INCREASE IN RETAINED EARNINGS</b>	<b>15,721,583</b>	<b>15,961,127</b>
Retained earnings—beginning of year.....	106,685,646	90,724,519
<b>RETAINED EARNINGS—END OF YEAR</b>	<b>\$122,407,229</b>	<b>\$106,685,646</b>
Distribution of net income:		
Net income designated for debt service.....	\$ 2,389,750	\$ 2,618,363
Net income designated for construction.....	10,673,858	10,913,655
	<b>\$ 13,063,608</b>	<b>\$ 13,532,018</b>

See notes to financial statements.

## FINANCIAL SECTION

# Statements of Changes in Cash and Investments

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	Year Ended December 31	
	1985	1984
<b>CASH AND INVESTMENTS FROM OPERATIONS</b>		
Net income.....	\$ 13,063,608	\$ 13,532,018
Items not requiring cash:		
Depreciation.....	13,243,924	12,257,348
Amortization of bond premium and discount.....	24,905	24,904
<b>TOTAL CASH AND INVESTMENTS FROM OPERATIONS</b>	<b>26,332,437</b>	<b>25,814,270</b>
<b>OTHER OPERATING ACCOUNTS</b>		
Accounts receivable.....	(2,175,554)	632,270
Other assets.....	(49,118)	207,680
Accounts payable and accrued expenses...	1,349,092	(236,261)
Employee compensation and payroll taxes..	228,060	269,292
Deferred revenue.....	(169,062)	(2,252,641)
	<b>(816,582)</b>	<b>(1,379,660)</b>
<b>FACILITIES</b>		
Additions to airports and facilities.....	(37,890,210)	(24,129,794)
Net book value of disposals of airports and facilities.....	605,639	184,451
	<b>(37,284,571)</b>	<b>(23,945,343)</b>
<b>FINANCE</b>		
Payments on bonds payable.....	(7,327,054)	(6,981,078)
Receipts of government grants in aid of construction.....	3,431,453	6,714,551
Asset donations.....	3,159	500
	<b>(3,892,442)</b>	<b>(266,027)</b>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>(15,661,158)</b>	<b>223,240</b>
Cash and investments—beginning of year....	101,791,382	101,568,142
<b>CASH AND INVESTMENTS—END OF YEAR</b>	<b>\$ 86,130,224</b>	<b>\$101,791,382</b>

See notes to financial statements.



# Notes to Financial Statements

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NOTE A SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The Minneapolis-Saint Paul Metropolitan Airports Commission was created by an act of the Minnesota State Legislature in 1943 as a public corporation. Its purpose is to promote air navigation and transportation, international, national and local, in and through the State of Minnesota. In addition to promoting the efficient, safe and economical handling of air commerce, it has the responsibility of assuring residents of the Metropolitan Area of minimal environmental impact from air navigation and transportation.

The area over which the Commission exercises its jurisdiction is the Minneapolis-Saint Paul Metropolitan Area which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties. The Commission controls and operates seven airports within the Metropolitan Area, including the Minneapolis-Saint Paul International Airport, which services the larger scheduled air carriers, and six reliever airports, serving general aviation.

The Commission is governed independently by an eleven member Board of Commissioners that is directly responsible to the State Legislature. Certain capital improvement projects must be reviewed by the Metropolitan Council, which is a public agency established by law with powers of regulation over the development of the Metropolitan Area.

#### Basis of Accounting

The system of airports operated by the Metropolitan Airports Commission are accounted for as an Enterprise Fund and reported on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

#### Investments

Investments include securities purchased under agreement to resell, certificates of deposit, United States Government and Agency securities and commercial paper. Investments are recorded at cost plus accrued interest and unamortized purchase discounts or premiums which approximate market value.

#### Airports and Facilities

As required under Chapter 500, Laws of Minnesota 1943—the law under which the Metropolitan Airports Commission was created—certain properties, classified as airports and facilities, were contributed by the Cities of Minneapolis and Saint Paul. Fee title to the land and improvements remains with the two cities.

Land contributed to the Commission from the cities has been recorded at the cost reported by the cities. Airport improvements and buildings acquired from the cities at the time of the takeover, and similar facilities acquired since that time from the United States Government Agencies, have been recorded principally on the basis of replacement cost, less allowance for depreciation, to reflect sound value as of the date of acquisition. Subsequent additions to the property accounts have been recorded at cost.

It is the Commission's policy to amortize the carrying amount of the properties over their estimated useful lives on a straight line basis by annual depreciation charges to income. Estimated useful lives on depreciable assets are as follows:

Airport improvements	
and buildings	20-40 years
Moveable equipment	3-10 years



**NOTE A  
SIGNIFICANT ACCOUNTING  
POLICIES—CONTINUED**

The Commission has issued bonds to construct various buildings and facilities for specific tenants. Leases for these facilities are referred to as self-liquidating agreements. Under these agreements, annual depreciation on the facilities is equal to bond principal repayments. Rental income received is equal to principal repayment and interest expense on the bond series used to build the facility.

Costs incurred with respect to master planning for major improvements are carried in projects in progress until disposition or completion of the related projects. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized as properties.

**Lease Agreements**

Substantially all airport improvements and buildings are either leased or charged to users under various agreements. Certain facilities are leased under self-liquidating agreements whereby the lessee is required to pay annual rentals equal to the debt service requirements of the bonds issued to construct such facilities. Other facilities at Minneapolis-Saint Paul International Airport are charged to user airlines under agreements which provide for compensatory rental rates resulting in recovery of agreed upon portions of costs incurred, including depreciation and interest, in the terminal building, ramp and runway areas as allocated to and used by the airlines. Other facilities, to the extent they are leased, are leased under conventional agreements.

Revenues above costs recovered above are used to defray the costs of maintaining reliever airports and public areas at Minneapolis-Saint Paul International Airport.

**Capitalized Interest**

Interest capitalized on projects-in-progress during the period of construction is calculated by reducing the interest costs incurred on debt used to finance the project by the amount of interest earned on bond proceeds. For bond proceeds designated for the construction of self-liquidating facilities, the interest capitalized, as authorized by the bond resolutions, is an amount equal to the bond interest paid for the first two years of the debt.

**Reclassification**

Reserved retained earnings as previously reported has been reclassified to conform with the policy described in Note B to the financial statements.

Certain reclassifications of 1984 reported amounts have been made to conform with the current year presentation.

# Notes to Financial Statements

CONTINUED

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NOTE B RESTRICTED CASH AND INVESTMENTS AND RESERVED RETAINED EARNINGS FOR FUTURE DEBT SERVICE AND CONSTRUCTION

Minnesota law requires the Commission to have a balance on hand in a Debt Service Account on October 10 of every year equal to the total amount of principal and interest due on all outstanding bonds for the next 27 months. Cash and investments to meet this requirement are restricted.

Cash and investments segregated as construction funds include amounts received from issuance of Commission bonds, government grants-in-aid of construction, rental receipts on assets not utilized for aviation and purchased with grants-in-aid, and cumulative interest earned from the investment of such funds. These amounts are used principally for Minneapolis-Saint Paul International Airport.

The Commission also segregates certain amounts from operating cash flows which it designates as restricted in the special construction fund for secondary airports or additional Minneapolis-Saint Paul International Airport projects that are not funded by bond issues. Cash and securities segregated and restricted are as follows:

	December 31	
	1985	1984
Debt service.....	\$21,293,377	\$21,788,964
Construction:		
Regular.....	6,998,799	8,739,343
Special.....	50,164,152	63,566,343
<b>TOTAL RESTRICTED CASH AND INVESTMENTS</b>	<b>78,456,328</b>	<b>94,094,650</b>
Less payables to be paid from restricted cash and investments:		
Debt service.....	21,293,377	21,788,964
Construction.....	2,665,075	2,977,731
<b>RESERVED RETAINED EARNINGS</b>	<b>\$54,497,876</b>	<b>\$69,327,955</b>

CONTINUED **Notes to  
Financial Statements**

**MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

**NOTE C  
AIRPORTS AND FACILITIES**

Changes in airports and facilities by major classification are as follows:

Airports and Facilities	Balance January 1, 1984	Additions	Transfers In (Out)	Deductions	Balance December 31, 1984
Land.....	\$ 13,079,897	\$ 68,081	\$ 13,498		\$ 13,161,476
Airport improvements and buildings	257,136,757	3,079,795	11,206,956	\$ (43,875)	271,379,633
Moveable equipment.....	8,437,896	1,173,597		(164,536)	9,446,957
Projects in progress.....	3,688,273	21,774,069	(11,220,454)	(119,487)	14,122,401
<b>TOTAL AIRPORTS AND FACILITIES</b>	<b>282,342,823</b>	<b>26,095,542</b>	—	<b>(327,898)</b>	<b>308,110,467</b>
Accumulated depreciation.....	(118,308,878)	(12,257,348)		143,447	(130,422,779)
<b>NET AIRPORTS AND FACILITIES</b>	<b>\$164,033,945</b>	<b>\$13,838,194</b>	<b>\$ —</b>	<b>\$ (184,451)</b>	<b>\$177,687,688</b>

Airports and Facilities	Balance January 1, 1985	Additions	Transfers In (Out)	Deductions	Balance December 31, 1985
Land.....	\$ 13,161,476		\$ 25,668		\$ 13,187,144
Airport improvements and buildings	271,379,633	\$ 35,814	33,548,308	\$ (642,084)	304,321,671
Moveable equipment.....	9,446,957	1,879,193		(338,466)	10,987,684
Projects in progress.....	14,122,401	35,662,547	(33,573,976)	(41,389)	16,169,583
<b>TOTAL AIRPORTS AND FACILITIES</b>	<b>308,110,467</b>	<b>37,577,554</b>	—	<b>(1,021,939)</b>	<b>344,666,082</b>
Accumulated depreciation.....	(130,422,779)	(13,243,924)		416,300	(143,250,403)
<b>NET AIRPORTS AND FACILITIES</b>	<b>\$177,687,688</b>	<b>\$24,333,630</b>	<b>\$ —</b>	<b>\$ (605,639)</b>	<b>\$201,415,679</b>



# Notes to Financial Statements

CONTINUED

## MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NOTE D LONG-TERM DEBT

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Improvement Bonds and General Obligation Revenue Bonds. Airport Improvement Bonds are repaid from Commission revenue; however, if the principal and interest cannot be paid from revenue, a tax can be levied on property within the cities of Minneapolis and St. Paul, Minnesota for debt service. Series 6 of the Airport Improvement Bonds is secured by a Deed of Trust which provides for a mortgage of all of the Commission's property lying within an area at Minneapolis-Saint Paul International Airport leased to Northwest Airlines, Inc. for their main base facilities (approximate original cost \$18,000,000).

General Obligation Revenue Bonds are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission, subject to the prior pledge of such revenues for the payment of outstanding Airport Improvement Bonds. The Commission has the power to levy property taxes upon all taxable property in the seven county Metropolitan Area in order to pay debt service on outstanding General Obligation Revenue Bonds.

The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due on Airport Improvement Bonds and General Obligation Revenue Bonds.

Bonds payable, due serially:

	Final Payment In	Outstanding at December 31 1985	1984
<b>Airport Improvement Bonds:</b>			
Series 5—2.8%.....	1988	\$ 1,440,000	\$ 1,945,000
Series 6—2.7%.....	1988	1,440,000	1,945,000
Series 7—3.7%.....	1989	865,000	1,075,000
Series 10.....	1985		50,000
Series 11—3.2%.....	1987	315,000	465,000
Series 12—3.7%.....	1986	250,000	490,000
Series 13—3.9%.....	1989	1,315,000	1,615,000
Series 14—3.5 to 4.0%.....	1997	9,450,000	10,065,000
Series 15—3.5 to 4.0%.....	1997	555,000	590,000
Series 16—4.25 to 4.5%.....	1998	9,760,000	10,310,000
Series 17—5.5 to 7.0%.....	1999	3,465,000	3,620,000
Series 18—6.25%.....	1988	2,170,000	2,810,000
Series 19—5.5 to 6.3%.....	1999	8,610,000	8,980,000
Series 20—4.5 to 5.0%.....	2002	3,805,000	3,945,000
Series 21—4.5 to 4.8%.....	1989	1,515,000	1,850,000
		<u>44,955,000</u>	<u>49,755,000</u>

CONTINUED **Notes to  
Financial Statements**

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

**NOTE D**  
**LONG-TERM DEBT—CONTINUED**

	Final Payment In	Outstanding at December 31 1985	1984
General Obligation Revenue Bonds:			
Series 1—6.0 to 7.0%.....	2005	\$ 8,685,000	\$ 8,890,000
Series 2—4.5 to 5.2%.....	2002	8,350,000	8,650,000
Series 3—5.2 to 5.75%.....	2000	12,825,000	13,350,000
Series 4—6.2 to 6.5%.....	2002	13,800,000	14,300,000
Series 5—8.9 to 9.1%.....	2002	22,500,000	23,250,000
		111,115,000	118,195,000
Net unamortized discount.....		(384,240)	(409,145)
Accrued interest due.....		3,018,790	3,178,147
		113,749,550	120,964,002
Less:			
Prepayments.....		(7,158,975)	(7,071,278)
Payable from restricted cash and investments—debt service.....		(21,293,377)	(21,788,964)
		<b>\$ 85,297,198</b>	<b>\$ 92,103,760</b>

Future debt service requirements after  
December 31, 1985 are as follows:

Year(s)	Principal	Interest	Total
1986.....	\$ 7,460,000	\$ 6,575,872	\$ 14,035,872
1987.....	7,530,000	6,185,020	13,715,020
1988.....	7,545,000	5,786,355	13,331,355
1989.....	6,335,000	5,384,150	11,719,150
1990.....	5,595,000	5,035,680	10,630,680
1991-1995.....	32,830,000	19,636,142	52,466,142
1996-2000.....	33,525,000	8,919,989	42,444,989
2001-2005.....	10,295,000	1,161,942	11,456,942
	<b>\$111,115,000</b>	<b>\$58,685,150</b>	<b>\$169,800,150</b>

Rental agreements between major air carriers and the Commission provide for revenues which allow for the above required principal and interest payments. Other Commission revenue to be received under minimum rent revenue provisions are not significant in the aggregate.

# Notes to Financial Statements

CONTINUED

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## NOTE E GOVERNMENT GRANTS IN AID OF CONSTRUCTION

Government grants in aid of construction represent the estimated portion of construction costs incurred for which airport aid grants are expected to be paid to the Commission by the United States Government and the State of Minnesota. These amounts are recorded as an account receivable and as contributed capital.

Employees can earn vacation at the rate of 12 days per year for the first seven years of service increasing thereafter to a maximum of 26 days per year after 20 years of service. Each employee may carry over 10 days of unused, earned vacation into the succeeding calendar year. At termination, employees are paid for unused vacation.

## NOTE F CAPITALIZATION OF INTEREST

Total interest costs incurred were \$6,812,091 and \$7,166,764 for 1985 and 1984, respectively, from which interest costs capitalized as part of the costs of constructed assets were \$923,012 and \$234,853 in 1985 and 1984, respectively.

## NOTE G ACCRUED COMPENSATED ABSENCES

The estimated liability for compensated absences is accrued and accounted for in accordance with Financial Accounting Standards Board Statement No. 43, "Accounting for Compensated Absences".

Sick leave with pay earned but unused may accumulate at a rate not to exceed 12 days per year. There is no maximum for cumulative accrual of sick leave. Upon retirement, employees with the minimum of 10 years service and 60 days of earned and unused sick leave are paid an amount equal to one-half of up to 200 days of earned and unused sick leave.



CONTINUED **Notes to  
Financial Statements**

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

**NOTE H  
PENSION AND RETIREMENT PLANS**

All the employees of the Commission are covered by either the basic Minneapolis Municipal Employees Retirement Fund (MERF) or Public Employees Retirement Association (PERA). Each plan requires contributions by both the Commission and employees. Pension expense of the Commission for the years ended December 31, 1985 and 1984 were \$1,091,514 and \$1,078,377, respectively.

MERF is a multiple employer fund. Contributions to it are based on percentages set by the plan and include amounts to retire the actuarially determined unfunded pension liability of the Commission by the year 2017. Retired and disabled participants' accounts in MERF are fully funded at actuarially determined amounts and the assets are transferred from the active pool at retirement. Accumulated plan benefit information for the active employees, as estimated by consulting actuaries, and plan net assets for the Commission's portion of MERF, both as of the latest valuation date are as follows:

The assumed rate of return used to determine the actuarial present value of accumulated plan benefits is 5%.

In 1985, the excess of liability over plan assets decreased \$1,032,514 due to the change in actuarial mortality table assumptions. As a result of that change, assets previously transferred to the retired account were returned to the active pool.

Contributions to PERA are based on statutory percentages determined by the plan and include amounts to retire the actuarially determined unfunded liabilities of PERA by the year 2010. PERA is a statewide contributory retirement plan having annual actuarial valuations. The Commission's portion of the unfunded liability is not available because no participating organization is directly liable for any unfunded liability under Minnesota law.

Employees retired under either plan are covered by the Commission's normal health benefits program. Costs related to retired employees are not significant.

	<b>June 30</b>	
	<b>1985</b>	<b>1984</b>
Actuarial present value of vested and non-vested accumulated plan benefits	\$14,834,975	\$16,586,044
Net assets available for benefits . . . .	<u>8,415,045</u>	<u>8,466,597</u>
Excess of liability over plan assets	<u>\$ 6,419,920</u>	<u>\$ 8,119,447</u>

# Notes to Financial Statements

CONTINUED

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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## NOTE I CONTINGENT LIABILITY

The Commission is a defendant in actions by certain property owners claiming damages arising from taking of plaintiffs' property through intrusion of noise-effective aircraft passing over and near their properties. The State of Minnesota Supreme Court originally upheld a district court's ruling that class action treatment was not to be accorded the suit. At the same time the Court established the authority and the responsibility of the Commission to pay damages to landowners affected as claimed by these plaintiffs.

To date, only one case has gone to trial, resulting in findings denying plaintiff's claim for damages. On appeal, the State of Minnesota Supreme Court reversed that decision on the grounds that plaintiff was entitled to a jury trial and ordered that a new trial be granted.

Liability of the Commission, if any, which may result from these actions is not determinable at this time.



## STATISTICAL SECTION

### Total Annual Revenues 1976-1985

#### MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
Traffic—2.....	\$ 4,404,634	\$ 5,043,613	\$ 5,660,037	\$ 6,575,127
Concessions—1, 2.....	6,401,187	7,475,696	9,164,421	10,258,154
Rentals—2.....	6,717,604	7,119,807	7,493,238	7,746,978
Other—2.....	955,141	1,025,979	1,052,206	1,043,160
<b>Total Operating Revenues.....</b>	<b>\$18,478,566</b>	<b>\$20,665,095</b>	<b>\$23,369,902</b>	<b>\$25,623,419</b>
Add: Interest Income.....	2,583,309	2,346,444	3,898,636	6,302,980
<b>Total Revenues.....</b>	<b>\$21,061,875</b>	<b>\$23,011,539</b>	<b>\$27,268,538</b>	<b>\$31,926,399</b>

Source: Audit reports for the last ten years.

1—Prior to 1983 the concession management fee was netted against parking revenue. Beginning in 1983, it was recorded as a separate expense item. Prior years have been restated to reflect this change.

2—Prior to 1984 certain reclassifications of reported amounts have been made to conform with current year presentation.

### Total Annual Expenses 1976-1985

#### MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
Salaries, Wages & Benefits.....	\$ 4,792,937	\$ 5,568,598	\$ 6,567,688	\$ 7,071,158
Operating Supplies.....	659,528	675,844	790,616	916,329
Utilities.....	793,033	950,387	1,083,877	1,017,592
Maintenance & Repairs.....	1,358,360	1,407,984	1,711,137	1,997,777
Concession Management Fee—1.....	1,007,503	1,125,851	1,351,265	1,906,443
Depreciation.....	6,033,701	6,667,312	6,842,132	7,020,083
Other.....	625,098	797,858	1,052,110	1,795,673
<b>Total Operating Expenses.....</b>	<b>\$15,270,160</b>	<b>\$17,193,834</b>	<b>\$19,398,825</b>	<b>\$21,725,055</b>
Add: Interest Expense—2.....	4,534,619	4,372,936	4,659,948	4,447,712
Loss on Building Disposition.....	0	0	0	0
<b>Total Expenses.....</b>	<b>\$19,804,779</b>	<b>\$21,566,770</b>	<b>\$24,058,773</b>	<b>\$26,172,767</b>

Source: Audit reports for the last ten years.

1—Prior to 1983 the concession management fee was netted against parking revenue. Beginning in 1983, it was recorded as a separate expense item. Prior years have been restated to reflect this change.

2—Beginning in 1979, interest expense is net of capitalized interest.



1980	1981	1982	1983	1984	1985
\$ 6,433,993	\$ 6,671,105	\$ 6,850,095	\$ 7,774,814	9,175,762	\$11,329,510
11,121,850	12,805,922	13,537,913	17,741,634	18,582,583	21,555,429
9,107,390	10,400,101	11,419,158	14,863,178	14,797,868	15,648,645
1,214,026	1,328,795	1,310,443	1,648,818	1,138,856	1,223,187
<b>\$27,877,259</b>	<b>\$31,205,923</b>	<b>\$33,117,609</b>	<b>\$42,028,444</b>	<b>\$43,695,069</b>	<b>\$49,756,771</b>
8,001,770	9,231,999	10,514,138	10,699,709	11,222,880	9,827,413
<b><u>\$35,879,029</u></b>	<b><u>\$40,437,922</u></b>	<b><u>\$43,631,747</u></b>	<b><u>\$52,728,153</u></b>	<b><u>\$54,917,949</u></b>	<b><u>\$59,584,184</u></b>

1980	1981	1982	1983	1984	1985
\$ 7,969,138	\$ 8,654,114	\$ 9,459,467	\$10,156,550	\$10,649,333	\$12,412,199
1,117,695	1,256,396	1,558,909	1,560,478	1,654,362	1,841,897
1,282,741	1,466,542	1,676,683	1,670,390	1,947,092	2,128,995
2,176,115	2,585,336	3,002,448	3,401,662	3,422,719	4,348,294
2,101,204	2,085,192	2,011,730	2,028,580	2,472,786	2,445,593
7,771,924	9,167,866	9,661,208	11,304,417	12,257,349	13,243,924
1,261,876	1,214,631	1,135,906	1,583,307	2,050,379	3,758,872
<b>\$23,680,693</b>	<b>\$26,430,077</b>	<b>\$28,506,351</b>	<b>\$31,705,384</b>	<b>\$34,454,020</b>	<b>\$40,179,774</b>
5,345,750	5,588,855	5,538,540	7,443,385	6,931,911	5,889,079
0	0	0	0	0	451,723
<b><u>\$29,026,443</u></b>	<b><u>\$32,018,932</u></b>	<b><u>\$34,044,891</u></b>	<b><u>\$39,148,769</u></b>	<b><u>\$41,385,931</u></b>	<b><u>\$46,520,576</u></b>



## STATISTICAL SECTION

### Ratio of Annual Debt Service to Total Expenses 1976-1985

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
Principal.....	\$ 4,190,000	\$ 4,560,000	\$ 4,860,000	\$ 4,680,000
Interest.....	4,534,619	4,372,936	4,659,948	5,264,312
Total Debt Service.....	<u>\$ 8,724,619</u>	<u>\$ 8,932,936</u>	<u>\$ 9,519,948</u>	<u>\$ 9,944,312</u>
Total Expenses.....	<u>\$19,804,779</u>	<u>\$21,566,770</u>	<u>\$24,058,773</u>	<u>\$26,172,767</u>
<b>Ratio of Debt Service to Total Expenses</b>	<b><u>44%</u></b>	<b><u>41%</u></b>	<b><u>40%</u></b>	<b><u>38%</u></b>

### Revenue Available For Debt Service 1976-1985

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
Operating Revenue.....	\$18,478,566	\$20,665,095	\$23,369,902	\$25,623,419
Interest Income.....	2,583,309	2,346,444	3,898,636	6,302,980
Operating Expense—1.....	<u>(9,236,459)</u>	<u>(10,526,522)</u>	<u>(12,556,693)</u>	<u>(14,704,972)</u>
Revenue available for debt service.....	<u>\$11,825,416</u>	<u>\$12,485,017</u>	<u>\$14,711,845</u>	<u>\$17,221,427</u>
Debt service.....	<u>\$ 8,724,619</u>	<u>\$ 8,932,936</u>	<u>\$ 9,519,948</u>	<u>\$ 9,944,312</u>
<b>Coverage of debt service.....</b>	<b><u>1.36</u></b>	<b><u>1.40</u></b>	<b><u>1.55</u></b>	<b><u>1.73</u></b>

1—Operating expense excludes depreciation.

1980	1981	1982	1983	1984	1985
\$ 5,155,000	\$ 5,190,000	\$ 5,190,000	\$ 6,415,000	\$ 6,830,000	\$ 7,080,000
<u>6,018,745</u>	<u>8,011,577</u>	<u>7,821,673</u>	<u>7,510,573</u>	<u>7,166,764</u>	<u>6,812,091</u>
<u>\$11,173,745</u>	<u>\$13,201,577</u>	<u>\$13,011,673</u>	<u>\$13,925,573</u>	<u>\$13,996,764</u>	<u>\$13,892,091</u>
<u>\$29,026,443</u>	<u>\$32,018,932</u>	<u>\$34,044,891</u>	<u>\$39,148,769</u>	<u>\$41,385,931</u>	<u>\$46,520,576</u>
<u><u>38%</u></u>	<u><u>41%</u></u>	<u><u>38%</u></u>	<u><u>36%</u></u>	<u><u>34%</u></u>	<u><u>30%</u></u>

1980	1981	1982	1983	1984	1985
\$27,877,259	\$31,205,923	\$33,117,609	\$42,028,444	\$43,695,069	\$49,756,771
8,001,770	9,231,999	10,514,138	10,699,709	11,222,880	9,827,413
<u>(15,908,769)</u>	<u>(17,262,211)</u>	<u>(18,845,143)</u>	<u>(20,400,967)</u>	<u>(22,196,671)</u>	<u>(26,935,850)</u>
<u>\$19,970,260</u>	<u>\$23,175,711</u>	<u>\$24,786,604</u>	<u>\$32,327,186</u>	<u>\$32,721,278</u>	<u>\$32,648,334</u>
<u>\$11,173,745</u>	<u>\$13,201,577</u>	<u>\$13,011,673</u>	<u>\$13,925,573</u>	<u>\$13,996,764</u>	<u>\$13,892,091</u>
<u><u>1.79</u></u>	<u><u>1.76</u></u>	<u><u>1.90</u></u>	<u><u>2.32</u></u>	<u><u>2.34</u></u>	<u><u>2.35</u></u>



## STATISTICAL SECTION

# Activity Statistics for Minneapolis St. Paul International Airport 1976-1985

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
Total Passengers—1 .....	7,889,409	8,382,510	9,357,998	9,982,510
Aircraft Operations—2 .....	251,874	263,709	263,461	284,764
Mail and Cargo Volumes (Tons) .....	132,079	135,014	124,883	143,084

1—Statistical reporting requirements were revised in 1981. Through and non-revenue passengers are no longer included in the totals. (Through passengers are those whose plane lands at MSP International while enroute to its final destination. Non-revenue passengers are airline employees and their relatives who fly for a minimal charge.)

2—Aircraft operations represents the total number of takeoffs and landings at the airport.

## Aircraft Operations at the Reliever Airports 1976-1985

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
St. Paul Downtown Airport .....	148,506	146,646	145,551	154,871
Flying Cloud Airport .....	263,927	256,022	246,767	244,243
Crystal Airport .....	177,400	166,070	200,896	192,717
Anoka County/Blaine Airport .....	160,000	155,000	190,000	190,000
Lake Elmo Airport .....	115,000	95,000	100,000	95,000
Airlake Airport .....				
<b>Total Aircraft Operations at the Reliever Airports .....</b>	<b>864,833</b>	<b>818,738</b>	<b>883,214</b>	<b>876,831</b>

1—Due to the FAA/PATCO labor dispute, FAA control tower hours varied greatly. The reduction in hours has had a significant effect on the recording of operations data.

2—Aircraft operations represents the total number of takeoffs and landings at the airport.

## Schedule of Airline Rates and Charges 1976-1985

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

	1976	1977	1978	1979
Landing Fee/1000 lbs. ....	\$ 0.32	\$ 0.35	\$ 0.47	\$ 0.44
Ramp Fees/Lineal Foot .....	\$91.17	\$131.85	\$120.83	\$124.40
Terminal Building Rentals:				
Common Use/Square Foot	\$ 7.06	\$ 7.75	\$ 8.80	\$ 8.96
Finished/Square Foot .....	6.37	7.06	8.16	8.12
Finished Janitored/Square Foot .....	8.54	9.51	10.46	10.64
Unfinished/Square Foot .....	5.91	6.58	7.70	7.67



1980	1981	1982	1983	1984	1985
8,938,487	7,732,828	8,533,296	8,747,183	8,898,328	9,897,578
282,027	264,914	252,151	307,801	337,838	372,911
118,811	120,691	117,698	129,345	154,200	159,785

1980	1981 <sup>1</sup>	1982	1983	1984	1985
134,286	107,305	77,509	97,118	103,118	112,019
218,975	194,229	145,718	166,266	165,542	176,246
183,840	154,436	123,577	136,314	140,704	143,665
190,000	150,000	150,000	140,000	145,000	160,000
100,000	90,000	90,000	90,000	92,000	82,000
			20,000	23,000	35,000
<u>827,101</u>	<u>695,970</u>	<u>586,804</u>	<u>649,698</u>	<u>669,364</u>	<u>708,930</u>

1980	1981	1982	1983	1984	1985
\$ 0.44	\$ 0.46	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.57
\$122.92	\$135.13	\$152.26	\$169.15	\$185.07	\$185.64
\$ 10.09	\$ 11.08	\$ 13.16	\$ 13.35	\$ 13.10	\$ 14.13
8.67	9.47	11.36	11.61	11.39	12.30
12.11	13.44	15.78	15.92	15.57	16.89
8.22	8.98	10.83	11.08	10.90	11.82

## Scheduled and Commuter Airline Service

### MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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At the end of 1985 major scheduled airlines serving the Twin Cities were:

- American Airlines
- Continental Airlines
- Delta Airlines
- Eastern Airlines
- Frontier Airlines
- Midway Airlines
- Northwest Orient Airlines
- Ozark Airlines
- People Express
- Piedmont Airlines
- Republic Airlines
- TWA
- United Airlines
- USAir
- Western Airlines

Commuter service offers an extensive feeder route system to MSP International for connecting flights. Regional/Commuter airlines serving Minneapolis/St. Paul the end of 1985 were:

- Austin Airways
- Bemidji Airlines
- Great Lakes Aviation
- Mesaba Airlines
- Midstate Airlines
- Midwest Aviation
- Norcanair
- Republic Express
- Simmons

Three branches of the United States Armed Forces are represented at Minneapolis/St. Paul International Airport; the Air Force Reserve 934th Tactical Airlift Group, the Marine Air Reserve Training Detachment, and the Naval Air Reserve—Twin Cities Center. Also at MSP is the Minnesota Air National Guard 133rd Tactical Airlift Group. At St. Paul Downtown the Army maintains a dozen support helicopters and the National Guard bases its Fixed Wing Squadron. Training flights, servicing and simulated emergencies are conducted on a regular basis.



## Insurance Coverage

MINNEAPOLIS-ST. PAUL METROPOLITAN AIRPORTS COMMISSION

Policy Number	Insurer	Inception	Expiration	Coverage	Policy Limits (Thousands of Dollars)
PL024701	Agricultural Excess and Surplus Insurance Co.	11-3-85	11-3-86	Director's and officers' liability insurance	\$ 10,000
Binders	Lloyds/various	1-1-86	1-1-87	Blanket fire and extended coverage on building and contents 90% co-insurance	180,000
Self-insured	Fred S. James Third Party Administration	3-1-86	3-1-87	Statutory workers' compensation	100
Binder	Fidelity & Deposit Co. of Maryland	3-1-86	3-1-87	Comprehensive crime employee bond	1,000
Binder	Southern Marine	12-23-85	12-23-86	General aviation liability including personal injury	200,000
3XM03682000	Kemper	12-1-84	12-1-87	Comprehensive boiler and machinery on all premises locations	31,000
BA8777483187	Chubb	1-1-86	12-31-86	Auto liability and physical coverage and hired automobiles	500 Per occurrence
BA8777483187	Chubb	1-1-86	12-31-86	Garage keepers liability	120
ISTP194291	Home Insurance	7-1-84	7-1-87	Fire and extended coverage for U.S. Post Office	1,865

**Minneapolis-St. Paul**  
**METROPOLITAN AIRPORTS COMMISSION**  
P.O. Box 11700  
Twin City Airport  
Minnesota 55111