



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**SALINA AIRPORT AUTHORITY
A Component Unit of the
City of Salina, Kansas
For the Fiscal Years Ended December 31, 2019 and 2018**

Prepared by the Management
of the
Salina Airport Authority
www.salinaairport.com

CUSIP #794760XXX

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**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
of the
SALINA AIRPORT AUTHORITY**

**A Component Unit of the
City of Salina, Kansas**

For the Fiscal Years Ended December 31, 2019 and 2018



Adams Brown Beran & Ball
2006 Broadway, Suite 2A
P.O. Drawer J
Great Bend, KS 67530



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For the Fiscal Years Ended December 31, 2019 and 2018

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SALINA Airport Authority

Chairman
Al Eichelberger

Vice Chair
Kristin Gunn

Secretary
Troy L. Vancil

Treasurer
Brian Weisel

Past Chairman
Kent Buer

Executive Director Timothy F. Rogers, A.A.E.

Dir. of Administration & Finance Michelle R. Swanson, C.M. Dir. of Facilities & Construction Kenny R. Bieker

Manager of Operations David Sorell Business & Communications Manager Kasey L. Windhorst Board Attorney Greg A. Bengtson

June 8, 2020

Salina Airport Authority Board of Directors
3237 Arnold Ave.
Salina, KS 67401

To the Board of Directors of the Salina Airport Authority:

The Comprehensive Annual Financial Report (CAFR) of the Salina Airport Authority (the "Authority") for the fiscal years ended December 31, 2019 and 2018 is hereby submitted in accordance with the Kansas Statutes Annotated (K.S.A. 27-324). As required by the statute, the City of Salina will be furnished copies of the Authority's 2019 CAFR. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Executive Director of the Authority. To the best of our knowledge and belief, the data as presented is accurate in all material aspects, is presented in a manner designed to fairly set forth the fiscal position and results of the operation of the Authority as measured by its financial activity, and all disclosures necessary to enable the reader to gain maximum understanding are included in the report.

This CAFR is presented in accordance with generally accepted accounting principles (GAAP) and pursuant to K.S.A. 27-324, an audit of the books, accounts and financial statements has been completed by the Authority's independent certified public accountants, Adams, Brown, Beran & Ball, Chtd. The independent audit is in accordance with the Kansas Municipal Audit and Accounting Guide. GAAP requires that management provide an overview and analysis to accompany the financial statements in the form of a Management Discussion and Analysis (MD&A). It is recommended that this letter of transmittal be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor in the Financial Section of this report.

REPORTING ENTITY

The Salina Airport Authority is a body corporate and politic. The Authority was created by the City of Salina in April 1965 (Sec. 4-16, Salina City Code) pursuant to the authority granted by the City by the surplus property and public airport authority act of the State of Kansas (K.S.A. 27-315 et seq.) The Authority was created for the purpose of accepting as surplus property, portions of the former Schilling Air Force Base, which was closed by the United States Department of Defense in June 1965. By quitclaim deed the Authority received over 2,900 acres of land and numerous buildings for the purpose of operating and developing the Salina Regional Airport and the Salina Airport Industrial Center. The Authority is managed and controlled by a five-member Board of Directors appointed by the Salina City Commission.

The Board appoints the Executive Director, who is the chief executive officer of the Authority. The Executive Director hires the remaining employees of the Authority. The Executive Director and his staff of fourteen full-time and two part-time employees manage and operate the Salina Regional Airport and the Salina Airport Industrial Center.

The Salina Regional Airport is the only commercial service airport serving Salina/Saline County and the 24-county area, which comprises north central Kansas. The Airport also services the corporate, business, private aviation and flight training needs of industry, business and individuals in the area. The Airport is also used by Kansas State University at Salina (KSUS). The campus of KSUS is located adjacent to the Airport and is one of the nation's top five aviation programs. The college offers degrees in professional flight training, airframe and power plant maintenance, avionics technology and airport management.

The Salina Regional Airport and Airport Industrial Center is home for over 100 businesses and organizations. Over fifty of the businesses and organizations are tenants of the Authority. One of the primary functions of the Authority is to facilitate the continued growth of jobs and payroll at the Airport and Airport Industrial Center. The Authority works in partnership with the City of Salina, Saline County and the Salina Area Chamber of Commerce for the retention of existing business and industry and the recruitment of new business and industry.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

The City serves as a 24-county regional trade center for north central Kansas. Many individuals and businesses within a 70-mile radius travel to the City to purchase consumer goods and services. This designation as a regional trade center is supported by the fact that the City had the third highest "trade pull factor" of all Kansas first class cities in a report published in December 2018 by the Kansas Department of Revenue Office of Research and Analysis. City trade pull factor is computed by dividing the per capita sales tax of a city by the statewide per capita sales tax.

Saline County is located in the center of one of the most productive agricultural areas in the United States. In 2012, 674 farms were located on 364,468 acres. Farm crops and livestock sales reached \$84.4 million according to the 2012 Census. According to the Kansas Department of Agriculture, the total economic impact of agriculture food and food processing sectors on the Saline County economy is over \$1 billion annually.

Salina is a city centered more on industry than agriculture. Currently, there are approximately 100 manufacturing and processing companies located in the City. The City, Saline County, the Chamber of Commerce, and the Salina Airport Authority have developed several economic incentives which can be offered as inducements to opening industrial facilities. These include property tax abatement for basic industry, the waiving of building permit and inspection fees, refunding of sales tax paid on machinery and equipment and providing training for employees through the Salina Area Technical College and the Kansas State University at Salina. Additionally, a "build-to-suit-tenant" agreement is available on sites in the Airport Industrial Center that can provide 100% financing for land and building costs.

Additionally, Salina has launched a \$150 million downtown redevelopment project that broke ground in April of 2018. This redevelopment includes streetscape and utility improvements, the construction of a Homewood Suites hotel, Old Chicago restaurant and a new entertainment center/bowling alley. A river renewal project is also on the horizon.

The community has 1,200 acres of industrial sites available in North Salina, the South Industrial District, and the Airport Industrial Center. Sites range in size from 1-to 240 acres, and are available for aviation, manufacturing and distribution and warehouse businesses.

Economic Condition of the Airport and Airport Industrial Center

According to a report published on February 2019 by the Docking Institute of Fort Hays State University, as of December 31, 2017, over 100 businesses and organizations are located at the Salina Regional Airport and Airport Industrial Center.

The total level of economic activity generated by the private businesses, educational institutions, military units, public institutions, and other entities for 2017 was \$1,168,468,359. Combined, Airport and Airport Industrial Center economic activity contributed approximately 41% of the total economic activity in Saline County during 2017. The total employment associated with Airport and Airport Industrial Center economic activity was 5,996 jobs which equals 14% of the total employment in Saline County.

Future Economic Outlook

Despite the uncertainty of the impact of COVID-19 (*See Note M in the Notes to the Financial Statements*) the future economic outlook for both Salina and the Authority looks favorable. Continued growth in service, retail and manufacturing sectors is expected. Salina Regional Airport businesses including 1 Vision Aviation and Kansas State University at Salina continue to work on facility expansion plans. Salina Airport Industrial Center businesses including Schwan's Food Manufacturing Inc., Kansas Erosion Products, and the Federal Aviation Administration continue to work on facility expansions and improvements.

Salina Regional Airport continues to thrive as a forward operating location for aviation businesses, military and special operation missions. With its close proximity to the Smoky Hill Air National Guard Bombing Range, the Airport continues to host military units from around the country for training purposes.

The Salina Airport Authority in partnership with the Salina Area Chamber of Commerce, the Salina Community Economic Development Corporation the City of Salina and Saline County, continues to execute an economic development strategic plan that includes specific goals and tasks intended to result in job growth, increased primary jobs payroll, new capital investment and the leasing of available space at the Airport Industrial Center.

FINANCIAL CONTROLS

The Authority follows generally accepted accounting principles applicable to governmental unit enterprise funds. Accordingly, the financial statements are prepared on the accrual basis.

Management of the Authority is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Authority are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

LONG-TERM FINANCIAL PLANNING

Increasing the Authority's unreserved, undesignated fund balance has been a priority of the organization. The Authority's Board of Directors has a stated plan of establishing the Authority's cash reserve fund equal to six month's operating expenses or \$1.2 million. Having sufficient liquidity has allowed the Authority to respond to opportunities that arise quickly such as improvements to facilities and infrastructure to secure new businesses and industry to the Airport.

On May 6, 2020, the Authority accepted a \$1,836,078 Coronavirus Aid, Relief, and Economic Security (CARES) Act grant from the Federal Aviation Administration. The proceeds can be used for any lawful purposes for which airport revenues can be utilized. The grant funds can be used to reimburse for airport expenditures dating back to January 20, 2020. The Authority intends to use the funds to maintain the safe and secure operation of the Airport while managing through the effects of the pandemic.

Also, as part of the strategic plan of recruiting business and industry to fill available facilities vacated by three principal customers since 2012, the Authority has developed a systematic method of evaluating projects including definitive trigger points, lease pro-forma requirements, lease calculation methodology and other qualitative measures prior to capital improvement projects.

ACKNOWLEDGEMENTS

The support of the Authority's Board of Directors and Audit Committee has been instrumental in the preparation of this report. The Board has been actively involved in the preparation and review of this report and is committed to responsible and progressive financial reporting.

Also acknowledged is the assistance of the Authority's auditor, Adams, Brown, Beran and Ball, the Authority's accounting advisor, Larry Harris, Woods & Durham, Chartered., Saline County Clerk's Office, the Salina Area Chamber of Commerce, Debbie Pack, Director of Finance for the City of Salina, and the University of Kansas Institute for Public Policy and Business Research and the Kansas Department of Human Resources Labor Market Information Services, in the preparation of this report.

Respectfully submitted,



Timothy F. Rogers, A.A.E.
Executive Director
Salina Airport Authority



Michelle R. Swanson, C.M.
Director of Administration and Finance
Salina Airport Authority

cc: The City of Salina Board of Commissioners

SALINA AIRPORT AUTHORITY

PRINCIPAL OFFICERS AS OF DECEMBER 31, 2019

BOARD OF DIRECTORS

Kent D. Buer, Chairman
Alan Eichelberger, Vice Chairman
Kristin Gunn, Secretary
Troy L. Vancil, Treasurer
Brian Weisel, Past Chairman

AUTHORITY'S COUNSEL

Greg A. Bengtson
Clark, Mize & Linville, Chartered
Salina, Kansas

AUTHORITY'S BOND COUNSEL

Gilmore & Bell
Kansas City, Missouri

AUTHORITY'S FINANCIAL ADVISOR

George K. Baum & Company
Kansas City, Missouri

AUTHORITY'S AUDITOR

Adams Brown Beran & Ball, Chtd.
20006 Broadway, Suite 2A
P.O. Drawer J
Great Bend, KS 67530

SALINA AIRPORT AUTHORITY**Staff Members as of December 31, 2019****ADMINISTRATIVE STAFF**

Timothy F. Rogers, A.A.E.	Executive Director
Michelle R. Swanson, C.M.	Director of Administration and Finance
Kenny Bieker	Director of Facilities and Construction
Kasey L. Windhorst	Business and Communications Manager
David Sorell	Operations Manager
Donald C. Kneubuhl	Manager of Special Projects
Kaycie Taylor	Administrative Assistant
Jazstyn Moyer	Airport Management Intern

FACILITY MAINTENANCE and OPERATIONS

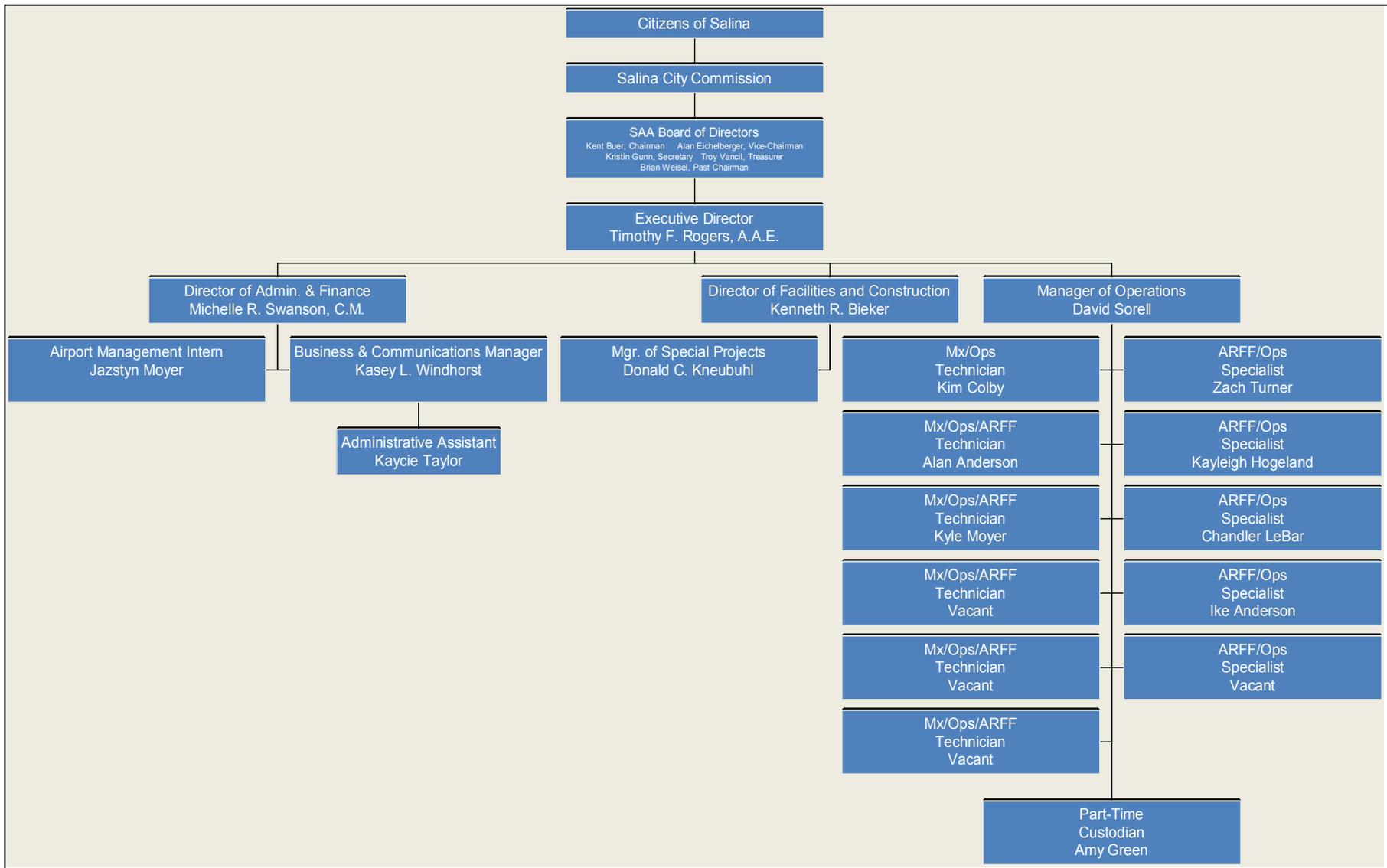
Kim Colby	Alan Anderson
Kyle Moyer	Eric Wood
Amy Green	

AIRCRAFT RESCUE AND FIREFIGHTING and SAFETY and SECURITY

Zach Turner	Kayleigh Hogeland
Chandler LeBar	Ike Anderson

SALINA Airport Authority

December 2019



SALINA Airport *Authority*





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Great Bend, Kansas 67530-4043

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Salina Airport Authority
Salina, Kansas

We have audited the accompanying financial statements of the business-type activities of **Salina Airport Authority**, a component unit of the City of Salina, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of **Salina Airport Authority**, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Salina Airport Authority's** basic financial statements. The introductory section, supplemental information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior Period Financial Statements

The financial statements of **Salina Airport Authority** as of December 31, 2018, were audited by Mize Houser & Company P.A. and whose report dated September 25, 2019 expressed an unmodified opinion on those statements.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

June 8, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Salina Airport Authority offers the readers of the Authority's audited financial statements this narrative overview and analysis of the financial activities of the Salina Airport Authority for the fiscal year ended December 31, 2019.

The Salina Air Traffic Control Tower (ATCT) ended 2019 having handled 76,553 aircraft operations. This represented a 10.5% increase in total aircraft operations over the prior year which had seen a 13.3% increase over 2017. Both years saw an increase in both local and itinerant military traffic as well as air taxi and local civilian operations. The air traffic growth coincides with two consecutive years of record enrollment in K-State's professional pilot program. K-State Salina's expanded professional pilot and helicopter flight training programs had assisted in the upward trend in air traffic in previous years as well as an overall increase in commercial business traffic. At the end of 2019, Salina Regional Airport remains ranked number one in terms of the busiest FAA contract towered airport in the state in terms of operations and fuel delivered. Salina's 2019 ATCT's national ranking for airport operations is 71 out of 256 federal contract towered airports.

Salina continues to remain strong as a mid-continent refueling stop and has earned the recognition as "America's Fuel Stop". At the end of 2019, world-class Fixed Based Operator (FBO), Avflight Corporation, completed its sixth year as the aircraft fueling at the Salina Regional Airport. Avflight provides fueling and ground services to the wide mix of air traffic that includes business jets, air carrier, military, and general aviation. Avflight is part of the Avfuel-branded FBO network of 700 independently owned FBOs around the globe. In addition, Salina continues to remain strong as a base of operations for military and civilian flight training. During 2019, Avflight delivered 2.3 million gallons, representing a single digit decrease over the two prior years on the heels of a 41% YOY increase from 2016-2017. Since Avflight's 2014 takeover of the fueling operation at SLN, fuel sales have seen 3 years with double digit year-over-year increases.

Commercial airline service is afforded to Salina through the Department of Transportation's (DOT) Essential Air Service Program (EAS). On December 21, 2017, the United States Department of Transportation (the Department) selected SkyWest Airlines, Inc. (SkyWest), to provide EAS at Salina, Kansas, using 50-passenger Canadair Regional Jet CRJ200 aircraft for a two-year contract term from April 1, 2018, through March 31, 2020, for SkyWest to provide Salina with 12 weekly round trips to Denver International Airport (DEN) and/or Chicago O'Hare International Airport (ORD). The service is branded as United Express.

From 2017 to 2018, the Airport saw an increase of 46.6% with the jump to 50-seat jet service, operated by SkyWest Airlines, to both United's Chicago and Denver hubs. Of significance is the fact that passenger enplanements exceeding 10,000 annually, allows the airport to receive \$1 million per year in Federal Aviation Administration entitlement dollars for eligible airport capital improvements.

From 2018 to 2019, the Salina Regional Airport's passenger enplanements continued the positive trend increasing 4.38% as a result of the SkyWest's performance and the market responding. Additionally, the airport continued to serve numerous aircraft as an Airport of Embarkation/Debarcation (APOE/APOD) for Kansas' army military installation known at Fort Riley. Home of the Army's 1st Infantry division, Fort

Riley utilizes the infrastructure at the Airport for the deployment of service men and women and cargo to training venues and military missions throughout the world. In addition to an increase in military aircraft activity, the Airport has benefited from the increase in commercial airline charter operations as a result of serving as an APOE/APOD.

The changes in the Authority's major airport activity indicators for the past three years are as follows:

	2019	2018	2017
Enplanements - Scheduled Air Carrier & Charter Flights	21,189	20,299	13,850
% increase / (decrease)	4.38%	46.56%	249.13%
Aircraft Operations - All Categories	76,553	69,293	61,141
% increase / (decrease)	10.48%	13.33%	-20.71%
Fuel Flowage - (gallons delivered)	2,278,659	2,414,825	2,622,158
% increase / (decrease)	-5.64%	-7.91%	40.91%

AIRPORT INDUSTRIAL CENTER ACTIVITY AND HIGHLIGHTS

The Authority owns over 1.2 million sq. ft. of manufacturing, warehouse and office space at the Airport Industrial Center. As further described herein, the building and land revenue generated by the Authority's leasing activity constitutes a significant portion of the annual operating revenue budget. During 2019, building rents equaled \$1,349,788 or 55.5% of operating revenue. At the end of 2019, the Authority had an occupancy rate of 71% in its building inventory, up from the 60% in 2016. The Authority has made great strides in recent years in re-leasing a portion of the 484,003 sq. ft. of property vacated by Hawker Beechcraft Corporation (HBC) division in Salina in 2012.

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

Even with the uncertainty in the aviation industry and the slow growth in the economy, the financial condition of the Authority has held steady in recent years. The Authority has effectively dealt with major cost increases in employee health benefits including medical insurance premiums, utility costs, commercial property insurance premiums and other operating expenses. In addition, the Authority has managed through the termination of four operating revenue leases from three principal tenants since 2012, representing nearly \$850,000 in annual operating revenue. Fortunately, since 2012, the Authority has added more than fifteen new tenants, diversifying its tenant base and the operating revenues have steadily increased with 2018 reaching a historic high of nearly \$2.5 million and 2019 only slightly lower at \$2.4 million.

SUMMARY OF OPERATIONS HIGHLIGHTS

Significant items affecting the Summary of Operations and Changes in Net Position for 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Operating revenues	\$ 2,432,958	\$ 2,499,892	\$ 2,213,300
Operating expenses	<u>(2,355,435)</u>	<u>(2,431,170)</u>	<u>(2,160,623)</u>
Excess of revenues over expenses before depreciation	77,523	68,722	52,677
Depreciation	<u>(2,898,650)</u>	<u>(2,761,019)</u>	<u>(2,593,092)</u>
Loss before non-operating revenues and expenses	(2,821,127)	(2,692,297)	(2,540,415)
Non-operating revenues and (expenses), net	<u>1,497,105</u>	<u>1,520,944</u>	<u>1,345,160</u>
Loss before capital contributions	(1,324,022)	(1,171,353)	(1,195,255)
Capital contributions	<u>1,727,674</u>	<u>1,474,356</u>	<u>1,280,204</u>
Net position			
Increase in net position	403,652	303,003	84,949
Net position, beginning of period as previously reported	22,099,133	21,808,184	21,723,235
Cumulative change in accounting principle	<u>-</u>	<u>(12,054)</u>	<u>-</u>
Net position, beginning of year as restated	<u>22,099,133</u>	<u>21,796,130</u>	<u>21,723,235</u>
Net position, end of period	<u>\$ 22,502,785</u>	<u>\$ 22,099,133</u>	<u>\$ 21,808,184</u>

- Operating revenues have increased in recent years due to new tenants and releasing properties and diversifying the tenant base as mentioned previously with 2019 and 2018 revenues posting ten year highs. Although fuel flowage fees derived from the delivery and sale of aviation fuel at the Airport dipped by 5.64% and 7.91% respectively for 2019 and 2018, this revenue stream jumped significantly when it increased 41% in 2017 where it reached the highest level in the last seven years. There is a continued trend upward in aircraft operations after a decrease in corporate and general aviation flying due to the economy, which will continue to assist in the upward trend derived from fuel flowage fees. Military traffic at the Airport continues to remain strong and the field at KSLN continues to have a steady stream of based training operations that generate hangar rent, fuel flowage and other rental revenue.
- The Authority's operating expense decreased by 3.12% in 2019 after increasing by 12.5% in 2018 after decreasing year-over-year expenses for the previous six years. After slipping to a vacancy rate of 58% in early 2012, the Authority loss of revenue attributable to the closure of Hawker

Beechcraft, required significant cost-cutting measures. With the occupancy rate having improved by over 20% at the end 2019, the Authority was able to expend dollars on deferred airfield, building and equipment maintenance.

- During 2012-2019, the Authority made a concerted effort to hold and reduce operating costs by reducing travel and meeting expense as well as reducing all dues and subscriptions and cancelling all non-essential items.
- In addition, the Authority was able to reduce building maintenance expense in recent years by over 60% by utilizing in-house personnel for items that were previously contracted out to third party vendors.
- Depreciation expense increased due to very capital-intensive years with investment reaching \$2.9 million in 2019 and \$2.7 million in 2018.
- Capital grants and contributions during 2019 and 2018 totaled \$1,727,674 and \$1,474,356, respectively with the significant projects including the rehabilitation of the Authority's largest aircraft hangar, Hangar 959, for a new Part 145 maintenance tenant, the renovation of Hangar 504 for a new based air ambulance company, design of the Airport's rehabilitation of Taxiway's E & B and the acquisition of a new 3,000-gallon Aircraft Rescue and Fire Fighting truck.
- Ad-valorem tax revenue (mill levy) received by the Authority as a local taxing entity increased 1.4% from 2018 to 2019 and 14.4% from 2017 to 2018. Interest received on investments increased by \$14,209 from 2018 to 2019 due to additional bond proceeds on hand and slightly higher returns on cash on hand after years of significantly lower interest income, with the historical lows in investment yields.

FINANCIAL POSITION SUMMARY

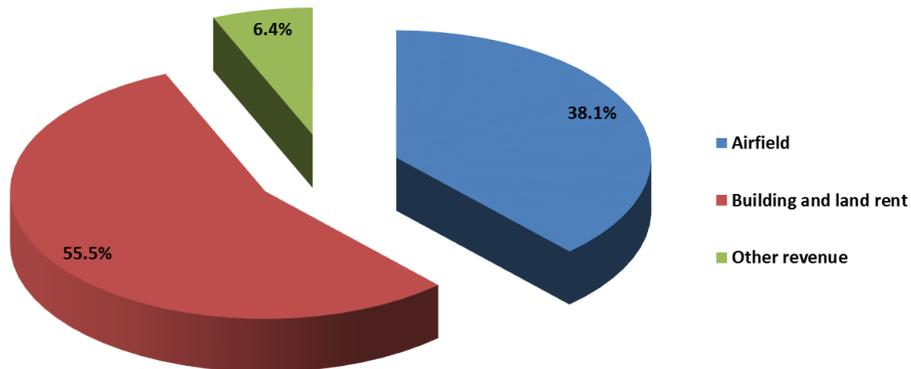
The changes in net position may serve over time as a useful indicator of a government's financial position. The Authority's assets exceeded liabilities by \$22,502,785 at the close of 2019. A condensed summary of the Authority's total net position at December 31st for the previous three years is shown on the next page.

The Authority's net position reflects its heavy investment in capital assets including land, buildings, airfield infrastructure and machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	2019	2018	2017
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 1,512,621	\$ 407,891	\$ 1,889,263
Capital assets	44,110,767	43,860,869	43,770,431
Deferred Outflows of Resources	1,276,204	1,381,850	1,496,655
Total Assets and Deferred Outflows of Resources	<u>\$ 46,899,592</u>	<u>\$ 45,650,610</u>	<u>\$ 47,156,349</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Long-term debt outstanding	20,984,752	19,400,693	22,794,569
Other liabilities	3,370,643	4,082,418	2,457,110
Total liabilities	<u>24,355,395</u>	<u>23,483,111</u>	<u>25,251,679</u>
Deferred Inflows of Resources	<u>41,412</u>	<u>68,366</u>	<u>96,486</u>
NET POSITION			
Net investment in capital assets	21,698,665	22,491,023	19,753,708
Unrestricted	<u>804,120</u>	<u>(391,890)</u>	<u>2,054,476</u>
Total net position	<u>22,502,785</u>	<u>22,099,133</u>	<u>21,808,184</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 46,899,592</u>	<u>\$ 45,650,610</u>	<u>\$ 47,156,349</u>

REVENUES

The following chart shows the major sources and the percentage of total operating revenues for the year ended December 31, 2019:

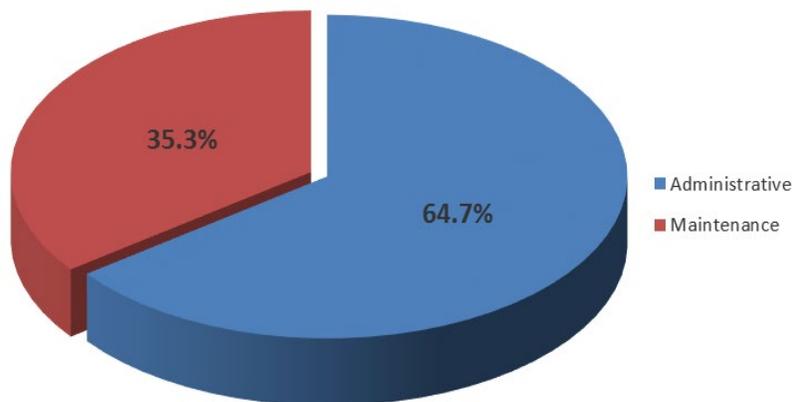


A summary of revenues for the past three years is shown below. Total revenue decreased slightly (.09% or \$4,341) from 2018 to 2019 following a 13.28% or \$568,322 increase from 2017 to 2018. The increase in operating revenue in 2018 is a result of the increase in building and land rental attributable to increased occupancy rates. Other operating income has increased as a result of new sources of income including equipment rental to visiting military units and flight test activity.

	2019	2018	2017
Operating Revenue:			
Airfield	\$ 927,921	\$ 780,755	\$ 712,991
Building and land rent	1,349,788	1,383,282	1,310,833
Other revenue	155,249	335,855	189,476
Total Operating	2,432,958	2,499,892	2,213,300
Non-Operating Income:			
Mill Levy	2,371,463	2,338,967	2,043,302
Interest Income	17,954	3,745	974
Gain on sale of assets	21,263	5,375	22,081
Total Non-Operating	2,410,680	2,348,087	2,066,357
TOTAL REVENUE	\$ 4,843,638	\$ 4,847,979	\$ 4,279,657

EXPENSES

The following chart shows the major expense categories and the percentage of total operating expenses for the year ended December 31, 2019:



A summary of expenses for the past three years is shown below. Total operating expenses decreased 3.12% in 2019 following a 12.5% increase over the prior year in 2018. Prior to 2017 and increased building occupancy resulting in higher revenues, the Authority has taken significant steps to hold operating expenses down, including completing more facility maintenance projects in-house and reducing administrative expenses such as travel and meetings. With the exception of 2017, the Authority reduced operating expenses year-over-year for the previous six years.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Expenses			
Administrative	\$ 1,524,897	\$ 1,567,514	\$ 1,264,135
Maintenance	830,538	863,656	896,488
Total Operating	<u>2,355,435</u>	<u>2,431,170</u>	<u>2,160,623</u>
Non-Operating Expenses			
Interest Expense	840,390	827,143	573,533
Bond Issue Costs	73,185	-	147,664
Total Non-Operating	<u>913,575</u>	<u>827,143</u>	<u>721,197</u>
TOTAL EXPENSES	<u><u>\$ 3,269,010</u></u>	<u><u>\$ 3,258,313</u></u>	<u><u>\$ 2,881,820</u></u>

CAPITAL ACQUISITIONS AND CONSTRUCTION ACTIVITIES

Capital grants and contributions during 2019 totaled \$1,727,674 which included significant funding through the Federal Aviation Administration's Airport Improvement Program to provide 90% grant funding for the Authority's Terminal Building Master Plan Update. In addition, the Authority received \$750,000 in funding support for the pavement rehabilitation of the Hangar 959 ramp and improvements to Rwy. 17/35.

The Authority acquired \$3,182,404 in capital assets during 2019. Significant items included the rehabilitation of the Authority's largest aircraft hangar, Hangar 959 and several airport and industrial center building improvement projects. Additional information on the Authority's capital assets can be found in Note III (C) in the notes to the financial statements and within the Supplemental Section of this report.

Capital asset acquisitions exceeding \$1,000 are capitalized at cost and are depreciated over their useful lives, with the exception of land. The Authority's capital assets are financed using Federal and State grants with matching Authority funds, debt issuance and Authority revenues. Additional information can be found in Note I (E) in the notes to the financial statements.

DEBT ADMINISTRATION

The outstanding long-term debt of the Authority was \$22,412,102 net of unamortized bond discounts at December 31, 2019. This debt consists of general obligation bonds and temporary notes and City of Salina special assessments. Maturities range from 2019 through 2031. Both principal and interest are payable from the Authority's mill levy revenue. Details of the Authority's debt can be found in Note III (D) in the notes to the financial statements.

REQUEST FOR INFORMATION

This Management's Discussion and Analysis is designed to provide detailed information on the Authority's operations and the financial results of those operations to all those with an interest in the Authority's financial affairs. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Administration and Finance by e-mail: shellis@salair.org or in writing to, Salina Airport Authority, 3237 Arnold Ave., Salina, KS 67401.

Respectfully submitted,



Timothy F. Rogers, A.A.E.
Executive Director



Michelle R. Swanson, C.M.
Director of Administration and Finance

SALINA AIRPORT AUTHORITY
STATEMENTS OF NET POSITION

For the Years Ended December 31, 2019 and December 31, 2018

<u>ASSETS AND DEFERED OUTFLOWS OF RESOURCES</u>	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 655,020	\$ 255,390
Accounts receivable, net of allowance for uncollectibles	848,249	145,403
Prepaid expenses	<u>9,352</u>	<u>7,098</u>
Total Current Assets	<u>1,512,621</u>	<u>407,891</u>
NON-CURRENT ASSETS		
Capital Assets		
Land	10,166,124	9,965,118
Buildings, improvements and equipment, net of depreciation	33,812,426	33,886,830
Construction in progress	<u>132,217</u>	<u>8,921</u>
Total Non-Current Assets	<u>44,110,767</u>	<u>43,860,869</u>
TOTAL ASSETS	<u>45,623,388</u>	<u>44,268,760</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred KPERS pension funds	131,923	111,199
Deferred KPERS OPEB	<u>4,220</u>	<u>4,294</u>
Deferred advanced refunding	<u>1,140,061</u>	<u>1,266,357</u>
Total Deferred Outflows of Resources	<u>1,276,204</u>	<u>1,381,850</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 46,899,592</u></u>	<u><u>\$ 45,650,610</u></u>

SALINA AIRPORT AUTHORITY
 STATEMENTS OF NET POSITION
 For the Years Ended December 31, 2019 and December 31, 2018
 (continued)

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 867,149	\$ 1,086,778
Accrued payroll and expenses	39,597	41,129
Accrued property tax	55,154	68,602
Accrued special assessments	1,282	1,282
Unearned rental and marketing income	49,208	31,975
Accrued interest	227,145	218,063
Current maturities of long-term debt	<u>1,427,350</u>	<u>1,969,153</u>
Total Current Liabilities	<u>2,666,885</u>	<u>3,416,982</u>
NON-CURRENT LIABILITIES		
Bonds and notes payable, less current maturities	20,984,752	19,400,693
Net pension liability	632,856	605,630
Net OPEB liability	13,338	11,126
Security deposits returnable	<u>57,564</u>	<u>48,680</u>
Total Non-Current Liabilities	<u>21,688,510</u>	<u>20,066,129</u>
Total Liabilities	<u>24,355,395</u>	<u>23,483,111</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred KPERS pension funds	36,718	64,402
Deferred KPERS OPEB	<u>4,694</u>	<u>3,964</u>
Total Deferred Inflows of Resources	<u>41,412</u>	<u>68,366</u>
NET POSITION		
Net investment in capital assets	21,698,665	22,491,023
Unrestricted	<u>804,120</u>	<u>(391,890)</u>
Net Position	<u>22,502,785</u>	<u>22,099,133</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 46,899,592</u></u>	<u><u>\$ 45,650,610</u></u>

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES and CHANGES IN NET POSITION
 For the Years Ended December 31, 2019 and December 31, 2018

	<u>January 1 to December 31</u>	
	<u>2019</u>	<u>2018</u>
Operating Revenues		
Airfield	\$ 927,921	\$ 780,755
Building and land rent	1,349,788	1,383,282
Other revenue	155,249	335,855
	<hr/>	<hr/>
Total Operating Revenues	2,432,958	2,499,892
	<hr/>	<hr/>
Operating Expenses		
Administrative	1,524,897	1,567,514
Maintenance	830,538	863,656
	<hr/>	<hr/>
Total Operating Expenses	2,355,435	2,431,170
	<hr/>	<hr/>
Revenues over Expenses before Depreciation	77,523	68,722
Depreciation	<u>(2,898,650)</u>	<u>(2,761,019)</u>
Operating Loss Before Non-Operating Revenues and Expenses	<u>(2,821,127)</u>	<u>(2,692,297)</u>
Non-Operating Revenues and (Expenses)		
Mill levy	2,371,463	2,338,967
Interest on investments	17,954	3,745
Interest expense	(840,390)	(827,143)
Bond issue costs	(73,185)	-
Gain on sale of assets	21,263	5,375
	<hr/>	<hr/>
Total Non-Operating Revenues and (Expenses)	1,497,105	1,520,944
	<hr/>	<hr/>
Loss before Capital Contributions	(1,324,022)	(1,171,353)
Capital Contributions	<u>1,727,674</u>	<u>1,474,356</u>
Net Position		
Increase in net position	403,652	303,003
Net position, beginning of year	<u>22,099,133</u>	<u>21,808,184</u>
Prior period adjustment	-	(12,054)
Net position - beginning, restated	<u>22,099,133</u>	<u>21,796,130</u>
Net position, end of year	<u><u>\$ 22,502,785</u></u>	<u><u>\$ 22,099,133</u></u>

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(DIRECT METHOD)

For the Years Ended December 31, 2019 and December 31, 2018

	<u>January 1 to December 31</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from providing services	\$ 1,730,112	\$ 2,621,123
Cash paid to employees for services	(841,457)	(845,650)
Cash paid to suppliers for goods and services	(1,616,595)	(578,006)
Net Cash Provided (Used) by Operating Activities	<u>(727,940)</u>	<u>1,197,467</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of property, plant and equipment	(3,182,404)	(2,851,457)
Proceeds from capital grants	1,727,674	1,474,356
Proceeds from property tax	2,371,463	2,338,967
Proceeds from sale of capital assets	55,120	5,375
Principal payments on debt	(5,337,744)	(2,646,876)
Proceeds of new borrowing	6,380,000	-
Bond issuance costs	(73,185)	-
Interest paid on long-term debt	<u>(831,308)</u>	<u>(879,978)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,109,616</u>	<u>(2,559,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on deposits	<u>17,954</u>	<u>3,745</u>
INCREASE (DECREASE) IN CASH	399,630	(1,358,401)
CASH BALANCE - January 1	<u>255,390</u>	<u>1,613,791</u>
CASH BALANCE - December 31	<u>\$ 655,020</u>	<u>\$ 255,390</u>

(continued)

The accompanying notes are an integral part of these financial statements.

SALINA AIRPORT AUTHORITY
STATEMENTS OF CASH FLOWS
(DIRECT METHOD)
(continued)

For the Years Ended December 31, 2019 and December 31, 2018

RECONCILIATION OF OPERATING LOSS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES

	<u>January 1 to December 31</u>	
	<u>2019</u>	<u>2018</u>
OPERATING LOSS	\$ (2,821,127)	\$ (2,692,297)
ADJUSTMENTS RECONCILING OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	2,898,650	2,761,019
Decrease (Increase) in operating assets		
Accounts receivable	(702,846)	121,231
Prepaid expenses	(2,255)	1,740
Change in deferred outflows of resources	105,646	114,805
Increase (Decrease) in operating liabilities		
Accounts payable (operations)	(219,629)	928,483
Accrued payroll expenses	(1,533)	(5,250)
Accrued property tax and special assessments	(13,447)	9,389
Unearned rental income	17,233	(14,112)
Security deposits	8,884	(667)
Net pension liability	29,438	1,246
Change in deferred inflows of resources	(26,954)	(28,120)
Total Adjustments	<u>2,093,187</u>	<u>3,889,764</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (727,940)</u>	<u>\$ 1,197,467</u>

The accompanying notes are an integral part of these financial statements.

Salina Airport Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Salina Airport Authority (Authority) was established by the City of Salina, pursuant to Chapter 27, Article 3, of the Kansas Statutes Annotated for the purpose of acquiring surplus federal government property, specifically the former Schilling Air Force Base, located near the City of Salina. The Authority operates, maintains, and develops the Salina Regional Airport and the Salina Airport Industrial Center. The Authority is controlled by a five-member Board of Directors appointed by the Salina City Commission and, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, the Authority is considered to be a component unit of the City of Salina. The Authority is discreetly presented in the City's financial statements.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments in the United States of America.

The Authority consists of a single enterprise fund. Enterprise funds are classified as proprietary funds by the GASB and are accounted for using a total economic resource measurement focus. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the costs of providing services on a continuing basis be recovered through user fees and rents. The financial statements are prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized as earned and expenses as incurred.

Revenues from airlines, fuel flowage fees, building and land rents, and rental car commissions are reported as operating revenues. Transactions, which are capital, financing or investing related, and the sale of assets, related to economic development, are reported as non-operating revenues. All expenses related to operating the Airport and Industrial Center are reported as operating expenses. Interest expense and financing costs are reported as non-operating expenses.

During the fiscal year ended December 31, 2018, the Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the KPERS insurance postemployment benefits. Accordingly, the beginning net position balance was restated as follows:

Net position, beginning of year, January 1, 2018	\$ 21,808,184
Adoption of GASB 75	(12,054)
Net position - beginning, January 1, 2018, Restated	\$ 21,796,130

C. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures that can affect these financial statements. Actual results could differ from those estimates.

D. Property Taxes

The Authority has the ability by statute to levy up to three mills with approval from the governing body of the City for operational purposes. An additional one mill may be levied in order to match grants, subject to a notice and protest period. These mills do not apply to the Authority's ability to levy unlimited taxes for the repayment of its general obligation debt.

E. Pending Accounting Pronouncements

The Authority is preparing to implement the following Statements of Governmental Accounting Standards, established by the Governmental Accounting Standards Board (GASB) on or before the required implementation date. Management is currently evaluating the effect that the standards will have on the financial statements.

- GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73
- GASB Statement No. 83, Certain Asset Retirement Obligations
- GASB Statement No. 87, Leases
- GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- GASB Statement No. 92, Omnibus 2020

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position.

1. Cash and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. The Authority held no investments during these years.

2. Receivables

Accounts Receivable. The Authority records revenues when services are provided. All receivables are shown net of an allowance for uncollectibles.

3. Inventories

The Authority maintains no significant inventory of office and maintenance supplies. These items are expensed as purchased and no inventory is recorded in these financial statements. The Authority uses the consumption approach in valuing inventories of Avgas sold for retail. That is, the purchase is recorded as a current asset on the cost basis and the expenditure is deferred until the inventory is consumed under the weighted average cost method.

4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Capital Contributions

Airport Improvement Program - Certain expenditures for airport capital improvements are significantly funded through the Federal Aviation Administration's Airport Improvement Program (AIP) and the Kansas Department of Transportation's Airport Improvement Program (KAIP), with certain matching funds of the Authority. Capital funding provided under the AIP grant programs are considered earned as the related allowable expenditures are incurred. Grants received under the AIP programs are reported in the Statement of Revenues, Expenses and Changes in Net Position, as non-operating revenues and expenses as capital contributions.

Defense Reutilization Marketing Office Program - The Authority is a participant in the Defense Reutilization Marketing Office (DRMO) program. The DRMO entity disposes of United States military surplus property. The property is first offered for reutilization with the Department of Defense, transferred to other federal agencies or donated to state and local governments.

The Authority's policy is to record capital assets having a cost (or by implication fair value) in excess of \$1,000 at acquisition. The Authority's capitalization policy with respect to capital assets is to expense capital assets costing \$1,000 or less. Freight or other expenses necessary to put the asset into service equal to or greater than \$1,000, are capitalized.

The Authority estimates the United States military donated items to have a value equal to 20% of cost. Items having an original cost by the military of less than \$5,000 will be valued at \$1 with memo of original cost. Items having an original cost of more than \$5,000 will be valued at 20% of original cost rounded to the nearest \$1,000 with a memo to the file of the original cost.

The Authority keeps record of the military donated assets having an original cost by the military of \$5,000 or less in order to meet the tracking requirement and will treat as a consumable because the Authority believes the fair value of these is less than \$1,000 each.

If the Authority receives reliable written information indicating this procedure has produced a value significantly different from fair value, an adjustment to that value will be made.

Donated DRMO property with a value in excess of \$1,000 is reported in the Statement of Revenues, Expenses and Changes in Net Position, as non-operating revenues and expenses as capital contributions.

The Federal Aviation Administration, as the oversight agency, requires that the Airport track all the contributed property and the property must be held for at least one year prior to disposition.

6. Capital Assets

Capital assets purchased or constructed are recorded at cost. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not included in capital assets cost. Capital assets donated to the Authority are recorded at their estimated fair value at the date of donation. Donated assets include property and equipment transferred to the Authority from the United States of America, September 9, 1966 and recorded at fair value at that date. The Authority maintains a capitalization threshold of \$1,000.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 – 50
Equipment	5 – 10
Vehicles	7 – 10
Airfield	10 – 30

7. Compensated Absences

Substantially all full-time employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for various categories of absence is generally based on length of service. Liabilities relating to these absences are recognized as incurred and included in accrued expenses. Per the Authority's compensation policy, the paid time off is not able to accrue beyond a one year period, therefore all such liabilities are recorded as current. The amount accrued for such liabilities at December 31, 2019 and 2018 was \$39,195 and \$39,027 respectively.

Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
\$ 39,027	\$ 8,114	\$ (7,946)	\$ 39,195

Balance January 1, 2018	Increase	Decrease	Balance December 31, 2018
\$ 33,070	\$ 10,219	\$ (4,262)	\$ 39,027

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority currently reports deferred charges on early retirement on debt refunding. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Authority also reports a collective deferred outflow of resources related to pensions and deferred outflows for OPEB, which is described further in Note IV A and Note IV G, respectively.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a collective deferred inflow of resources related to pensions and OPEB, which is described further in Note IV A and Note IV G, respectively.

9. Net Position

In proprietary fund financial statements net position is classified into three components:

- Net investment in capital assets - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Authority first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Cash-Basis Law (KSA 10-1113)

The Authority was in compliance with this law at all times during the year.

B. Depository Security (KSA 9-1402)

The Authority's funds were adequately secured at all times during the year.

C. Bond Payments (KSA 10-130)

The Authority did not remit or provide certification to the state fiscal agent for the September 1, 2019 payment stating that funds are on deposit and held in trust for the payment of interest and principal at least 20 days prior to maturity of the bonds, which is a violation of KSA 10-130. The certification was provided one day late.

III. DETAILED NOTES

A. Deposits

As of December 31, 2019 and 2018, the Authority had cash and cash equivalents as listed below:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Gross Cash Balances		
Cash	\$ 390,336	\$ 255,390
Less deposits in transit and petty cash	(2,831)	(50)
Add uncleared checks	<u>67,192</u>	<u>26,907</u>
Bank Balance	454,697	282,247
Less FDIC Coverage	<u>255,783</u>	<u>255,804</u>
Balances Securable by Collateral	<u>\$ 198,914</u>	<u>\$ 26,443</u>
Security Provided by Depositories	<u>\$ 831,279</u>	<u>\$2,507,679</u>

As of December 31, 2019, the Authority had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities less than 1 year</u>	<u>Rating U.S.</u>
Kansas Municipal Investment Pool	\$ 264,683	\$ 264,683	N/A

The Authority did not have any activity in investment-type assets in 2018.

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

The Authority’s policies relating to deposits and investments are governed by various Kansas Statutes (KSA). Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

Interest rate risk – In accordance with Kansas Statute 12-1675, the Authority manages its exposure to interest rate fluctuations by limiting all time investments to maturities of less than two years.

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The Authority’s policy is to place idle funds in certificates of deposit, United States obligations, and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AA Af/S1+ by Standard & Poor’s as of the date of this report. The KMIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments. Maturity information released by the KMIP showed that the investment pool consisted of investment with a maturity date of 365 days or less.

Custodial credit risk deposits– The Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Kansas Statutes 9-1402 and 9-1405 require that governments obtain security for all deposits. The Authority manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Authority manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the Kansas Municipal Investment Pool are diverse according to the policies of the investment pool.

B. Receivables

Receivables as of year-end, including the applicable allowance for uncollectible accounts, are as follows:

	<u>2019</u>	<u>2018</u>
Receivables		
Accounts	\$ 99,749	\$ 145,403
Grants	750,000	
Less: allowance for uncollectibles	(1,500)	-
Total	<u>\$ 848,249</u>	<u>\$ 145,403</u>

C. Capital Assets

The following is a summary of the changes in capital assets during the current and preceding year:

	Balance January 1, 2019	Additions	Dispositions	Reclassify	Balance December 31, 2019
Capital Assets					
Non-Depreciable					
Land	\$ 9,965,118	\$ 201,006	\$ -	\$ -	\$ 10,166,124
Construction in progress	8,921	123,297	-	-	132,218
Total Non-Depreciable	<u>9,974,039</u>	<u>324,303</u>	<u>-</u>	<u>-</u>	<u>10,298,342</u>
Depreciable					
Buildings and improvements	27,378,551	2,461,045	-	-	29,839,596
Airfield and improvements	45,799,412	8,675	-	-	45,808,087
Equipment	5,247,679	388,382	(43,285)	-	5,592,776
Total Depreciable	<u>78,425,642</u>	<u>2,858,102</u>	<u>(43,285)</u>	<u>-</u>	<u>81,240,459</u>
Total Non-Depreciable & Depreciable	<u>\$ 88,399,681</u>	<u>\$ 3,182,405</u>	<u>\$ (43,285)</u>	<u>\$ -</u>	<u>\$ 91,538,801</u>
Accumulated depreciation					
Buildings and improvements	\$ (14,342,161)	\$ (1,052,712)	\$ -	\$ -	\$ (15,394,873)
Airfield and improvements	(26,418,799)	(1,605,713)	-	-	(28,024,512)
Equipment	(3,777,852)	(240,225)	9,428	-	(4,008,649)
Total Accumulated Depreciation	<u>(44,538,812)</u>	<u>(2,898,650)</u>	<u>9,428</u>	<u>-</u>	<u>(47,428,034)</u>
Total Capital Assets	<u>\$ 43,860,869</u>	<u>\$ 283,755</u>	<u>\$ (33,857)</u>	<u>\$ -</u>	<u>\$ 44,110,767</u>

	Balance January 1, 2018	Additions	Dispositions	Reclassify	Balance December 31, 2018
Capital Assets					
Non-Depreciable					
Land	\$ 9,888,105	\$ 77,012	\$ (126,513)	\$ 126,514	\$ 9,965,118
Construction in progress	<u>3,126,257</u>	<u>8,921</u>	<u>-</u>	<u>(3,126,257)</u>	<u>8,921</u>
Total Non-Depreciable	<u>13,014,362</u>	<u>85,933</u>	<u>(126,513)</u>	<u>(2,999,743)</u>	<u>9,974,039</u>
Depreciable					
Buildings and improvements	27,244,064	114,367	-	20,120	27,378,551
Airfield and improvements	41,026,421	1,793,701	(26,000)	3,005,290	45,799,412
Equipment	<u>4,289,854</u>	<u>983,492</u>	<u>-</u>	<u>(25,667)</u>	<u>5,247,679</u>
Total Depreciable	<u>72,560,339</u>	<u>2,891,560</u>	<u>(26,000)</u>	<u>2,999,743</u>	<u>78,425,642</u>
Total Non-Depreciable & Depreciable	<u>\$ 85,574,701</u>	<u>\$ 2,977,493</u>	<u>\$ (152,513)</u>	<u>\$ -</u>	<u>\$ 88,399,681</u>
Accumulated depreciation					
Buildings and improvements	\$ (13,328,481)	\$ (1,013,680)	\$ -	\$ -	\$ (14,342,161)
Airfield and improvements	(24,889,514)	(1,555,762)	26,000	477	(26,418,799)
Equipment	<u>(3,586,275)</u>	<u>(191,577)</u>	<u>-</u>	<u>-</u>	<u>(3,777,852)</u>
Total Accumulated Depreciation	<u>(41,804,270)</u>	<u>(2,761,019)</u>	<u>26,000</u>	<u>477</u>	<u>(44,538,812)</u>
Total Capital Assets	<u>\$ 43,770,431</u>	<u>\$ 216,474</u>	<u>\$ (126,513)</u>	<u>\$ 477</u>	<u>\$ 43,860,869</u>

D. Long-Term Liabilities

Following is a summary of changes in long-term liabilities during the current and preceding year:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Current Maturities December 31, 2019
Long-term Liabilities					
General obligation bonds	\$ 21,427,000	\$ 6,380,000	\$ 5,382,000	\$ 22,425,000	\$ 1,425,000
Less unamortized discount	(64,208)	-	(46,505)	(17,703)	-
Net pension liability and OPEB	616,756	29,438	-	646,194	-
Special assessment debt	7,054	-	2,249	4,805	2,350
Security deposits returnable	48,680	8,884	-	57,564	-
Total Long-Term Liabilities	<u>\$ 22,035,282</u>	<u>\$ 6,418,322</u>	<u>\$ 5,337,744</u>	<u>\$ 23,115,860</u>	<u>\$ 1,427,350</u>
Current Maturities	<u>(1,969,153)</u>			<u>(1,427,350)</u>	
Long Term Liability Net	<u>\$ 20,066,129</u>			<u>\$ 21,688,510</u>	

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Current Maturities December 31, 2018
Long-term Liabilities					
General obligation bonds	\$ 24,087,000	\$ -	\$ 2,660,000	\$ 21,427,000	\$ 1,967,000
Less unamortized discount	(79,485)	-	(15,277)	(64,208)	-
Net pension liability and OPEB	603,456	13,300	-	616,756	-
Special assessment debt	9,207	-	2,153	7,054	2,153
Security deposits returnable	49,347	-	667	48,680	-
Total Long-Term Liabilities	<u>\$ 24,669,525</u>	<u>\$ 13,300</u>	<u>\$ 2,647,543</u>	<u>\$ 22,035,282</u>	<u>\$ 1,969,153</u>
Current Maturities	<u>(1,222,153)</u>			<u>(1,969,153)</u>	
Long Term Liability Net	<u>\$ 23,447,372</u>			<u>\$ 20,066,129</u>	

The following is a detailed listing of the Authority’s long-term debt including general obligation bonds and special assessment debt at December 31, 2019:

	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
General Obligation Debt			
General Obligation 2015-A, due 2025	\$ 3,075,000	2.67%	\$ 1,180,000
General Obligation 2017-A, due 2030	10,255,000	3.04%	10,080,000
General Obligation 2017-B due 2025	4,835,000	3.02%	4,785,000
General Obligation 2019-A due 2029	675,000	2.775%	675,000
General Obligation 2019-B due 2023	3,455,000	2.915%	3,455,000
General Obligation Temporary Notes 2019-1 due 2021	2,250,000	2.50%	2,250,000
Plus unamortized bond premium			28,069
Less unamortized bond discount			(45,772)
Total General Obligation Debt			<u>22,407,297</u>
Special Assessment Debt			
Hangar 600 Sanitary Sewer, due 2021	27,599	4.47%	<u>4,805</u>
Total Long Term Debt			<u>\$ 22,412,102</u>
Interest Expense in 2019 is as follows:			
General Obligation Bonds			\$ 644,163
Special Assessment Debt			411
Amortization of Bond Discount, Premium & Deferred Refundings			195,816
Total Debt Interest Expense			<u>\$ 840,390</u>

Annual debt service requirements to maturity for general obligation bonds and temporary notes to be paid with tax levies and rental revenues:

December 31, 2019

<u>Year</u>	<u>Bonds Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2020	\$ 1,425,000	\$ 662,126	\$ 2,087,126
2021	3,730,000	605,838	4,335,838
2022	1,525,000	508,668	2,033,668
2023	1,565,000	467,940	2,032,940
2024	1,615,000	424,235	2,039,235
2025-2029	8,805,000	1,410,175	10,215,175
2030-2031	3,760,000	174,476	3,934,476
	<u>\$ 22,425,000</u>	<u>\$ 4,253,457</u>	<u>\$ 26,678,457</u>

The Authority’s outstanding 2019-1 temporary notes will be refinanced in 2021 with Authority issued General Obligation bonds.

Annual debt service requirement to maturity for Special Assessment Debt to be paid from rental revenue:

Special Assessment

<u>Year</u>	<u>Principal</u>	<u>Interest Due</u>	<u>Total</u>
2020	\$ 2,350	\$ 215	\$ 2,565
2021	2,455	110	2,565
	<u>\$ 4,805</u>	<u>\$ 325</u>	<u>\$ 5,130</u>

E. Capital Contributions

Since its inception, the Authority has received capital contributions through Federal and State grants as follows:

	<u>Inception to Date</u>	<u>2019</u>	<u>2018</u>
Federal	\$33,520,437	\$ 801,196	\$1,317,286
State	2,215,849	750,000	-
Total	\$35,736,286	\$1,551,196	\$1,317,286

The Authority has designated \$90,000 to be used as an insurance increase reserve or to accelerate future debt service payments. As of December 31, 2019, the reserve had been funded but not used.

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

Description of Pension Plan. The Authority participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERs), a body corporate and an instrumentality of the State of Kansas. KPERs provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the Authority are included in the Local employees group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2019.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	2019	
	Actuarial	Statutory Employer
	<u>Employer Rate</u>	<u>Capped Rate</u>
Local employees	8.89%	8.89%
	2018	
	Actuarial	Statutory Employer
	<u>Employer Rate</u>	<u>Capped Rate</u>
Local employees	8.39%	8.39%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2019 are 6.00% for Local employees. Contributions to the pension plan for the Authority were \$83,638 and \$78,940 for the years ended December 31, 2019 and 2018, respectively.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the Authority’s share of the collective pension amounts as of December 31, 2019 and 2018, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2019 and 2018.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the Authority's proportion for the Local employees group was 0.045289%, which was an increase of .001837% from its proportion measured at June 30, 2018.

Net Pension Liability. At December 31, 2019 and 2018, the Authority reported a liability of \$632,856 and \$605,630, respectively, for its total proportionate share of the net pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

<u>Assumptions</u>	<u>Rate</u>
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.5% to 12.0% including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.85%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	<u>2.00%</u>	-0.25%
	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System’s Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

2019		
<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$ 945,184	\$ 632,856	\$ 371,600
2018		
<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$ 888,244	\$ 605,630	\$ 366,795

Pension Expense. For the years ended December 31, 2019 and 2018, the Authority recognized pension expense of \$73,753 and \$39,859, respectively, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2019 and 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions:

	2019 Deferred outflows of resources	2019 Deferred inflows of resources	2018 Deferred outflows of resources	2018 Deferred inflows of resources
Differences between actual and expected experience	\$ 1,385	\$ 15,938	\$ 2,187	\$ 17,161
Net differences between projected and actual earnings on investments	14,890	-	14,168	-
Changes in assumptions	19,342	1,283	26,226	2,916
Contributions made after measurement date	36,310	-	13,417	-
Changes in proportion	59,996	19,497	55,201	44,325
Total	<u>\$ 131,923</u>	<u>\$ 36,718</u>	<u>\$ 111,199</u>	<u>\$ 64,402</u>

The \$36,310 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>December 31,</u>	<u>2019</u>
2019	\$ -
2020	22,167
2021	8,732
2022	17,687
2023	9,959
2024	350
Total	<u>\$ 58,895</u>

B. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan (“Plan”) created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to the claims of the Authority’s general creditors.

C. Flexible Benefit Plan (I.R.C. Section 125)

The Authority has adopted by resolution a salary-reduction flexible benefit plan (“Plan”) under Section 125 of the Internal Revenue Code. All Authority employees working more than 20 hours per week are eligible to participate in the Plan beginning after thirty days of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

D. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There has been no significant reduction in the Authority’s insurance coverage from the previous year. In addition, there have not been settlements in excess of the Authority’s coverage in any of the prior three years.

E. Contingent Liabilities

The Authority receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the Authority. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the Authority at December 31, 2019 and 2018.

F. Other Postemployment Benefits (OPEB)

As a component unit of the City of Salina, the Authority participates in the City’s defined benefit health care plan that is administered by the City. The Employee Benefit Plan (the Plan) provides medical and dental benefits to eligible early retirees and their spouses. K.S.A 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan. As a component unit of the primary government, the Authority is not required to make contributions to the plan.

The OPEB cost, actuarial valuations of the ongoing plan and net OPEB obligations for the Authority as a sub-group of the plan, are calculated and recorded in the City’s CAFR.

G. Other Postemployment Healthcare Benefits (KPERS)

Plan Description. The Authority participates in the KPERS Long-Term Disability plan, a single-employer defined benefit other postemployment benefit (OPEB) plan (the Plan), which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members

to KPERS members, as provided by K.S.A. 74-4925. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees covered by benefit terms. At June 30, the measurement date, the valuation date, the following members were covered by the benefit terms:

	<u>2019</u>	<u>2018</u>
Active members	15	14
Disabled members	<u>-</u>	<u>-</u>
Total	<u>15</u>	<u>14</u>

Total OPEB Liability. The Authority's total KPERS OPEB liability of \$13,338 and \$11,126 for December 31, 2019 and 2018 respectively, which was measured as of June 30, 2019 and

2018 and was determined by an actuarial valuation as of December 31, 2018 and 2017, which was rolled forward to June 30, 2019 and 2018, using the following actuarial assumptions:

Valuation date	December 31, 2018	December 31, 2017
Actuarial cost method	Entry age normal	Entry age normal
Inflation	2.75%	2.75%
Salary increases	3.50%	3.50%
Discount rate (based on 20 year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index)	3.50%	3.87%

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2019.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2013 through December 31, 2015. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2018 KPERS pension valuation.

The changes in the total OPEB liability are as follows:

	<u>Total KPERS OPEB Liability</u>	
Balance 1/1/2019	\$	11,126
Service cost		2,843
Interest		541
Effect of economic/demographic gains or losses		[1,324]
Changes in assumptions		152
Balance 12/31/2019	\$	<u>13,338</u>

Sensitivity of the total KPERS OPEB liability to changes in the discount rate. The following presented the total KPERS OPEB liability of the Authority, as well as what the Authority's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	2019		
	1% Decrease	Discount Rate	1% increase
	<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
Total OPEB Liability	\$ 13,693	\$ 13,338	\$ 12,901

2018			
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% increase (4.87%)
Total OPEB Liability	\$ 11,395	\$ 11,126	\$ 10,800

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERS OPEB liability of the Authority calculated using the current healthcare cost trend rates as well as what the Authority’s total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

2019			
	1% Decrease	Healthcare Cost Trend Rates	1% increase
Total OPEB Liability	\$ 13,338	\$ 13,338	\$ 13,338

2018			
	1% Decrease	Healthcare Cost Trend Rates	1% increase
Total OPEB Liability	\$ 11,126	\$ 11,126	\$ 11,126

For the year ended December 31, 2019 and 2018, the Authority recognized OPEB expense of \$2,212 and \$2,900, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources. The Authority reported deferred outflows and inflows related to other postemployment benefits from the following sources:

2019		
	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 4,521	\$ -
Changes of assumptions	173	136
Contributions made after measurement date	-	4,084
Total	<u>\$ 4,694</u>	<u>\$ 4,220</u>

2018		
	Deferred Inflows of <u>Resources</u>	Deferred Outflows of <u>Resources</u>
Differences between expected and actual experience	\$ 3,766	\$ -
Changes of assumptions	198	-
Contributions made after measurement date	-	4,294
Total	<u>\$ 3,964</u>	<u>\$ 4,294</u>

The \$4,084 was reported as deferred outflows of resources related to OPEB resulting from Authority contributions respectively, subsequent to the measurement date and will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended	
<u>Dec. 31</u>	
2020	\$ 578
2021	578
2022	578
2023	578
2024	578
Thereafter	1,668

H. Environmental Matter.

The U.S. Department of Defense transferred property located at the former Schilling Air Force Base (the Base or Site) to the Authority on or about September 9, 1966. The property is now known to contain areas of extensive soil and groundwater contamination, which is a result of the use and disposal of chlorinated solvents during military operations at the Base from 1942 until Base closure in 1965. The U.S. Department of Defense is responsible for the investigation and remediation of contamination caused by military activities at current and former military bases. The U.S. Army Corps of Engineers (Corps) is the lead agency for the Department at formerly used defense sites. The Corps has investigated the soil and groundwater contamination at the Site under the regulatory oversight of the U.S. Environmental Protection Agency (EPA) and the Kansas Department of Health and Environment (KDHE). The Site is not designated as a National Priority List Superfund site, but investigation and remediation are required to be in compliance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

Potential liability for contamination under CERCLA extends broadly to parties associated with the release or presence of hazardous substances, including not only those entities involved with contaminant use and disposal, but in some cases other current and former

owners and operators of contaminated sites. As a current owner of extensive amounts of property at the Site, the Authority is potentially liable under CERCLA, although the Authority believes that it has meritorious defenses to such liability.

The Authority is considered to be a Potentially Responsible Party (PRP) for the Site, primarily due to its status as a property owner. The Authority, City of Salina, Unified School District No. 305 and the Kansas Board of Regents (Kansas State University Polytechnic Campus), (collectively Salina Public Entities) currently own over 90% of the nearly 4,000 acres of the Base property. No third party has asserted any claim for bodily injury or property damage.

Beginning in August 2007, the Salina Public Entities initiated settlement negotiations with the U.S. Federal Government. The negotiation objectives at that time included transferring the responsibility for completing the cleanup from the U.S. to the Salina Public Entities. The local objective was to reach a settlement agreement with the U.S. that provides the Salina Public Entities sufficient funds to complete cleanup operations over a 30-year period.

During calendar year 2008, the Salina Public Entities, by and through its environmental consultant, prepared a detailed Cost to Complete Estimate (CTC). The CTC preparation included consultation with the EPA and KDHE. The Salina Public Entities' CTC was completed in June of 2008 and submitted to the Corps.

Subsequently, on January 23, 2009, the Salina Public Entities delivered a demand letter to the Corps. The letter demanded that settlement negotiations begin immediately with the U.S. Department of Justice. On May 14, 2009 the Authority was notified that the Corps referred the Base demand letter to the U.S. Department of Justice on May 12, 2009.

The Salina Public Entities delivered on or about May 10, 2010, a settlement offer and a draft of a lawsuit complaint to the attorney for the U.S. Department of Justice. The Salina Public Entities planned to file suit against the U.S. if the matter was not settled by the end of May 2010. The Salina Public Entities did not intend to cut off settlement negotiations by the filing of suit, and this has been communicated to the U.S. No remedial action plan or record of decision has been adopted by the EPA or KDHE.

On or about May 27, 2010, the Salina Public Entities filed their Complaint against the United States of America, the United States Department of Defense and Secretary of Defense, Robert M. Gates, in his official capacity (collectively, "Defendants"). On or about September 22, 2010, the Salina Public Entities filed their First Amended Complaint in four counts: Count I Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(2), Count II Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(1), Count III Claim for Recovery of Response Costs Pursuant to 42 U.S.C. § 9607(a) and Count IV Claim for Declaratory Judgment Pursuant to 42 U.S.C. § 9613(g)(2).

On or about October 6, 2010, Defendants filed their motion to dismiss and to strike, primarily with respect to the citizen suit claims. On or about March 25, 2011, Judge Murguia entered his Memorandum and Order. The Judge granted the Defendants' motion to dismiss Counts I and II (citizen suit claims) for lack of subject matter jurisdiction. He also granted the Defendants' motion to dismiss the Salina Public Entities' requests for attorney fees, with the

exception of non-litigation attorney fees. He denied the Defendants' motion to strike the Salina Public Entities' allegations of a conflict of interest. The Salina Public Entities' claims under Counts III and IV for response costs under CERCLA 9607(a) are not affected by the Judge's rulings. The Salina Public Entities disagree with most of the Judge's filings and, if necessary, plan to take an interlocutory appeal to the Tenth Circuit to contest the rulings.

On or about April 22, 2011, Defendants filed their Answer to First Amended Complaint and Counterclaim against the Salina Public Entities. Count I of the Counterclaim alleges a claim for contribution under CERCLA, 42 U.S.C. § 9613(f)(1). Count II of the Counterclaim alleges a claim for cost recovery under CERCLA, 42 U.S.C. § 9607(a)(1). Count II alleges costs incurred by the U.S. Environmental Protection Agency of approximately \$1,838,241 as of September 30, 2007, and alleges costs incurred by the Corps of approximately \$14,915,228 as of April 17, 2009. The Salina Public Entities intend to vigorously contest the claims brought against them and will assert, among other defenses, the third party defense under 42 U.S.C. § 9607(b)(3).

The parties agreed on a mediation to discuss settlement. The mediation sessions occurred in October 2011, and the mediation discussions continued for over a year. The parties have now agreed upon a partial settlement. The partial settlement includes payment by the U.S. in exchange for performance by the Salina Public Entities of a remedial investigation/feasibility study through entry of a Corrective Action Decision by KDHE (the "Work"). The present cost estimate of the Work is less than \$10,000,000. The agreement is that the U.S. will pay 90% of the cost of the Work with the Salina Public Entities responsible for payment of the remaining 10%. It is anticipated that the agreed share of the Salina Public Entities will be paid by the City of Salina. Also, the claims and counterclaims in the lawsuit have been dismissed without prejudice with provisions tolling any and all statutes of limitation. No party is obligated under the settlement agreement to implement the Corrective Action Decision upon its entry by KDHE, and the parties will either negotiate an agreement to implement such Corrective Action Decision or refile their claims in court. The Salina Public Entities have entered into a Consent Agreement and Final Order ("CAFO") with KDHE, which is conditioned upon the U.S.'s payment to the City. On May 2, 2013, the U.S. District Court for the District of Kansas entered its Consent Decree. *City of Salina, Kansas, et al. v. United States of America, et al.*, Case No. 10-CV-2298 CM/DJW. The Court's Consent Decree approved the settlement among the parties. The current status is that the U.S. wire transferred \$8,426,700 to the account of the City, and the City added the share of the Salina Public Entities in the amount of \$936,300 to the account.

The Remedial Investigation (RI) portion of the CAFO scope of work was completed on or about June 18, 2018. The Feasibility Study (FS) portion of the CAFO scope of work was completed on or about November 29, 2018.

KDHE's draft final Corrective Action Decision (CAD) was published on or about April 8, 2019. KDHE held a public hearing for the draft final CAD on or about May 1, 2019. Final comments concerning the draft final CAD were due on or about May 8, 2019.

KDHE published a final Corrective Action Decision (CAD) on or about July 29, 2019. The KDHE CAD details the scope of work and estimated cost for the cleanup of DoD caused contamination at the former Schilling AFB.

The Salina Public Entities participated in three (3) mediation sessions with the U.S. Department of Justice (DOJ) and the U.S. Army Corps of Engineers (USACE) on November 19 – 21, 2019; December 10 – 11, 2019; and January 14 – 15, 2020 to determine payment by the United States in exchange for performance by the Salina Public Entities of KDHE CAD. Special environmental legal counsel for the Salina Public Entities is negotiating with the DOJ for the completion of a Consent Decree that embodies the results of the three (3) mediation sessions. Upon approval by the U.S. District Court for the District of Kansas the Consent Decree will provide the Salina Public Entities funding from the United States for the Remedial Design (RD) and Remedial Action (RA) work detailed in the KDHE CAD.

Although the claims and counterclaims in the lawsuit have been dismissed without prejudice, the Authority intends to vigorously pursue its claims that the U.S. should implement the Corrective Action Decision as published by KDHE on or about July 29, 2019 and its defenses against any claims brought against it. Based on presently known information, the Authority has determined that while a possible liability exists, at this time, no reasonable estimate of the possible liability can be made. Therefore, no liability related to that matter has been recorded.

I. Rental Income Under Operating Leases

A significant portion of the operating revenue of the Authority is generated through the leasing of airport and building space to airport fixed base operators and others on a fixed fee as well as a contingent rental basis. Ownership risks are retained by the Authority, and accordingly, such leases are treated as operating leases.

The following is a schedule of minimum future rentals on non-cancellable operating leases to be received in each of the next five years and thereafter:

<u>Years Ending</u> <u>December 31</u>	
2020	\$ 1,398,839
2021	922,248
2022	631,143
2023	456,655
2024	291,400
Later Years	<u>1,635,089</u>
Total	<u>\$ 5,335,374</u>

J. Major Customers

The Authority received significant operating revenue from Kansas Erosion, LLC, Avflight Salina, Kansas, Exide Battery, Wal-Mart Stores, Inc. and Universal Forest Products. Rent from these five tenants equals 50.6% of operating revenue for the year ended December 31,

2019. Additionally, for the year ended December 31, 2018, the Authority's top five tenants, Avflight Salina, Kansas Erosion Products, LLC, the 582nd Helicopter Group, Exide Battery and AAL Organic Matters, LLC, provided 43.6% of operating revenue.

K. Non-Operating Revenue and (Expense)

Net non-operating revenue and expense consisted of the following for the years ended December 31, 2019 and 2018:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Mill levy	\$ 2,371,463	\$ 2,338,967
Interest income	17,954	3,745
Gain on sale of assets	<u>21,263</u>	<u>5,375</u>
Total	<u>2,410,680</u>	<u>2,348,087</u>
Interest expense		
General obligation bonds	(644,163)	(681,389)
Special assessment debt	(411)	(411)
Bond issuance costs	(73,185)	-
Amortization of bond discount	<u>(195,816)</u>	<u>(145,343)</u>
Total	<u>(913,575)</u>	<u>(827,143)</u>
Net non-operating revenue	<u>\$ 1,497,105</u>	<u>\$ 1,520,944</u>

L. Commitments Under Operating Lease

The Authority has entered into a certain non-cancellable operating lease agreement which will expire in 2024, for the rental of office and computer equipment. During 2019 the Authority paid \$9,592 in rentals and \$1,520 in 2018. Minimum rentals, on an annual basis hereafter are as follows:

<u>Years Ending</u>	
<u>December 31</u>	
2020	\$ 12,128
2021	12,128
2022	12,128
2023	12,128
2024	<u>2,536</u>
Total	<u>\$ 51,048</u>

M. Subsequent Events

COVID-19 The Salina Airport Authority's management has evaluated events and transactions occurring after December 31, 2019 through June 8, 2020. The aforementioned date represents the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. These measures included international travel restrictions and, in some states, orders to stay home. As a result, domestic travel across the United States has significantly declined. As of the date of issuance of the financial statements, the Authority's operations in 2020 have been significantly impacted, but the Authority continues to monitor the situation and has implemented a cash-preservation plan to mitigate unknowns contributed to cash flow and operations.

On March 25, 2020, Congress and the White House agreed to a COVID-19 assistance package, which included \$10 billion from the federal general fund to remain available until expended for airports to prevent, prepare for, and respond to coronavirus.

On May 6, 2020 the Authority accepted a \$1,836,078 Coronavirus Aid, Relief, and Economic Security (CARES) Act grant from the Federal Aviation Administration. The proceeds can be used for any lawful purposes for which airport revenues can be utilized. The grant funds can be used to reimburse for airport expenditures dating back to January 20, 2020. The Authority intends to use the funds to maintain the safe and secure operation of the Airport while managing through the effects of the pandemic.

The Authority cannot predict the duration of COVID-19, the duration or expansion of travel restrictions and warnings, whether additional countries or destinations, including domestic destinations, will be added to the travel restrictions or warnings, what effect such travel restrictions and warnings may have on air travel to and from the Airport, and whether and to what extent COVID-19 may disrupt global supply chains and manufacturing operations around the world. No impairments were recorded as of the statement of net position date, as no triggering events or changes in circumstances had occurred as of year-end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. In addition, while the Authority's results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Moody's Outlook

On April 17, 2020, Moody's Investor Services reviewed the Authority's credit and affirmed its Aa3 rating and revised the outlook to negative. Moody's noted that the outlook reflects the Authority's exposure to a material decline in national air traffic volumes and its direct impact on operating revenues. Additionally, the investment grade rating is being affirmed because of the Authority's credit strengths which include its regional significance due to

location and long runway and the ability to levy 3 mills for operations, which has never been assessed. Moody's noted the Authority's cash levels will benefit from the CARES Act relief, and the Authority's ability to improve its liquidity position and market position will be a key consideration in the longer term in future credit reviews.

SALINA AIRPORT AUTHORITY
 SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 Kansas Public Employees Retirement System

Year-End Measurement Date	December 31, 2019				
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.045289%	0.043452%	0.041662%	0.037666%	0.041581%
Proportionate share of the collective net pension liability	\$ 632,856	\$ 605,630	\$ 603,456	\$ 582,704	\$ 545,977
Covered payroll from the period July 1 - June 30 ^	\$ 830,413	\$ 777,734	\$ 708,538	\$ 645,485	\$ 694,613
Net pension liability as a percentage of covered-employee payroll	76.21%	77.87%	85.17%	90.27%	78.60%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%

*Information reported above is as of the KPERS measurement date of June 30. GASB 68 requires a presentation of 10 years. As of June 30, 2019 only five years of information was available.

^ Covered payroll is measured as of the measurement date ending June 30.

SALINA AIRPORT AUTHORITY
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required employer contribution	\$ 83,638	\$ 78,940	\$ 66,198	\$ 61,622	\$ 70,005	\$ 68,904	\$ 66,865	\$ 66,766	\$ 63,035	\$ 58,161
Contributions in relation to the contractually required contribution	<u>(83,638)</u>	<u>(78,940)</u>	<u>(66,198)</u>	<u>(61,622)</u>	<u>(70,005)</u>	<u>(68,904)</u>	<u>(66,865)</u>	<u>(66,766)</u>	<u>(63,035)</u>	<u>(58,161)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll [^]	847,208	840,466	758,750	652,874	672,878	709,510	747,901	800,522	814,408	814,570
Contributions as a percentage of covered-employee payroll	9.87%	9.39%	8.72%	9.44%	10.40%	9.71%	8.94%	8.34%	7.74%	7.14%

[^] Covered payroll is measured as of the fiscal year ended December 31.

SALINA AIRPORT AUTHORITY
 SCHEDULE OF CHANGES IN THE SALINA AIRPORT AUTHORITY'S
 DEATH AND DISABILITY TOTAL OPEB LIABILITY AND RELATED RATIOS
 For the Years Ended December 31, 2019 and December 31, 2018

Measurement Date	January 1 to December 31	
	2019 June 30, 2019	2018 June 30, 2018
Total OPEB Liability		
Service Cost	\$ 2,843	\$ 2,825
Interest Cost	541	533
Effect of Economic/Demographic Gains or Losses	(1,324)	(4,199)
Effect of Assumption Changes or Inputs	152	(87)
Benefit Payments	-	-
Net Change in Total Liability - Beginning of Year	2,212	(928)
Total OPEB Liability - Beginning of Year	11,126	12,054
Total OPEB Liability - End of Year	\$ 13,338	\$ 11,126
 Covered-Employee Payroll	 \$ 826,640	 \$ 706,882
Total OPEB liability as a percentage of covered employee payroll	1.61%	1.57%
 Actuarially determined contribution	 \$ 4,219	 \$ 2,137
Actual contribution	\$ 4,219	\$ 2,137
 Contributions as a percentage of covered payroll	 0.51%	 0.30%

Notes to Schedule

Changes of Assumptions and Other Inputs

Changes of assumptions and other inputs reflect the effects of changes in the discount rate from 3.58% on June 30, 2017, 3.87% on June 30, 2018 and 3.5% on June 30, 2019

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.

SALINA AIRPORT AUTHORITY
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 For the Years Ended December 31, 2019 and December 31, 2018

	January 1 to December 31	
	<u>2019</u>	<u>2018</u>
Operating Revenues		
Airfield		
Fuel flowage fees	\$ 185,249	\$ 194,647
Hangar rent	652,894	478,573
Landing fees	35,693	60,237
Ramp rent	54,085	47,298
Total Airfield	<u>927,921</u>	<u>780,755</u>
Building and Land Rents		
Agri land rent	72,673	70,689
Building rents	1,045,990	1,089,002
Land rents	217,490	210,955
Tank rent	13,635	12,636
Total Building and Land Rents	<u>1,349,788</u>	<u>1,383,282</u>
Other revenue		
Airport Marketing	68,380	144,863
Commissions	33,977	25,746
Other income	52,892	165,246
Total Other Revenue	<u>155,249</u>	<u>335,855</u>
 Total Operating Revenue	 <u>\$ 2,432,958</u>	 <u>\$ 2,499,892</u>

(continued)

SALINA AIRPORT AUTHORITY
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 For the Years Ended December 31, 2019 and December 31, 2018
 (continued)

	January 1 to December 31	
	<u>2019</u>	<u>2018</u>
Operating Expenses		
Administrative		
A/E, consultants, brokers	\$ 33,401	\$ 21,072
Airport promotion	159,176	232,500
Bad debt expense	2,709	10,390
Computer network administration	20,523	13,809
Dues and subscriptions	25,432	23,165
Employee retirement	62,632	39,856
FICA and medicare	59,373	60,404
Industrial development	31,071	50,000
Insurance, property	172,412	148,115
Insurance, medical	188,029	210,799
Kansas unemployment tax	818	815
Legal and accounting	47,346	43,055
Office salaries	519,382	506,160
Office supplies	9,588	13,317
Other administrative	11,192	9,835
Postage	2,077	4,025
Property taxes	142,350	145,976
Special events	2,084	436
Telephone	20,617	19,133
Training	2,235	6,639
Travel and meetings	12,450	8,013
	<hr/>	<hr/>
Total Administrative Expenses	<u>\$ 1,524,897</u>	<u>\$ 1,567,514</u>

(continued)

SALINA AIRPORT AUTHORITY
 SCHEDULES OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION
 For the Years Ended December 31, 2019 and December 31, 2018
 (continued)

	January 1 to December 31	
	2019	2018
Maintenance Expenses		
Airfield maintenance	\$ 26,315	\$ 32,025
Airport security	3,892	2,414
Building maintenance	76,461	83,586
Equipment fuel and repairs	85,199	111,685
Fire services	16,108	16,521
Grounds maintenance	6,405	3,416
Maintenance salaries	323,608	344,740
Other maintenance expenses	13,381	14,803
Snow removal expense	22,580	5,674
Utilities	256,587	248,792
	830,538	863,656
Total Maintenance Expenses		
	2,355,435	2,431,170
Total Operating Expenses		
Surplus of Revenues over Expenses before Depreciation	77,524	68,722
Depreciation	(2,898,650)	(2,761,019)
Operating Loss Before Non-Operating Revenues and Expenses	(2,821,126)	(2,692,297)
Non-Operating Revenues and (Expenses)		
Mill levy	2,371,463	2,338,967
Interest income	17,954	3,745
Interest expense	(840,390)	(827,143)
Bond issue costs	(73,185)	-
Gain on sale of assets	21,263	5,375
	1,497,105	1,520,944
Total Non-Operating Revenue (Expense)		
Loss Before Capital Contributions	(1,324,021)	(1,171,353)
Capital Contributions	1,727,674	1,474,356
Net Position		
Increase in net position	403,653	303,003
Net position, beginning of year	22,099,133	21,808,184
Prior period adjustment	-	(12,054)
Net position - beginning, restated	22,099,133	21,796,130
Net Position, end of year	\$22,502,786	\$22,099,133

SALINA AIRPORT AUTHORITY
CAPITAL EXPENDITURES
January 1 to December 31

	<u>2019</u>
AIRFIELD IMPROVEMENTS	
Avflight North Concrete Ramp Improvements	\$ 8,675
Total Airfield Improvements	8,675
 BUILDINGS	
Hangar 959 Rehabilitation	2,048,622
Building 655, Unit A Overhead Door Improvements	1,671
Building 122 Duro-last Roofing System	23,625
Terminal Building Overflow Parking Lot Improvements	3,500
Terminal Building Wayfinding Signs	1,070
Hangar 509 Carpet Installation	6,265
Hangar 504 Renovation	278,640
Terminal Building Parking Concrete Improvements	4,975
Building 120-Replace HVAC Compressor Gate area	2,517
Pumphouse 305 Improvements	6,284
Building 520 D HVAC Removal & Replacement	4,937
Hangar 409 Improvement (lounge title, door imp..)	9,456
Rail Spur Rehabilitation	53,083
Avflight North D700-Install Fence	6,347
B500 Roof Improvements	8,719
Building 1021 Overhead Door Improvements	1,333
Total Building Improvements	2,461,044
 EQUIPMENT	
Two 43" Terminal Directional Lg Format Displays	1,703
Parker Gravity Wagon with Auger (grain buggy)	2,350
TFT Monitor for ARFF 2 Bumper Turrett	4,550
Rebuild Pump Assem. - Snow Plow 3	1,348
Rebuild Transmission on Snow Blower Idaho No	29,339
Rebuild Pump Assem. On Snow Plow 4	6,878
10K Forklift (transport from FRI-DRMO asset)	488
Lenova ThinkPad 15.6" Notebook	2,669
Replacement Generators for Runway Closure	7,656
Genie 85' Man Lift	154,925
Truck, Forklift	3,489
Floodlight, Set Elect.	2,400
Truck, Forklift	20,002
Engine, Diesel	7,037
Took Kit, Pepefitter's	1,159
Plate, Metal	3,438
Power Takeoff, Engine	1,170
Tractor, Wheeled, War	3,470
Truck, Lift, Fork	20,002
Compressor Unit, Reciprocating	1,057
Saw, Blank, Cutoff	1,145
Scout Sline Kit (7 units)	14,136
Van, Commercial	1,000
Road Clearing, Cleaning, and Marking	1,200
MHE Tractor	1,000

(continued)

EQUIPMENT (continued)

MHE Tractor	1,000
Engineer Equipment Set	42,318
Engineer Equipment Set	42,318
Mule	2,305
Truck, Utility	2,415
Truck, Utility	2,415
Sawmill and Planning Mill Machinery	2,000
Total Equipment Additions	<u>388,382</u>

CONSTRUCTION IN PROGRESS

AIP Taxiway Delta Extention	2,480
AIP-41 Runway 17/35 Core Sampling	7,600
AIP-40 Terminal Building Master Plan	113,217
Total Construction in Progress	<u>123,297</u>

LAND

Former Schilling Air Force Base environmental project	201,006
Total Land	<u>201,006</u>

TOTAL CAPITAL EXPENDITURES

	<u>\$ 3,182,404</u>
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SALINA AIRPORT AUTHORITY
 TAXABLE GENERAL OBLIGATION BONDS
 SERIES 2015-A
 December 31, 2019

Date of issue:	August 28, 2015
Amount of issue:	\$ 3,075,000
Interest rate:	2.672%
Maturity date:	September 1, 2025
Principal paid:	\$ 1,895,000
Outstanding balance:	\$ 1,180,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2020	\$ 32,868	\$ 580,000
2021	18,368	170,000
2022	13,693	175,000
2023	8,443	80,000
2024	6,043	85,000
2025	3,195	90,000
	<u>\$ 82,608</u>	<u>\$ 1,180,000</u>

SALINA AIRPORT AUTHORITY
 TAXABLE GENERAL OBLIGATION BONDS
 SERIES 2017-A
 December 31, 2019

Date of issue:	July 12, 2017
Amount of issue:	\$ 10,225,000
Interest rate:	3.0353%
Maturity date:	September 1, 2030
Principal paid:	\$ 175,000
Outstanding balance:	\$ 10,080,000

Schedule of Bond Interest and Principal Payments

<u>Due in</u> <u>Year</u>	<u>Bond</u> <u>Interest</u>	<u>Bond</u> <u>Principal</u>
2020	\$ 293,358	\$ 70,000
2021	291,958	75,000
2022	290,308	515,000
2023	278,463	525,000
2024	265,600	1,440,000
2025-2030	801,585	7,455,000
	<u>\$ 2,221,272</u>	<u>\$ 10,080,000</u>

SALINA AIRPORT AUTHORITY
 TAXABLE GENERAL OBLIGATION BONDS
 SERIES 2017-B
 December 31, 2019

Date of issue:	July 17, 2017
Amount of issue:	\$ 4,835,000
Interest rate:	3.015%
Maturity date:	September 1, 2031
Principal paid:	\$ 50,000
Outstanding balance:	\$ 4,785,000

Schedule of Bond Interest and Principal Payments

Due in <u>Year</u>	Bond <u>Interest</u>	Bond <u>Principal</u>
2020	\$ 142,800	\$ 25,000
2021	142,300	25,000
2022	141,800	25,000
2023	141,300	25,000
2024-2031	888,000	4,685,000
	<u>\$ 1,456,200</u>	<u>\$ 4,785,000</u>

SALINA AIRPORT AUTHORITY
 TAXABLE GENERAL OBLIGATION BONDS TEMPORARY NOTES
 SERIES 2019-1
 December 31, 2019

Date of issue:	August 14, 2019
Amount of issue:	\$ 2,250,000
Interest rate:	2.500%
Maturity date:	September 1, 2021
Principal paid:	\$ -
Outstanding balance:	\$ 2,250,000

Schedule of Bond Interest and Principal Payments

<u>Due in</u> <u>Year</u>	<u>Bond</u> <u>Interest</u>	<u>Bond</u> <u>Principal</u>
2020	\$ 58,906	\$ -
2021	56,250	2,250,000
	<u>\$ 115,156</u>	<u>\$ 2,250,000</u>

SALINA AIRPORT AUTHORITY
 GENERAL OBLIGATION BONDS
 SERIES 2019-A
 December 31, 2019

Date of issue:	July 10, 2019
Amount of issue:	\$ 675,000
Interest rate:	2.775%
Maturity date:	September 1, 2029
Principal paid:	\$ -
Outstanding balance:	\$ 675,000

Schedule of Bond Interest and Principal Payments

<u>Due in</u> <u>Year</u>	<u>Bond</u> <u>Interest</u>	<u>Bond</u> <u>Principal</u>
2020	\$ 20,256	\$ 60,000
2021	16,483	60,000
2022	15,163	65,000
2023	13,635	65,000
2024	12,043	65,000
2025-2029	32,419	360,000
	<u>\$ 109,999</u>	<u>\$ 675,000</u>

SALINA AIRPORT AUTHORITY
 TAXABLE GENERAL OBLIGATION BONDS
 SERIES 2019-B
 December 31, 2019

Date of issue:	July 10, 2019
Amount of issue:	\$ 3,455,000
Interest rate:	2.915%
Maturity date:	September 1, 2023
Principal paid:	\$ -
Outstanding balance:	\$ 3,455,000

Schedule of Bond Interest and Principal Payments

<u>Due in</u> <u>Year</u>	<u>Bond</u> <u>Interest</u>	<u>Bond</u> <u>Principal</u>
2020	\$ 113,938	\$ 690,000
2021	80,480	1,150,000
2022	47,705	745,000
2023	26,100	870,000
	\$ 268,223	\$ 3,455,000

SALINA AIRPORT AUTHORITY
 SPECIAL ASSESSMENT DEBT-SANITARY SEWER EXTENSION
 HANGAR 600
 December 31, 2019

Date of loan:	April 23, 2007
Amount of loan:	\$ 27,599
Interest rate:	4.47%
Maturity date:	December 20, 2021
Principal paid:	\$ 22,794
Outstanding balance:	\$ 4,805

Schedule of Loan Interest and Principal Payments

<u>Due in</u> <u>Year</u>	<u>Loan</u> <u>Interest</u>	<u>Loan</u> <u>Principal</u>
2020	\$ 215	\$ 2,350
2021	110	2,455
	<u>\$ 325</u>	<u>\$ 4,805</u>

SALINA AIRPORT AUTHORITY
INSURANCE IN FORCE
December 31, 2019

<u>Insurance Policy</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Old Republic Insurance Company Pol. #0CAV04369403	Worker's compensation and employer's liability	\$ 1,000,000
Old Republic Insurance Company Pol. #PR00262105	Bodily Injury & liability Hangar keepers	\$ 2,000,000 \$ 1,000,000
Affiliated FM		
Pol. #ERP4509814-00	Deluxe property-building, contents, stock, personal property of others, EDP equipment, business income (rents) Extra expense Data processing media	\$ 67,959,598 \$ 1,000,000 \$ 500,000
Philadelphia Insurance Company Pol. #PHPK1917463	Vehicles & equipment Bodily injury/property damage Medical payments Uninsured motorists Underinsured motorist	\$ 1,000,000 \$ 5,000 \$ 1,000,000 \$ 1,000,000
Atlantic Specialty Insurance Company Pol. #790-01-42-26-0005	Inland marine - equipment	\$ 1,426,088
Hartford Fire Insurance Company Pol. #37FA0293328-19	Crime policy Employee theft, forgery, alteration, computer fraud, faithful performance	\$ 250,000
Indian Harbor Insurance Company Pol. #G71465974 001	Public officials and employment practices liability Each claim Aggregate limit	\$ 2,000,000 \$ 2,000,000
Great American Alliance Ins. Co. Pol. # KST7882933-25	Underground storage tank liability Each incident Aggregate limit Defense expense limit each incident	\$ 1,000,000 \$ 1,000,000 \$ 100,000

STATISTICAL Table of Contents

This part of the Salina Airport Authority’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government’s overall financial health.

Financial Trends	71-75
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
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<i>This schedule contains service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	
Demographic and Economic Information	81-84
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	

SALINA AIRPORT AUTHORITY
TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR YEARS ENDED DECEMBER 31,

	2009	2010	2011	2012
TOTAL REVENUES				
OPERATING REVENUES				
Airfield	\$ 502,193	\$ 654,786	\$ 613,721	\$ 548,193
Fuel flowage fees	165,443	191,027	167,569	189,370
Building and land rent	1,402,230	1,497,330	1,491,710	1,365,853
Other revenue	28,710	48,206	33,965	56,752
TOTAL OPERATING REVENUES	<u>2,098,576</u>	<u>2,391,349</u>	<u>2,306,965</u>	<u>2,160,168</u>
TOTAL EXPENSES				
OPERATING EXPENSES				
Administrative	1,352,357	1,414,922	1,385,079	1,245,267
Maintenance	867,771	821,798	771,450	869,091
TOTAL OPERATING EXPENSES	<u>2,220,128</u>	<u>2,236,720</u>	<u>2,156,529</u>	<u>2,114,358</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(121,552)	154,629	150,436	45,810
DEPRECIATION	<u>1,748,348</u>	<u>2,290,253</u>	<u>2,407,566</u>	<u>2,514,587</u>
OPERATING LOSS	<u>(1,869,900)</u>	<u>(2,135,624)</u>	<u>(2,257,130)</u>	<u>(2,468,777)</u>
NON-OPERATING INCOME AND (EXPENSES)				
Mill levy	1,327,647	1,768,154	1,795,660	1,767,338
Interest on investments and financing lease	74,313	9,948	9,856	1,500
Interest expense	(1,014,129)	(1,003,998)	(973,928)	(1,175,063)
Bond Issue Costs	-	-	(103,580)	-
Gain (loss) on sale of assets	-	(86,067)	19,039	-
TOTAL NON-OPERATING INCOME AND (EXPENSES)	<u>387,831</u>	<u>688,037</u>	<u>747,047</u>	<u>593,775</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,482,069)	(1,447,587)	(1,510,083)	(1,875,002)
CAPITAL CONTRIBUTIONS	<u>3,770,558</u>	<u>1,172,507</u>	<u>457,227</u>	<u>1,779,827</u>
INCREASE (DECREASE) IN NET POSITION	<u>2,288,489</u>	<u>(275,080)</u>	<u>(1,052,856)</u>	<u>(95,175)</u>
NET POSITION AT YEAR END COMPOSED OF:				
Net investment in capital assets	26,410,681	23,586,562	22,065,440	25,339,916
Restricted	-	-	-	-
Unrestricted	<u>1,654,626</u>	<u>4,072,936</u>	<u>4,541,202</u>	<u>1,171,551</u>
	<u>\$ 28,065,307</u>	<u>\$ 27,659,498</u>	<u>\$ 26,606,642</u>	<u>\$ 26,511,467</u>

Note <1> The 2010 Net Position in Capital Assets was adjusted by \$130,729 in accordance with GASB Statement 65. See Note I to the Financial Statements - Summary of Significant Accounting Policies.

SALINA AIRPORT AUTHORITY
TOTAL ANNUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR YEARS ENDED DECEMBER 31,

2013	2014	2015	2016	2017	2018	2019
\$ 411,522	\$ 572,681	\$ 529,973	\$ 530,889	\$ 510,263	\$ 586,108	\$ 742,672
128,277	150,110	189,532	145,280	202,728	194,647	185,249
1,474,057	1,136,063	1,068,335	1,174,553	1,310,833	1,383,282	1,349,788
53,902	50,499	88,663	106,144	189,476	335,855	155,249
2,067,758	1,909,353	1,876,503	1,956,866	2,213,300	2,499,892	2,432,958
1,232,833	1,198,445	1,253,045	1,183,681	1,264,135	1,567,514	1,524,897
872,877	860,760	698,173	714,188	896,488	863,656	830,538
2,105,710	2,059,205	1,951,218	1,897,869	2,160,623	2,431,170	2,355,435
(37,952)	(149,852)	(74,715)	58,997	52,677	68,722	77,523
2,588,107	2,588,599	2,584,667	2,569,109	2,593,092	2,761,019	2,898,650
(2,626,059)	(2,738,451)	(2,659,382)	(2,510,112)	(2,540,415)	(2,692,297)	(2,821,127)
1,788,284	1,993,889	2,028,074	2,017,013	2,043,302	2,338,967	2,371,463
676	437	286	3,387	974	3,745	17,954
(1,120,831)	(1,087,440)	(1,109,013)	(964,113)	(573,533)	(827,143)	(840,390)
-	-	-	(8,329)	(147,664)	-	(73,185)
51,853	50,904	48,289	6,903	22,081	5,375	21,263
719,982	957,790	967,636	1,054,861	1,345,160	1,520,944	1,497,105
(1,906,077)	(1,780,661)	(1,691,746)	(1,455,251)	(1,195,255)	(1,171,353)	(1,324,022)
623,029	799,762	217,112	943,219	1,280,204	1,474,356	1,727,674
(1,283,048)	(980,899)	(1,474,634)	(512,032)	84,949	303,003	403,652
24,818,560	24,510,104	22,516,034	21,862,166	19,753,708	22,491,023	21,698,665
-	-	-	-	-	-	-
409,859	(262,584)	(280,767)	(138,931)	2,054,476	(391,890)	804,120
\$ 25,228,419	\$ 24,247,520	\$ 22,235,267	\$ 21,723,235	\$ 21,808,184	\$ 22,099,133	\$ 22,502,785

SALINA AIRPORT AUTHORITY
CHANGES IN CASH AND CASH EQUIVALENTS
FOR YEARS ENDED DECEMBER 31,

	2009	2010	2011	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from providing services	\$ 1,974,744	\$ 2,374,283	\$ 2,466,747	\$ 2,091,754
Cash paid to employees for services	(830,298)	(825,454)	(812,393)	(784,733)
Cash paid to suppliers for goods and services	(1,457,074)	(1,136,760)	(1,315,871)	(1,345,746)
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	(312,628)	412,069	338,483	(38,725)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of property, plant and equipment	(6,999,968)	(3,471,985)	(1,962,366)	(4,789,419)
Purchases in satisfaction of maintenance agreement	(3,445)	-	-	-
Proceeds from capital grants	3,674,507	1,077,310	443,681	1,755,598
Change in grants receivable	-	-	-	-
Return of capital grant proceeds	-	-	-	-
Proceeds from property tax	1,327,647	1,768,154	1,795,660	1,767,338
Proceeds from sale of capital assets	-	(86,067)	19,039	-
Principal payments on debt	(4,739,437)	(8,162,886)	(12,756,306)	(1,154,007)
Proceeds of new borrowing	8,012,154	11,675,000	14,060,137	-
Deferred advanced refunding	-	-	-	-
Principal received on financing lease	133,242	144,485	-	-
Interest received on financing lease	56,204	-	-	-
Bond defeasance and issue costs paid	(75,986)	(39,535)	(103,580)	-
Interest paid on long-term debt	(922,725)	(1,145,591)	(754,537)	(1,190,236)
NET CASH PROVIDED (USED) IN CAPITAL AND RELATED FINANCING ACTIVITIES	462,193	1,758,885	741,728	(3,610,726)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received on deposits	15,550	9,948	9,856	1,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	165,115	2,180,902	1,090,067	(3,647,951)
CASH AND CASH EQUIVALENTS, beginning of year	1,871,999	2,037,114	4,218,016	5,308,083
CASH AND CASH EQUIVALENTS, end of year	\$ 2,037,114	\$ 4,218,016	\$ 5,308,083	\$ 1,660,132

Note: In 2010, the SAA began classifying the sale of assets as non-operating income.

SALINA AIRPORT AUTHORITY
 CHANGES IN CASH AND CASH EQUIVALENTS
 FOR YEARS ENDED DECEMBER 31,

2013	2014	2015	2016	2017	2018	2019
\$ 2,162,181	\$ 1,849,824	\$ 1,922,061	\$ 1,868,694	\$ 2,162,372	\$ 2,621,123	\$ 1,730,112
(766,300)	(731,571)	(698,148)	(724,184)	(821,501)	(845,650)	(841,457)
(1,469,899)	(1,170,505)	(1,292,263)	(1,124,098)	(1,249,957)	(578,006)	(1,616,595)
(74,018)	(52,252)	(68,350)	20,412	90,914	1,197,467	(727,940)
(1,238,629)	(1,348,143)	(301,637)	(1,489,872)	(2,073,730)	(2,851,457)	(3,182,404)
-	-	-	-	-	-	-
623,029	799,762	92,414	943,219	1,280,204	1,474,356	1,727,674
-	-	-	(573,638)	573,638	-	-
-	-	-	-	-	-	-
1,788,284	1,993,889	2,028,074	2,017,013	2,043,302	2,338,967	2,371,463
218,361	81,652	48,289	20,489	32,990	5,375	55,120
(959,134)	(972,729)	(1,007,271)	(1,095,956)	(1,253,283)	(2,646,876)	(5,337,744)
-	-	722,161	657,000	2,831,470	-	6,380,000
-	-	-	-	(1,391,470)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	(43,159)	(8,329)	(147,664)	-	(73,185)
(1,131,523)	(1,099,052)	(1,042,465)	(972,452)	(613,911)	(879,978)	(831,308)
(699,612)	(544,621)	496,406	(502,526)	1,281,546	(2,559,613)	1,109,616
676	437	286	3,387	974	3,745	17,954
(772,954)	(596,436)	428,342	(478,727)	1,373,434	(1,358,401)	399,630
1,660,132	887,178	290,742	719,084	240,357	1,613,791	255,390
\$ 887,178	\$ 290,742	\$ 719,084	\$ 240,357	\$ 1,613,791	\$ 255,390	\$ 655,020

Salina Airport Authority

CAPITAL EXPENDITURE HISTORY

Ten Years Ended December 31, 2019

<u>Fiscal Year</u>	<u>Equipment</u>	<u>Building Additions</u>	<u>Land</u>	<u>Airfield</u>	<u>Construction in Progress</u>	<u>Total Capital Expenditures</u>
2009	161,709	1,088,374	366,106	2,759,561	2,584,100	6,959,850
2010	266,159	579,662	466,789	1,584,946	355,919	3,253,475
2011	52,504	112,417	368,557	195,933	1,349,037	2,078,448
2012	217,548	2,911,756	306,847	2,225,668	244,851	5,906,670
2013	37,532	172,219	94,514	540,392	429,468	1,274,125
2014	76,670	361,842	44,405	490,653	371,219	1,344,789
2015	144,676	57,048	20,379	30,131	71,623	323,857
2016	105,467	321,854	14,062	23,799	1,024,688	1,489,870
2017	226,478	140,422	30,617	385,751	1,290,462	2,073,730
2018	983,492	114,367	77,012	1,793,701	8,921	2,977,493
2019	388,382	2,461,044	201,006	8,675	123,297	3,182,404

Source: Salina Airport Authority Records

Salina Airport Authority
General Obligation Debt Service Coverage
 Ten Fiscal Years Ended December 31, 2019

Fiscal Year	November			Capacity of Valuation Total	General Obligation Debt	Revenue Bond Debt	Special Assessment Debt	Financing Leases / Other		Temporary Notes	Total Debt	Remaining Capacity	Percentage of Personal Income	Total Debt Per Capita
	Assessed Valuation	Motor Vehicle Valuation	Valuation Total					Loans Payable						
2009	397,470,626	50,330,252	447,800,878	44,780,088	13,782,154	-	207,948	323,500		7,050,000	21,363,602	23,947,934	1.05%	393
2010	400,248,283	48,184,331	448,432,614	44,843,261	12,792,154	-	145,299	285,796		11,652,467	24,875,716	20,398,640	1.20%	439
2011	402,354,576	47,406,062	449,760,638	44,976,064	25,808,985	-	125,014	245,558		-	26,179,557	19,167,079	1.20%	475
2012	403,850,282	47,553,744	451,404,026	45,140,403	24,756,769	-	103,947	202,617		-	25,063,333	20,383,634	1.12%	449
2013	405,107,476	48,882,411	453,989,887	45,398,989	23,880,661	-	66,746	156,791		-	24,104,198	21,518,328	1.05%	431
2014	407,454,378	48,865,900	456,320,278	45,632,028	22,974,555	-	48,949	107,966		-	23,131,470	22,657,473	0.99%	415
2015	416,174,805	50,350,566	466,525,371	46,652,537	22,791,329	-	30,465	55,696		-	22,877,490	23,861,208	0.93%	410
2016	425,040,911	51,833,505	476,874,416	47,687,442	21,770,268	-	11,268	-		657,000	22,438,536	25,260,174	0.89%	407
2017	430,490,209	50,970,796	481,461,005	48,146,101	21,910,515	-	9,207	-		2,097,000	24,016,722	24,138,586	0.92%	439
2018	434,451,245	53,336,676	487,787,921	48,778,792	20,705,792	-	7,054	-		657,000	21,369,846	27,416,000	N/A	393
2019	454,467,318	54,687,311	509,154,629	50,915,463	20,157,297	-	4,805	-		2,250,000	22,412,102	28,508,166	n/a	n/a

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.
 The special assessment and financing lease/other loans payable debt figures are shown for informational purposes only and not required by statute to be included in the remaining capacity calculation.
 See the Schedule of Demographic and Economic Statistics on page 83 for personal income and population data.

N/A = Data not yet available

Salina Airport Authority
LOCAL GOVERNMENT MILL LEVY RATES, DIRECT AND OVERLAPPING
 Ten Years Ended December 31, 2019

<u>Fiscal Year</u>	<u>Saline County</u>	<u>City of Salina</u>	<u>Unified School Dist. #305</u>	<u>Salina Airport Authority</u>	<u>Salina Public Library</u>	<u>State of Kansas</u>	<u>Other Special Taxing Districts</u>	<u>Total</u>
2009	31.303	25.855	58.495	4.315	5.413	1.5	1.173	128.054
2010	31.432	26.022	59.913	4.055	5.372	1.5	1.204	129.498
2011	32.576	26.272	58.82	4.007	5.292	1.5	1.179	129.646
2012	34.823	26.19	58.649	4.007	5.452	1.5	1.176	131.797
2013	37.895	26.927	58.116	4.504	5.761	1.5	1.176	135.879
2014	38.047	27.080	55.605	4.486	6.034	1.5	1.285	134.037
2015	38.275	27.311	56.12	4.396	5.895	1.5	1.502	134.999
2016	37.508	27.603	55.743	4.396	5.893	1.5	1.51	134.153
2017	37.321	26.129	56.501	4.992	5.989	1.5	1.475	133.907
2018	38.437	28.394	57.522	4.998	6.014	1.5	1.476	138.341
2019	41.097	29.720	55.508	5.372	5.913	1.5	1.198	140.308

Note:

Funds generated from the Salina Airport Authority's 2018 mill levy become available during calendar year 2019 and are budgeted accordingly.

**Salina Airport Authority
Principal Customers
Current and Ten Years Ago**

Company	2019			2009		
	<u>Income</u>	<u>Rank</u>	<u>Percentage of Total Income</u>	<u>Income</u>	<u>Rank</u>	<u>Percentage of Total Income</u>
Avflight Salina	317,480	1	13.05%			
Kansas Erosion Products, LLC.	279,010	2	11.47%			
Exide	189,465	3	7.79%			
Wal-Mart Stores, Inc.	121,233	4	4.98%			
SFC Global Chain Supply	102,196	5	4.20%			
Universal Forest Products (UFP)	95,920	6	3.94%			
USSOCOM (Jaded Thunder)	82,282	7	3.38%			
Kansas State Polytechnic-Salina	63,464	8	2.61%			
City of Salina, KS	60,000	9	3.13%	238,536	3	10.43%
582nd Helicopter Group	52,751	10	2.17%			
Kansas Military Board (KS Army National Guard)				425,866	1	18.61%
Hawker Beechcraft Corp.				261,820	2	11.44%
CAV Aerospace, Inc.				171,964	4	7.52%
JRM Enterprises, Inc, d/b/a America Jet (formerly Moore's Midway Aviation)				146,588	5	6.41%
Flower Aviation				136,394	6	5.96%
Schwan's Sales, Inc.				86,112	7	3.76%
Two Rivers Vending				53,912	8	2.36%
Johnson Rack, Inc.				46,200	9	2.02%
Learjet Inc.				40,930	10	1.79%
	<u>\$ 1,363,801</u>		<u>56.72%</u>	<u>\$ 1,608,322</u>		<u>70.30%</u>

Source: Salina Airport Authority Records

Salina Airport Authority
MILL LEVY REVENUE
Ten Years Ended December 31, 2019

<u>Fiscal Year</u>	<u>Mil Levy Revenue</u>
2009	1,327,647
2010	1,768,154
2011	1,795,660
2012	1,767,338
2013	1,788,284
2014	1,993,889
2015	2,028,074
2016	2,017,013
2017	2,043,302
2018	2,338,967
2019	2,371,463

Source: Salina Airport Authority Records

Salina Airport Authority

AIR TRAFFIC, FUEL FLOWAGE AND ENPLANEMENT TRENDS

Ten Years Ended December 31, 2019

<u>Fiscal Year</u>	<u>Air Traffic Operations</u>	<u>Fuel Flowage Gallons</u>	Passenger Enplanements		<u>Total Enplanements</u>
			<u>Scheduled Air Carrier</u>	<u>Non-Scheduled Air Carrier</u>	
2009	65,062	2,481,585	2,447	421	2,868
2010	60,451	2,763,991	1,698	1,446	3,144
2011	69,207	2,386,670	2,705	212	2,917
2012	97,338	2,594,049	2,546	980	3,526
2013	90,131	1,757,980	2,361	468	2,829
2014	91,101	1,971,061	2,138	418	2,556
2015	96,350	2,487,603	1,124	8,955	10,079
2016	77,111	1,860,912	3,257	710	3,967
2017	61,141	2,622,158	8,877	4,973	13,850
2018	69,293	2,414,825	14,642	5,657	20,299
2019	76,553	2,278,659	19,710	1,479	21,189

Note:

One air traffic operation equals one aircraft takeoff and landing

Sources:

Salina Airport Authority Records

Federal Aviation Administration Office of Airport Planning and Program

Salina Airport Authority
Principal Employers
 Current Year and Nine Years Prior

Employer	2019			2010		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Salina Regional Health Center	1,875	1	6.2%	2,250	1	7.6%
Schwan's Global Supply Chain, Inc.	1,200	3	3.9%	1,600	2	5.4%
Unified School District No. 305	1,500	2	4.9%	1,512	3	5.4%
Great Plains Manufacturing	1,175	4	3.8%	650	5	2.2%
Exide Technologies	625	5	2.0%	750	4	2.5%
City of Salina	425	6	2.4%	500	6	1.6%
Salina Vortex	385	7	1.2%			
REV Group	320	8	1.0%			
Wal-Mart	250	9	8.0%	400	9	1.3%
Philips Lighting Company				500	8	1.6%
Sunflower Bank				500	7	1.6%
Dillons Stores	205	10		385	10	1.3%
Total	7,960		33.4%	9,047		30.5%

Source: Salina Area Chamber of Commerce

Salina Regional Airport and Salina Airport Industrial Center
 Airport/Industrial Center Information
 As of December 31, 2019

Airport Code	SLN		
Location:	3 miles Southwest of City of Salina		
Elevation	1,288 ft.		
Tower:	Midwest ATC 0700 - 2300 -365		
FBO:	AVFlight		
		<u>2009</u>	<u>2019</u>
Acreage +/-	Airport	2,502	2,502
	Airport Industrial Center	403	360
Runways :	35/17 North/South ILS/GPS/VOR/NDB	12,301 x 150 ft.	12,301 x 150 ft.
	30/12 Southeast/northwest GPS	6,510 x 100 ft.	6,510 x 100 ft.
	36/18 North/South	4,301 x 75 ft.	4,301 x 75 ft.
	22/4 West/East	3,648 x 75 ft.	3,648 x 75 ft.
Aircraft Rescue & Fire Fighting Facility	ARFF Station	2,500	10,000
Commercial Air Service Terminal	M.J. Kennedy Air Terminal Bldg. - sq. ft.	10,750	10,750
	Vehicle parking spaces	123	217
	Number of Rental Car Agencies in Terminal	1	1
Apron	Commercial Service Ramp - sq. ft.	541,218	541,218
	FBO - sq. ft.	319,596	319,596
	KS National Guard - sq. ft.	261,523	261,523
	General Aviation / Other - sq. ft.	1,896,664	1,896,664
Buildings	Sq. Ft.	1,051,631	1,163,471
Employees	Airport Authority		
	Administration	8	6
	Operations	12	10
	Total Airport Authority Employees	<u>20</u>	<u>16</u>

Source: Salina Airport Authority Records

Salina Airport Authority
Saline County Demographic and Economic Statistics
 Last Ten Fiscal Years

Year	Population¹	Per Capita Personal Income²	Total Personal Income²	Median Age³	Unemployment Rate⁴	K-12 Graduation Rate⁵	K-12 Enrollment⁵
2009	54,364	38,752	2,038,212,000	37.7	5.4%	84.0%	9,297
2010	55,606	39,384	2,065,524,000	37.7	5.8%	81.4%	9,318
2011	55,844	39,910	2,186,424,000	37.8	6.2%	84.5%	9,259
2012	55,988	41,070	2,247,371,000	38.3	5.9%	89.4%	9,201
2013	55,740	43,078	2,291,423,000	37.4	5.2%	87.7%	9,197
2014	55,755	43,552	2,330,849,000	36.5	4.3%	86.8%	8,895
2015	55,691	44,310	2,458,793,000	37.7	4.2%	87.1%	9,196
2016	55,142	46,020	2,534,297,000	37.6	3.7%	88.5%	9,114
2017	54,734	47,945	2,624,204,000	37.6	3.2%	84.4%	8,992
2018	54,401	49,983	n/a	37.9	3.1%	85.5%	8,975
2019	54,224	n/a	n/a	n/a	3.0%	n/a	n/a

Data Sources:

¹Kansas Division of Budget

² Bureau of Economic Analysis

³U.S. Census Bureau

⁴ Bureau of Labor Statistics

⁵Kansas Department of Education

2019 Population is projected

notes: n/a= information not yet available

Largest Taxpayers

According to the Saline County Clerk's Office, the following table lists the largest taxpayers in the City, their November 2019 assessed valuations, and the percentage each taxpayer comprised of the total assessed valuation of the City.

<u>Company</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Valuation</u>
Evergy, Inc.	Utility	\$13,682,027	2.69%
SFC Global Supply Chain Inc	Manufacturing	6,855,966	1.35
Kansas Gas Service	Utility	4,415,353	0.87
RAF Salina LLC	Retail Shopping Center	4,296,499	0.85
S&B Motels Inc	Motel	3,774,927	0.74
Central Mall Realty Holding LLC	Retail Shopping Center	2,868,321	0.56
Union Pacific Railroad Co.	Railroad	2,570,668	0.51
Menard Inc.	Home Improvement Store	2,465,098	0.49
Individual	Residential	2,440,724	0.48
Sam's Real Estate Business Trust/Walmart	Discount Store	<u>2,286,508</u>	<u>0.45</u>
Total		\$45,656,091	8.99%

Tax Collections

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are penalized at a statutorily prescribed rate until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale in July of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal property taxes are assessed, due and may be paid in the same manner as real estate taxes. Motor vehicle property taxes are based on valuations provided by the Kansas Department of Revenue and the county average tax rate for the county in which the vehicle is registered. Motor vehicle taxes are payable to the county treasurer at the time of the vehicle's annual registration. Vehicle registration dates are assigned by the State in a manner such as to equal registration over a twelve-month period. Motor vehicle taxes are distributed by the county to the state, city and other taxing jurisdictions based on their proportionate tax levies. Delinquent personal and motor vehicle taxes are penalized at the same rate as delinquent real property taxes. The following is a summary of tax collections for the years shown.

<u>Levy Year</u>	<u>Tax Rate</u>	<u>Taxes Levied</u>	<u>Current Tax Collections</u>		<u>Current and Delinquent Tax Collections</u>	
			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
2019*	29.720	\$15,037,337	\$8,552,180	56.9%	\$8,552,180	56.9%
2018	28.394	13,780,643	13,427,810	97.4	13,590,888	98.6
2017	26.129	12,728,983	12,381,334	97.3	12,602,044	99.0
2016	27.603	11,564,876	11,320,197	97.9	11,524,101	99.6
2015	27.311	11,209,245	10,984,630	98.0	11,169,600	99.6
2014	27.080	10,991,959	9,312,515	84.7	10,832,972	98.6
2013	26.927	10,868,225	8,101,775	74.5	10,839,120	99.7
2012	26.190	10,550,730	6,597,038	62.5	10,500,249	99.5

*Represents collections through December 31, 2019.

Source: Saline County

SALINA Airport *Authority*

Salina Regional
SLN Airport

SALINA Airport
Industrial Center

3237 Arnold | Salina, KS 67401 | 785-827-3914
www.salinaairport.com | www.flysalina.com